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Testimony Before the State Senate Health Committee
Claudia Preparata, Research Director
AFSCME Local 3299
State Capitol, Room 3191
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Good afternoon Chairman Hernandez and members of the Senate Health Committee. My name is Claudia Preparata and I am the Research Director at AFSCME Local 3299.

AFSCME Local 3299 represents 22,000 workers across the UC system. This includes 13,000 patient care workers, such as MRI technicians, respiratory therapists, sonographers, and clinical care partners at UC's five medical centers.

On behalf of our members and the millions of patients they care for each year, we thank you for convening this important hearing.

Oversight of the University of California has historically focused almost exclusively on concerns related to the institution's academic mission. This includes important questions raised around rising student tuition, unprecedented debt, skyrocketing executive compensation, as well as cuts to class offerings and other student services.

We are pleased that more attention is being given to the University's operations at its medical centers. Public dollars also fund UC's medical facilities, and as such, taxpayers need to be reassured that support for a public healthcare system serves the public interest.

This attention is also timely. The question being posed today is, are UC Medical Centers prepared for the huge influx of new patients expected when the Affordable Care Act comes online?

As you will hear during the public comment period, our members have a lot to say on the subject. In short, if the harbinger of things to come can be measured by how things are going today, there is real cause for concern.

Let me quickly highlight several recent independent findings.

Just last month, the UC system's largest hospital, UCLA Ronald Reagan Medical Center received its second substandard patient safety rating in as many years

from a leading hospital buyer's group.

Last year, the Center for Medicare and Medicaid Services determined that deficiencies found at UC Davis Medical Center "substantially limit the hospital's capacity to render adequate care to patients..."

And between UCSF and UC Irvine Medical Centers alone, UC hospitals have been hit with nearly a dozen CA Department of Public Health citations for "Immediate Jeopardy" since 2008.

These are well-documented problems that are not new to frontline care providers who staff UC emergency rooms, clean patient rooms, or provide life-saving respiratory care. Our members are witness daily to a general decline in routine care that puts them and their patients at risk.

It is for that very reason that AFSCME released a detailed whistleblower report calling for more oversight of UC medical facilities in March. I am including a copy of this report with my written testimony to you today.

While UC attempts to dismiss these concerns as a bargaining ploy, the reality is that UC officials themselves admit there is a problem.

Consider the words of UC Senior Vice President for Health Services, John Stobo, who is testifying here today. Just last month, Mr. Stobo told a group of UC administrators and doctors at a UC Health Symposium that the system wasn't "do(ing) so well" in terms of its clinical services. In fact, Mr. Stobo admitted that UC Health not only needed improvement in its affordability, but also in its patient satisfaction scores and patient outcomes.

These problems are a symptom of a culture change now permeating the University of California system —a culture defined by profit incentives, skyrocketing executive pay, legacy construction, unprecedented debt loads, and arbitrary cost cutting. And these shortcomings will only be amplified when large numbers of new patients begin flooding UC hospitals.

UC is California's 4th largest health delivery system. It is a tax-exempt, public benefit institution receiving more than $300 million state taxpayer support. Last year, UC medical facilities generated nearly $7 billion in revenues and banked nearly half a billion dollars in profit.

Given the patient care problems just highlighted, this begs two important questions: First, is patient care being adequately resourced at UC? Second, if not, where is the money going?

As our whistleblower report makes clear, the answer to the first question is a resounding no. While UC Medical Centers are making enormous profits, frontline providers are routinely being "to do their part." In some cases, this means that through layoffs or the elimination of unfilled positions. In other cases, frontline care is being outsourced to the lowest bidder – and often to inexperienced or under-trained registry workers, or even volunteers.

Cutting corners on staffing means less sanitary facilities, providers spending less time with their patients, and even the rationing of patient care services. It also means more time in the waiting

room, fewer staff to answer the call button, and a higher risk for hospital-acquired infections, patient falls, and preventable mistakes.

Consider the recent example of UC's second most profitable hospital, UCSF Medical Center. After multiple incidents involving bedsores, UCSF began the elimination of 300 jobs in the spring —including the lift and turn teams tasked with preventing bedsores.

Such misguided priorities may look good on balance sheets but they can be dangerous for patients.

So where is the money going, if not to frontline care?

Since 2009, UC executive and management growth at UC Medical Centers has swelled by 38 percent. Annual payroll for these managers who largely have little or no contact with patients has grown by $100 million per year.

Meanwhile, annual debt service payments at UC Medical Centers have quadrupled since 2006— and that does not include the new debt associated with the new $1.5 billion Mission Bay Medical Center at UCSF or the new $664 million Jacobs Medical Center at UCSD.

This is more than a "modesty" problem, as Governor Brown termed it a few months back. It is a diversion of money away from UC's core mission – at a high cost.

And on the medical center side, this diversion has even higher stakes.

While AFSCME is attempting to address these issues at the bargaining table, UC has repeatedly rejected our safe staffing proposals.

While our focus is on the perils of UC's cost cutting measures to offset executives' misguided priorities, the flipside of the coin is what are UC's strategies to increase patient revenues to feed the beast.

Regrettably, all of this comes at a cost to patients and to a world-class delivery system in the age of the Affordable Care Act. And, the numbers are beginning to show it.

Our members want nothing less than to provide the best possible care to patients at one of the nation's premier hospitals. But, it is UC executives who must do their part.

And perhaps, the silver lining may actually come in the form of the Affordable Care Act. As reimbursement rates will become increasingly tied to a hospital's clinical outcomes and patient satisfaction scores, a hit to the health system's finances may be what propels UC executives into action. For the sake of UC's patients, we ask all of you today to play a role in speeding up that timeline.

Thank you.