



Jan Moser, Merced College; Lt. Col. Teresa Page, Castle AFB; Betsy Williams, Merced City Schools; Cynthia M. Butler, MD, Childs Ave. Clinic; Georgie Miller, Georgie's Own Designs  
Athena Award nominees await announcement of winner.

© 1992 The Modesto Bee

Friday, August 14, 1992

# Court won't order state to pay for Medi-Cal

## Payments will stop until budget deadlock ends

By DORSEY GRIFFITH  
Bee staff writer

A federal appeals court refused Thursday to order the state to continue payments to doctors, nursing homes and other providers of health care for the poor until a state budget is approved.

The decision by the U.S. Court of Appeals for the 9th Circuit in Fresno means the state will not make Medi-Cal payments after this week as long as the budget deadlock between Gov. Wilson and the Legislature continues.

- **Wilson blames stalemate on 'bad faith.' See Back Page.**
- **Workers worry about where to cash IOUs. Page B-1.**

The decision could spell financial disaster for some health care providers and hurt the poor people who depend on that care.

"It's very irresponsible," said Beverly Finley, chief executive officer at Stanislaus Medical Center. "It's bad enough up to

now, but when you deal with health care for people who don't have access, it's serious business. We're the most vulnerable."

Stanislaus Medical Center, the hospital that sees the bulk of the county's indigent patients, could lose as much as \$1.5 million per month, Finley said.

"That would have a serious effect on us in terms of cash flow."

Finley said the hospital may have to borrow money from the

See Back Page, **MEDI-CAL**

# MEDI-CAL: Health centers worry about bills

CONTINUED from A-1

county, which also is strapped because of the state budget impasse.

Charles Moody, health care services associate director at San Joaquin General Hospital in French Camp, said \$30 million of the hospital's \$75 million annual budget comes from Medi-Cal.

"If they go very long, it will be a terrible problem," he said. "We won't be able to meet our payroll. We'd have to borrow more money."

Without reimbursement, private physicians may stop seeing Medi-Cal patients, effectively pushing them into the already crowded county hospitals.

"I know that for many of the physicians in the community, this will compound the problems," said Dr. Delmar Tonge, a Modesto obstetrician/gynecologist. "Decisions will be made that Medi-Cal patients will not be able to be seen in the future."

Medi-Cal providers, like state employees and other state creditors, have been paid in registered warrants, or IOUs, since the state ran out of cash last month. The state makes 359,000 Medi-Cal payments totaling \$740 million each month, state Controller Gray Davis said.

Some providers who bank with institutions that now refuse to cash the IOUs are feeling the pinch already.

Merced Family Health Centers Inc., which runs the West Modesto Medical Clinic and six other clinics in the San Joaquin Valley, derives 50 percent of its patient revenue from Medi-Cal reimbursements.

Last week, the agency's bank refused to redeem the IOUs, which total more than \$150,000 per month.

"We do have federal grant monies I can operate on for a limited period of time," said Claudia Rusnak, the centers' finance manager.

Dr. Long Thao, West Modesto Clinic medical director, said the budget crisis has forced him to shut down his new pharmacy because he can't afford to stock it.

"That means the patients have to go to any place that will take the prescription," Thao said. "We charge them on a sliding scale. It saves a lot of money, and it's convenient. A lot of these patients don't have transportation."

Nursing homes will be hit hard, too. "The facilities have been paying their bills by post-dating checks and photocopying their IOUs, and now they won't have an IOU to guarantee that check," said Kathy Byrne, spokeswoman for the California Association of Health Facilities.

Cory Glad, administrator at Colony Park Care Center in Modesto, said between 80 percent



Bart Ah You/The Bee

## Patients at the Medical Arts Building Lobby on Thursday

and 90 percent of his residents rely on Medi-Cal.

"It's difficult to say how long we can go once our cash reserves are used up," Glad said. "It's really kind of a week-by-week situation for us. We are looking at the possibility of having to postpone payment to our vendors in hopes that someday soon a budget will be passed."

U.S. District Judge David Levi of Sacramento ruled July 28 that the state was not required to

make Medi-Cal payments until a budget was passed. Levi agreed to delay the effect of his ruling for two weeks to allow time for an appeal.

Davis, in a letter to the appeals court last week, said the payments were "desperately needed to continue the provision of medical services and in-home supportive services to the needy."

**The Associated Press contributed to this report.**