

MAXINE WATERS

MEMBER OF CONGRESS
43RD DISTRICT, CALIFORNIA

COMMITTEE:
FINANCIAL SERVICES
RANKING MEMBER

Congress of the United States
House of Representatives
Washington, DC 20515-0535

PLEASE REPLY TO:
WASHINGTON, DC OFFICE
2221 RAYBURN HOUSE OFFICE BUILDING
☐ WASHINGTON, DC 20515-0535
PHONE: 202-225-2201
FAX: 202-225-7854

DISTRICT OFFICE:
LOS ANGELES OFFICE
13605 HAWTHORNE BLVD.
☐ HAWTHORNE, CA 90250
PHONE: 323-757-8900
FAX: 323-757-9506

June 14, 2024

Governor Gavin Newsom
Governor of the State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom:

I write regarding an extraordinarily serious matter confronting the City and County of Los Angeles and our entire region: the crisis facing Martin Luther King Jr. Community Hospital (MLKCH), a critical safety-net hospital in the underserved community of South Los Angeles.

MLKCH opened its doors in 2015 with a beautiful, new state-of-the-art facility in order to serve the tremendous unmet health care needs of the community in the wake of the 2007 closure of Martin Luther King Jr./Drew Medical Center. Approximately 60 percent of MLKCH's patients are Hispanic, and 40 percent are African American. The hospital's patients are overwhelmingly low-income, as demonstrated by the fact that 87 percent are on Medicaid or uninsured.

Since its opening, this outstanding hospital has developed a reputation for excellence and received numerous awards, including a Five-Star rating from the Centers for Medicare and Medicaid Services, The Joint Commission Gold Seal of Approval™ for Hospital Accreditation, multiple "Grade As" in patient safety from The Leapfrog Group, and individual awards for excellence in wound care, diabetes care, maternity care, and tuberculosis care.

Unfortunately, MLKCH is in grave danger of being forced to close due to a severe lack of funding. As the *Los Angeles Times* reported last year, MLKCH lost more than \$42 million in the budget year ending in June 2023. I have been informed that, as it stands today, MLKCH is projected to run out of money and face insolvency in early 2025 – less than one year away.

MLKCH's award-winning maternity ward faces a particularly high risk of closure. No less than 17 maternity wards have already closed across Los Angeles County since 2013, as *CalMatters* reported recently. The loss of additional maternity services, particularly in the underserved community of South Los Angeles where women have few other options, could exacerbate the already unacceptably high maternal death rates among African American and Latina women and further reduce access to life-saving care for pregnant women and their babies throughout Los Angeles County. We simply cannot allow this to happen.

MLKCH's financial distress is a result not only of its extraordinarily high percentage of low-income and uninsured patients, but also of decisions that were made by the State of California prior to the new hospital's establishment. In 2010, in preparation for the opening of the hospital, the California State Assembly passed AB 2599. This state law permanently excluded MLKCH from receiving any funding through California's Medicaid Disproportionate Share Hospital (DSH) program, which assists safety-net hospitals that serve a disproportionate number of low-income and uninsured patients. The purpose of MLKCH's exclusion from the DSH program was to ensure that other safety-net hospitals in California would not suffer a reduction in DSH funding.

In lieu of Medicaid DSH funding for MLKCH, AB 2599 provided supplemental funding based on the projected demand for MLKCH's services, which were expected to consist primarily of inpatient services, and which were not expected to include a significant number of emergency department (ED) visits or other hospital-based outpatient services, in spite of the fact that Martin Luther King Jr./Drew Medical Center was heavily used by the community for emergency services prior to its closure. In other words, despite the history of Martin Luther King Jr./Drew Medical Center, its importance to the underserved community of South Los Angeles, and the community's dependence on its emergency services prior to its closure, there was a drastic underestimation of how important the new hospital would be to the community or how many patients it would serve.

In 2009, MLKCH was projected to accommodate approximately 25,000 ED patients per year. However, MLKCH served more than 120,000 ED patients in 2023, and it is projected to serve 125,000 ED patients in 2024. The inevitable result of this gross underestimation of the hospital's ED patient volume is that the supplemental funding provided by the State of California is clearly insufficient to meet the tremendous and growing demand for the hospital's services.

In order to correct this problem, in 2022, Assemblymember Mike Gipson introduced – and the California State Assembly passed without opposition – AB 2426 to expand MLKCH's supplemental funding in order to cover hospital-based outpatient services provided in the emergency department. This bill would have provided MLKCH approximately \$25-\$30 million in additional funds annually.

Unfortunately, as you know, you vetoed AB 2426, leaving MLKCH without the necessary funds to cover its expenses while it continued to provide the high-quality health services on which the community depends. In your statement returning AB 2426 to the Assembly without your signature, you said, "We must prioritize existing obligations and priorities, including education, health care, public safety and safety-net programs."

I respectfully point out that saving MLKCH is both an existing obligation and an urgent health care and safety-net priority.

MLKCH is all about saving lives. It is about providing desperately needed, high-quality health care to a community that has suffered neglect and underinvestment for far too long. It is about serving the least of these.

This unique hospital serves some of the poorest and sickest people in the State of California and perhaps the entire country. Our community depends on MLKCH, and we cannot allow it to close.

I call on you as the Governor of the Great State of California to reverse your decision of 2022 and immediately support legislation that will adjust MLKCH's supplemental funding methodology to include outpatient services, including the approximately 125,000 ED services provided by the hospital every year. This will cost an estimated \$25 million per year. More importantly, it will save countless lives.

I appreciate your attention to this crisis, and I anxiously await your decision.

Sincerely,

A handwritten signature in black ink, reading "Maxine Waters". The signature is fluid and cursive, with the first name "Maxine" being more prominent than the last name "Waters".

Maxine Waters
Member of Congress

Copies to:

Dr. Elaine Batchlor, CEO, MLK Community Healthcare
Assemblyman Mike Gipson
County Supervisor Hilda Solis, 1st District
County Supervisor Holly Mitchell, 2nd District
County Supervisor Lindsey Horvath, 3rd District
County Supervisor Janice Hahn, 4th District
County Supervisor Kathryn Barger, 5th District
Los Angeles City Councilmember Tim McOskar, District 15
LAUSD Board Member Tanya Ortiz Franklin, District 7
Compton Mayor Emma Sharif
Mr. John Baackes, CEO, LA Care Health Plan
Ms. Wajeha A. Bilal, Founder, Build Plus Community Marketplace
Dr. David Carlisle, President and CEO, Charles R. Drew University of Medicine and Science
Rev. Timothy Coston, Jr., Senior Pastor, Grant AME Church
Ms. Robin Daniels, CEO, Sisters of Watts
Rev. Dr. Sonja R. Dawson, Senior Pastor, New Mount Calvary Missionary Baptist Church
Mr. Ryan Ferguson, Manager, Government and Community Relations-LA South, Kaiser Permanente Watts Medical Offices and Watts Counseling and Learning Center
Mr. John Jones, III, President and Co-Founder, East Side Riders Bike Club
Mr. Donny Joubert, President, Watts Gang Taskforce

Ms. Yumi Kawasaki, Principal, Edwin Markham Middle School
Ms. Olusheyi Lawoyin, COO, Watts Healthcare Corporation
Ms. Elsa Madrid, Principal, Maxine Waters Employment Preparation Center
Dr. Cynthia Mendenhall, Founder and President, Chosen Angels Inc.
Rev. Kenneth Miller, Senior Pastor, Hays Tabernacle CME Church
Rev. Dr. Ivan Pitts, Macedonia Baptist Church
Mr. Brandon “Stix” Salaam-Bailey, Founder and CEO, Think Watts
Ms. Dolores Sheen, Founder, Sheenway School and Culture Center
Mr. Aqeela Sherrills, Co-Founder, Community Based Public Safety Collective
Rev. Robert Taylor, President, Watts Area Ministers
Mr. Anthony “Top Dawg” Tiffith, CEO, Top Dawg Entertainment
Mr. Tim Watkins, CEO, WLCAC
Ms. Autumn Ybarra, Watts/Century Latino Organization