

MENDOCINO COAST HEALTH CARE DISTRICT
775 RIVER DRIVE, FORT BRAGG 95437

MEMORANDUM

TO: MCHCD Board of Directors

FROM: Paul Garza, Jr.

DATE: March 27, 2025

SUBJECT: Monthly Report

Medicaid Funding

Beckers is reporting that there have been 10 hospital closures in the US this year already, 5 of which occurred in February. This follows a record number of hospitals, 25, closed last year. Prior to the new Administration taking office, Beckers already reported 703 rural hospitals were within six months of closure because of the lack of reserves. Clearly, this is a very difficult time for healthcare in general and hospitals, especially.

There are consistent reports that Medicaid will be substantially cut if not completely eliminated in the next budget. If that occurs, the impact upon our local hospital could well lead to its closure. Last year, Adventist Health received \$81 Million for services provided at our hospital. They report that 78% of the payment came from Medicare and Medicaid/MediCal. MediCal, of course, is the State's program but it is funded 60% by Medicaid. Of the 78% (Medicare and Medicaid/MediCal), it is estimated by Adventist Health that half or 50% is received from Medicaid/MediCal. We can calculate the impact from a 'ballpark' perspective upon our hospital as follows:

- Adventist Health Mendocino Coast 2024 Income \$81M
- Medicare/Medicaid/MediCal Reimbursement \$81 M x 78% = \$63.18 M
- Medicaid/MediCal Reimbursement \$63.18 x 50% = \$31.59 M
- Potential Lost Revenue **\$31.59 M - - - - or 39%**

Very few institutions, private, public, or otherwise can survive a 39% loss in revenue. Of course, this does not even begin to consider the impact of reduction of the health of the residents of our community nor its substantial negative economic impact.

I urge all of our citizens to stay informed and to express any concerns they may have to federal elected officials.

Standing Committees

We have adopted and are executing on two or our three Standing Committees: Planning and Measure C. In April we expect to have a Finance Committee. All Standing Committee meetings are open to the public and are conducted according to the Open Meetings/Brown Act.

Community Outreach

We are looking for opportunities to communicate to community groups. If you know of a local group that is meeting and would be interested in learning about our work with the hospital, please let us know. You can either call, text or email Kathy Wylie or myself.

Kathy Wylie, District Manager, 707.962.3175 info@mendocinohcd.gov

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