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10 CALIFORNIA PRIMARY CARE ASSOCIATION,  
STHS DEL CAMINO REAL, INC., and  
11 SOUTHERN TRINITY HEALTH SERVICES, INC.

12 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 IN AND FOR THE COUNTY OF SACRAMENTO

14  
15 CALIFORNIA PRIMARY CARE )  
ASSOCIATION, a California non-profit )  
16 corporation; STHS DEL CAMINO REAL, )  
INC., a California non-profit corporation; )  
17 and SOUTHERN TRINITY HEALTH )  
SERVICES, INC., a California non-profit )  
18 corporation, )

19 Petitioners and Plaintiffs, )

20 v. )

21 STATE OF CALIFORNIA, acting by and )  
through the DEPARTMENT OF HEALTH )  
22 CARE SERVICES, )

23 Respondent and Defendant. )

Case No.: 34-2009-00042805-CU-WM-GDS

**DECLARATION OF CATHY L.  
LARSEN IN SUPPORT OF VERIFIED  
PETITION FOR WRIT OF MANDATE**

**DATE: June 12, 2009**  
**TIME: 11:00 a.m.**  
**DEPT.: 29**

**JUDGE: Hon. Timothy M. Frawley**

1 I, CATHY L. LARSEN, declare as follows:

2 1. I am the Executive Director of Southern Trinity Health Services ("STHS"),  
3 and have held that position for seven years. As Executive Director, I am responsible for  
4 managing the operations of the clinic, interacting with federal and State representatives in  
5 the advocacy for the patients STHS serves, compliance with federal and state regulations,  
6 financial management and planning for STHS, working with STHS' Board of Directors,  
7 and other management obligations. As Executive Director, I also am very familiar with  
8 California and federal requirements for Federally Qualified Health Centers ("FQHCs"), in  
9 particular as those requirements have been applied to STHS.

10 2. I make this declaration of my own personal knowledge in support of the  
11 above-referenced Petition for Writ of Mandate, and, if called upon as a witness to testify in  
12 this matter, I could and would testify competently to the matters stated herein.

13 3. STHS is a Section 501(c)(3) non-profit, public benefit corporation, an FQHC,  
14 and a Rural Health Clinic ("RHC"). STHS serves low-income, uninsured and underserved  
15 patients in southern Trinity and southeastern Humboldt Counties. A significant number of  
16 the patients STHS serves are elderly. STHS is in a Designated Health Professional  
17 Shortage Area and Medically Underserved Area, and serves a medically underserved  
18 population. The nearest other medical, dental, and behavioral health services are over 50  
19 miles away (1.5 - 2 hours drive) over harsh mountainous terrain.

20 4. STHS serves an area with a population of 4,334, of which at least 68% live  
21 below the federal poverty level. STHS also serves a large population of recreational  
22 tourists and other non-residents travelling through the area, and assists the United States  
23 Forest Service with fire season response and medical services on the fire line.

24 5. A critical federal requirement for an FQHC, such as STHS, is that it must  
25 provide services to all persons in the clinic's defined service areas regardless of the  
26 patient's ability to pay. If STHS offers a service, it must provide that service to any patient  
27 seeking treatment, even if the person cannot afford to pay anything. Because SHTS serves  
28 everyone, and because there are no other nearby medical services in the geographic area

1 served by STHS, STHS is truly a "safety net" provider and a lifeline to medical care.  
2 STHS ensures that those who could not otherwise obtain or afford medical care have a  
3 place to receive necessary medical care.

4 6. If STHS did not offer certain services, some patients would have no option  
5 but to seek treatment at emergency rooms, a much more expensive option. In particular,  
6 given the long drive to obtain medical care and the expense of securing medical care, if  
7 STHS were to stop providing its services, some residents of southern Trinity and  
8 southeastern Humboldt Counties, and some visitors to the area in need of medical care,  
9 would have no option but to delay any such medical care until their condition became so  
10 severe that it required a visit to an emergency room.

11 7. In my experience, because of the long drive, patients are reluctant to seek  
12 medical care not offered by STHS, even when their STHS physician recommends it. Due  
13 to this concern and the local "culture of poverty," STHS obtained a digital x-ray machine in  
14 2005 because so many of its patients were not willing to drive to the nearest facility to  
15 obtain an x-ray.

16 8. STHS provides ambulance services (two ground ambulances) in its service  
17 area. Neither Humboldt County nor Trinity County currently provides ambulance services  
18 in the area; such services would be very costly for the Counties to provide, if not provided  
19 by STHS. If necessary, STHS can transport patients by ambulance to a landing zone so  
20 that a Redding or other regional air ambulance service could transport the patient to an  
21 appropriate hospital. If STHS has to close its doors, residents (or visitors) in need of  
22 emergency transport to hospitals will lose a critical transportation option. People will be  
23 forced to delay treatment until they need to be seen at an emergency room, and then may  
24 have reduced options, or no options, to travel to the nearest emergency room without the  
25 available ambulance service. Loss of the ambulance service will also mean loss of the  
26 associated paramedic services, meaning that patients with an urgent need for lifesaving  
27 care will likely die. In short, STHS' services save lives every year. The loss of STHS'  
28 services will put people's lives at risk, and some will die.

1           9.     Because of the requirement that FQHCs accept all patients, regardless of  
2 ability to pay, federal and state law provide for a different type of reimbursement to  
3 FQHCs. That reimbursement system is supposed to allow FQHCs to recover the reasonable  
4 costs of providing covered benefits. In this way, FQHCs are different from other Medi-Cal  
5 providers. FQHCs are reimbursed at a flat prospective payment system (“PPS”) rate for  
6 each “visit” – face-to-face encounter between a patient and a physician or other specified  
7 medical professional – regardless of the type of service provided. In comparison, other  
8 Medi-Cal providers are reimbursed based on the specific type of service provided, and the  
9 rates vary depending on the service.

10           10.    In response to the recent addition of Welfare and Institutions Code section  
11 14131.10 (“Section 14131.10”) and the statements by the Department of Health Care  
12 Services (“DHCS”) that it would apply Section 14131.10 to FQHCs, STHS has had to  
13 carefully consider and address the implications of that statute and DHCS’ position.

14           11.    If Section 14131.10 were applied to STHS, STHS would no longer be able to  
15 provide any dental services. If STHS offers dental services, it must offer them to everyone,  
16 regardless of the patient’s ability to pay. Many of the STHS patients are so low income  
17 that, under federal poverty level guidelines, the patients are required to pay little or nothing  
18 for dental services. STHS does not have excess funding from other sources sufficient to  
19 cover the cost of providing dental services to patients who must be offered substantial  
20 discounts from the actual cost of the services. As a result, application of Section 14131.10  
21 to STHS ultimately will force STHS to discontinue all dental services, including those for  
22 which it could continue to receive reimbursement from other payors or private pay.

23           12.    STHS obtains well over half of its dental revenue from Medi-Cal adult dental  
24 services. If STHS loses that revenue, it would have to close its dental department. If  
25 STHS has to close its dental department, it will lose over one-quarter of its total annual  
26 revenue. Without that revenue, STHS will have to substantially limit its services, and  
27 likely would have to close. Closure of STHS will eliminate all health care services in its  
28 remote community.

