



OFFICE OF THE PRESIDENT

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June 30, 2010

The Honorable Mike Feuer  
Member of the Assembly  
State Capitol, Room 3146  
Sacramento, CA 95814

**RE: AB 542 (Feuer), as Amended June 23, 2010**  
**Scheduled to be heard by the Senate Health Committee June 30, 2010**  
**Position: OPPOSE unless amended**

On behalf of the University of California (UC), I am writing to respectfully advise you that UC continues its, "Oppose Unless Amended" position on the June 23, 2010 version of AB 542. We have worked closely with your office and the Senate Health Committee to address UC's concerns with the most recent version of AB 542. These discussions have proven productive but unfortunately, we have not been able to resolve all of the issues listed below before the scheduled Senate Health Committee hearing on Wednesday June, 30, 2010. Should we resolve these concerns we would be able to immediately remove our opposition to this bill.

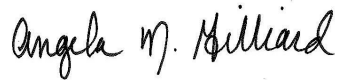
AB 542 requires the State Department of Health Care Services (DHCS) to convene a technical working group to evaluate options for implementing nonpayment policies and practices for hospital acquired conditions (HAC) for the fee-for-service Medi-Cal program. In our opinion, the establishment of this workgroup does not mean that work on this topic begin "*ab initio*." We would like to see AB 542 provide a focus to the workgroup based on the framework provided by the federal government through the passage of health reform, the development of federal regulations and policies from federal agencies relating to non-payment. We appreciate the author's willingness to work with us to address our concerns and have offered up the following amendments.

1. Include language that "all hospital acquired conditions subject to non-payment under the bill (HACs) be reasonably preventable and not present on admission";
2. Include language that the list of HACs subject to non-payment under the bill be limited to the HACs subject to non-payment as implemented by CMS, clearly defined by CMS";
3. Include language that "the payment reductions shall not exceed the proportionate reduction in Medicare FFS reimbursement under CMS when the same HAC occurs as defined by CMS"; and
4. Include the University of California in the list of organizations to be represented on the workgroup.

UC operates five academic medical centers in Davis, Los Angeles, Irvine, San Diego and San Francisco, all of which will be impacted by AB 542. UC serves as the underpinnings of the safety net in California with over 60% of our patient days reflecting care given to the indigent and/or those covered by public programs. Over 16% of our Intensive Care Unit patients come to us from other institutions that have reached the end of their ability to care for the patient. Our hospitals are committed to patient safety and to providing high quality patient care. We greatly appreciate your leadership in bringing together interested parties to develop a nonpayment policy that will create the appropriate incentives to improve patient outcomes.

Should you have any questions please feel free to contact me at (916) 445-5572. We look forward to working with you.

Sincerely,

A handwritten signature in cursive script that reads "Angela M. Gilliard".

Angela M. Gilliard, JD  
Legislative Director  
State Governmental Relations

cc: Senator Alquist, Chair  
Members, Senate Health Committee  
President Mark G. Yudof  
Provost Lawrence Pitts  
Executive Vice President Nathan Brostrom  
Senior Vice President Daniel M. Dooley  
Associate Vice President and Director Steve Juarez