

CALIFORNIA BUDGET PROJECT

Looking Toward 2014: Key Facts About the Medi-Cal Expansion

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A PRESENTATION BY
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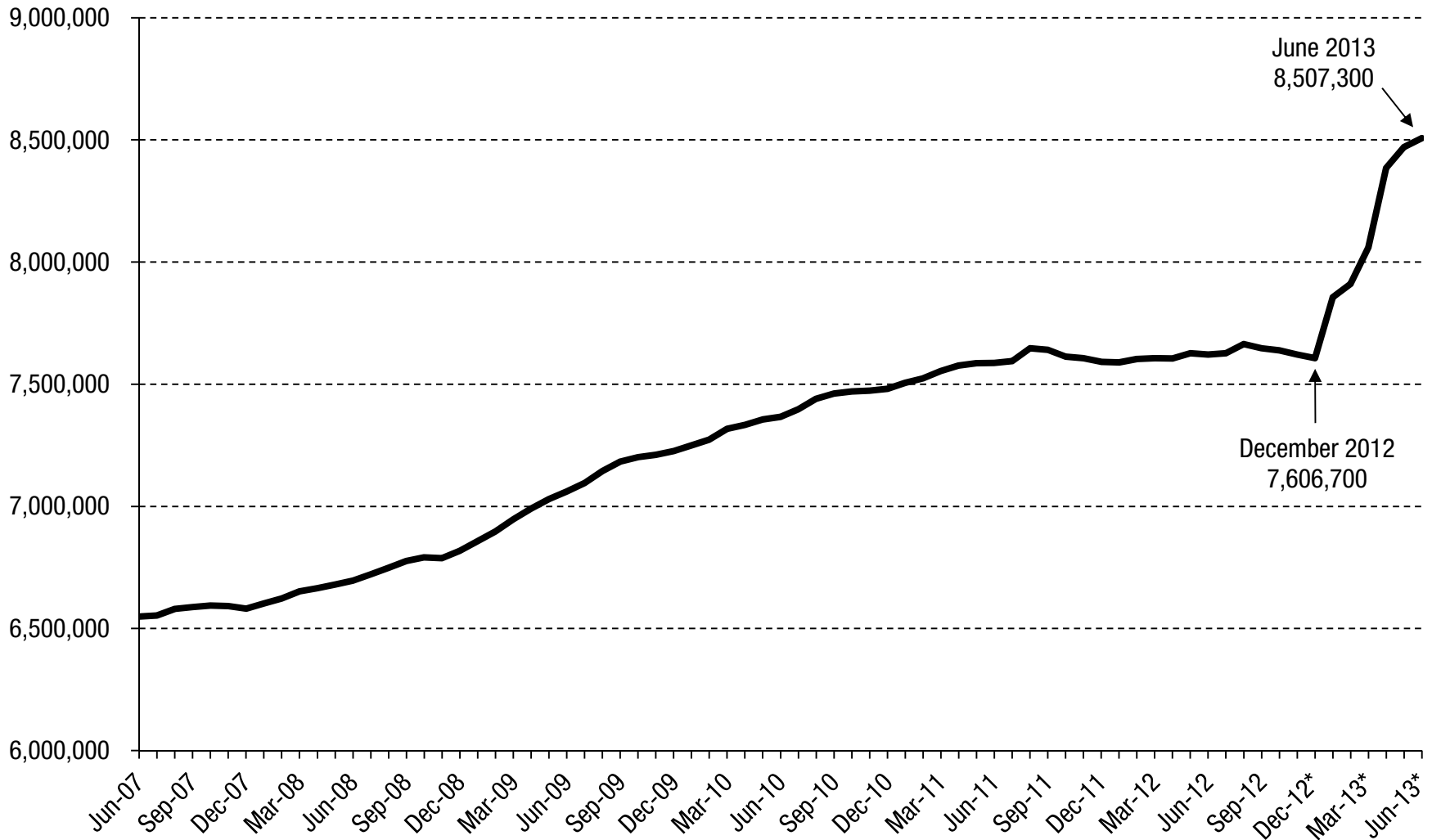
Goals of the Presentation

- Review who is – and who is not – currently covered by Medi-Cal (the Medicaid Program in California).
- Describe the Medi-Cal expansion and other key changes that will take effect in 2014 as required or authorized by federal health care reform. These changes are included in AB 1 X1 and SB 1 X1 – two special session bills signed by Governor Brown in June.
- Highlight two issues that could hinder California’s efforts to increase access to health care:
 - A pending cut to Medi-Cal provider payments as required by AB 97 of 2011.
 - A major shift of health care dollars from counties to the state as required by this year’s AB 85.

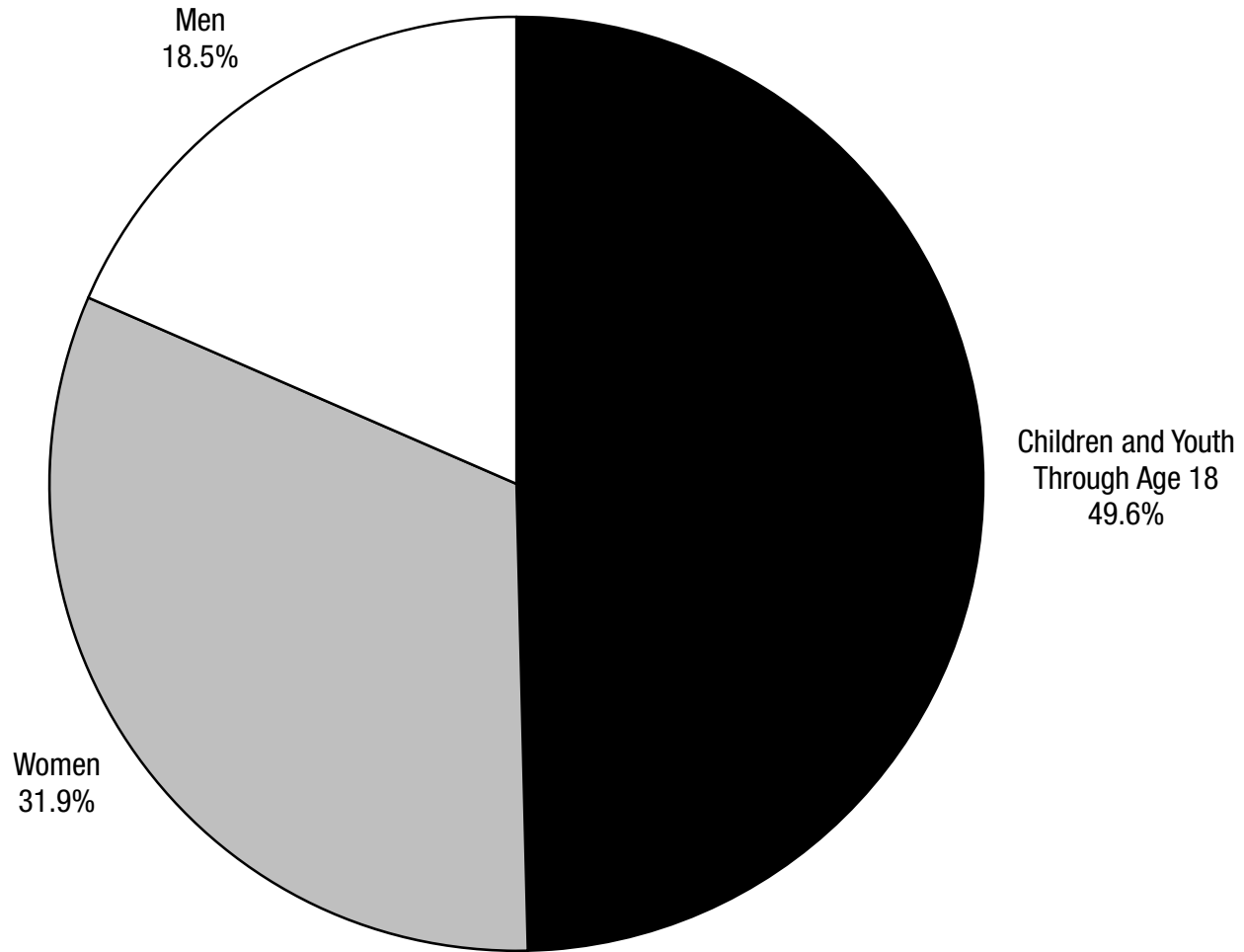


Medi-Cal provides health care coverage for more than 8 million low-income Californians.

Enrollment in Medi-Cal Has Increased Sharply in Recent Months, Primarily Due to the Transfer of Children From the Healthy Families Program Beginning in January 2013

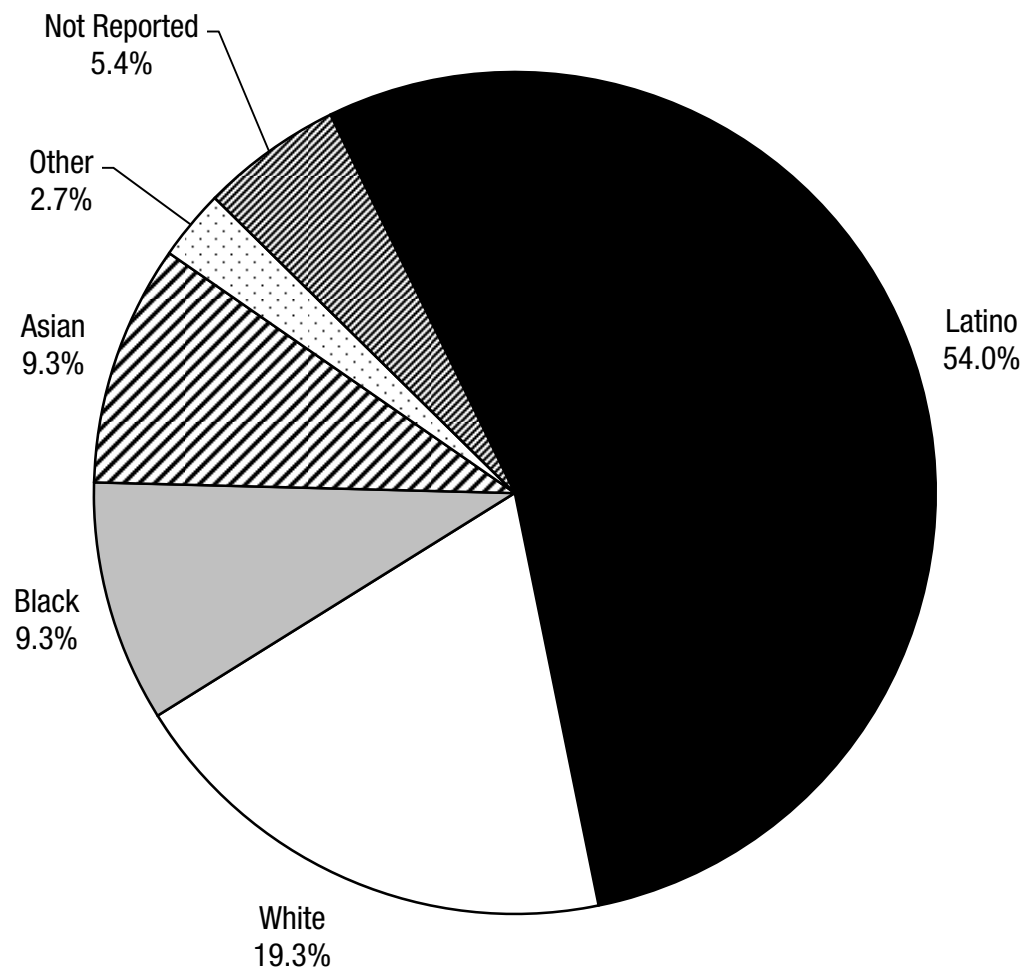


Children, Youth, and Women Comprise More Than 80 Percent of Californians Enrolled in Medi-Cal



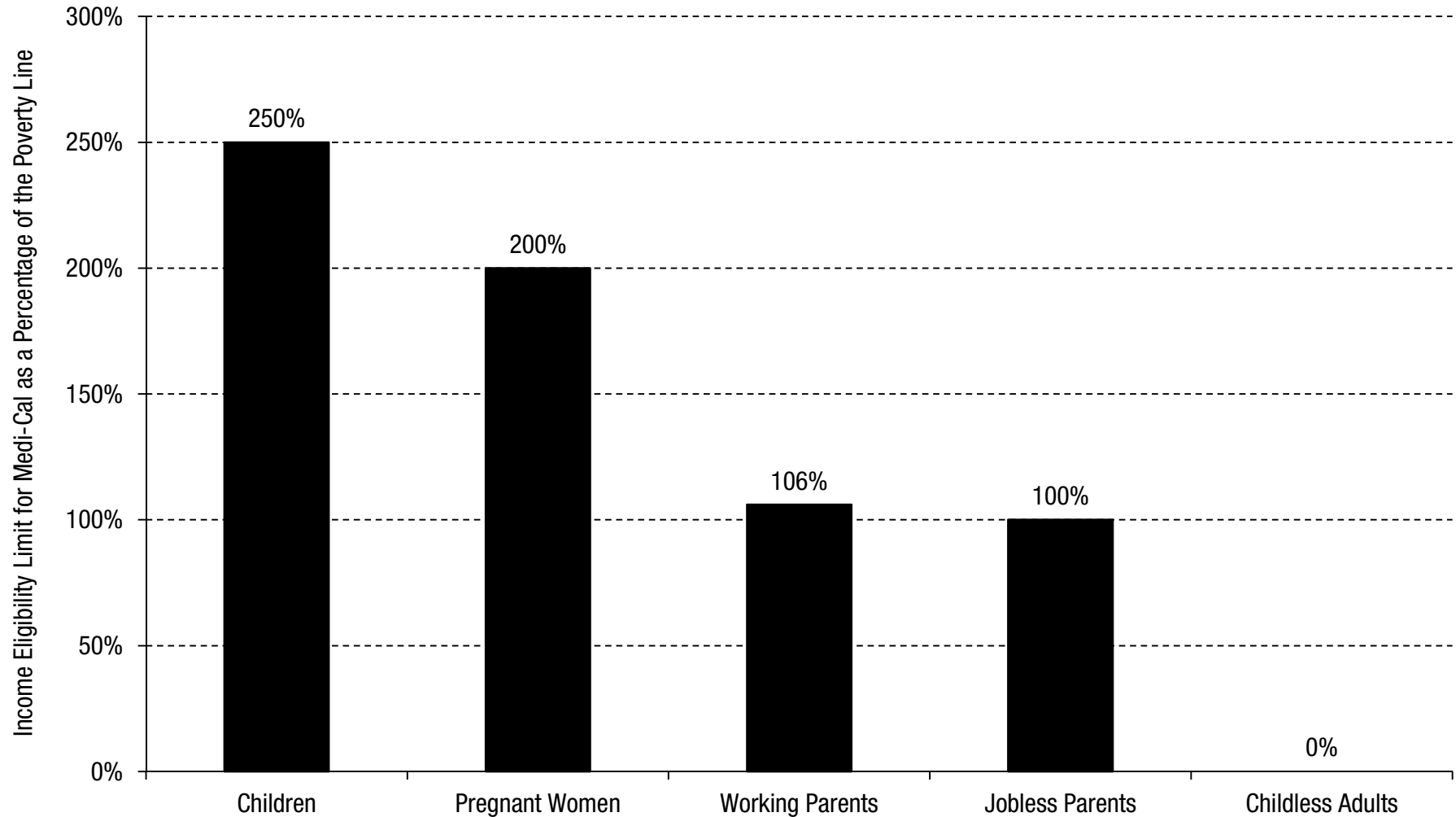
Number of Californians Enrolled in the Medi-Cal Program in January 2012 = 7.6 Million

Latinos Comprise a Majority of Californians Enrolled in Medi-Cal




Number of Californians Enrolled in the Medi-Cal Program in January 2012 = 7.6 Million

Currently, Childless Adults Are Not Eligible for Medi-Cal, and Parents Lose Eligibility When Their Incomes Reach or Slightly Exceed the Federal Poverty Line



Note: In 2013, the federal poverty line is equal to \$19,530 for a family of three. Income eligibility limits for seniors and people with disabilities are not shown. Source: Department of Health Care Services and Kaiser Family Foundation

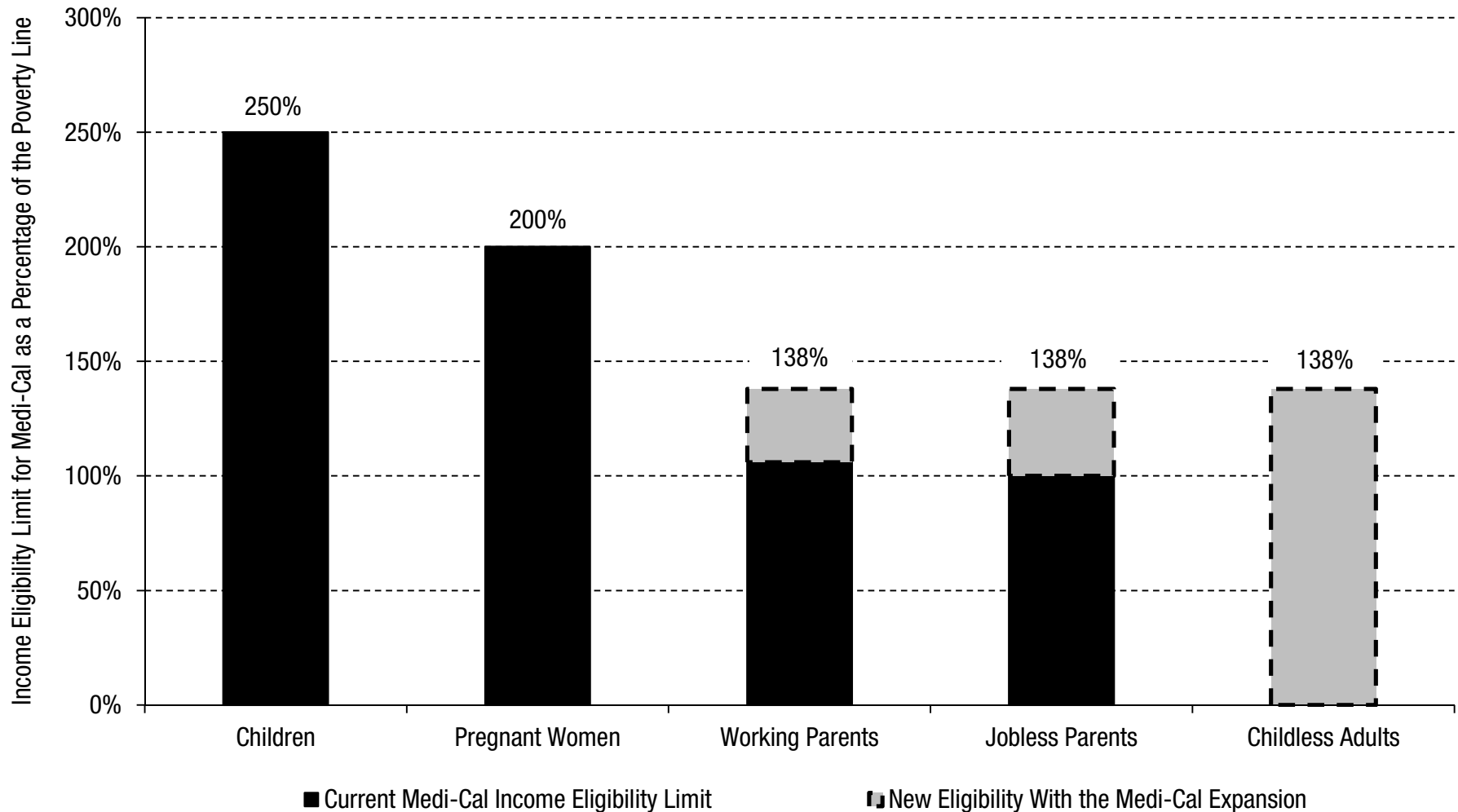


On January 1, 2014, California will expand Medi-Cal eligibility to more than 1 million low-income adults with incomes at or below 138 percent of the federal poverty line (\$15,856 for an individual in 2013).


Low-Income Parents and Childless Adults Will Benefit From the Medi-Cal Expansion

- The Medi-Cal expansion will allow the state to increase health care coverage among nonelderly adults by:
 - Extending Medi-Cal eligibility to childless adults, and
 - Increasing Medi-Cal eligibility for parents, who now lose access when their incomes slightly exceed the poverty line.
- About 1.4 million Californians under age 65 are projected to be newly eligible for Medi-Cal in 2014 under the expansion.
- The federal government will pay the entire cost of the expansion for the first three years, phasing down to a still-high 90 percent of the cost in 2020 and beyond.

The Income Limit for Parents and Childless Adults Will Rise to 138 Percent of the Federal Poverty Line in 2014 Under the Medi-Cal Expansion



Note: In 2013, 138 percent of the federal poverty line is equal to \$26,951 for a family of three. Income eligibility limits for seniors and people with disabilities are not shown.
Source: Department of Health Care Services and Kaiser Family Foundation



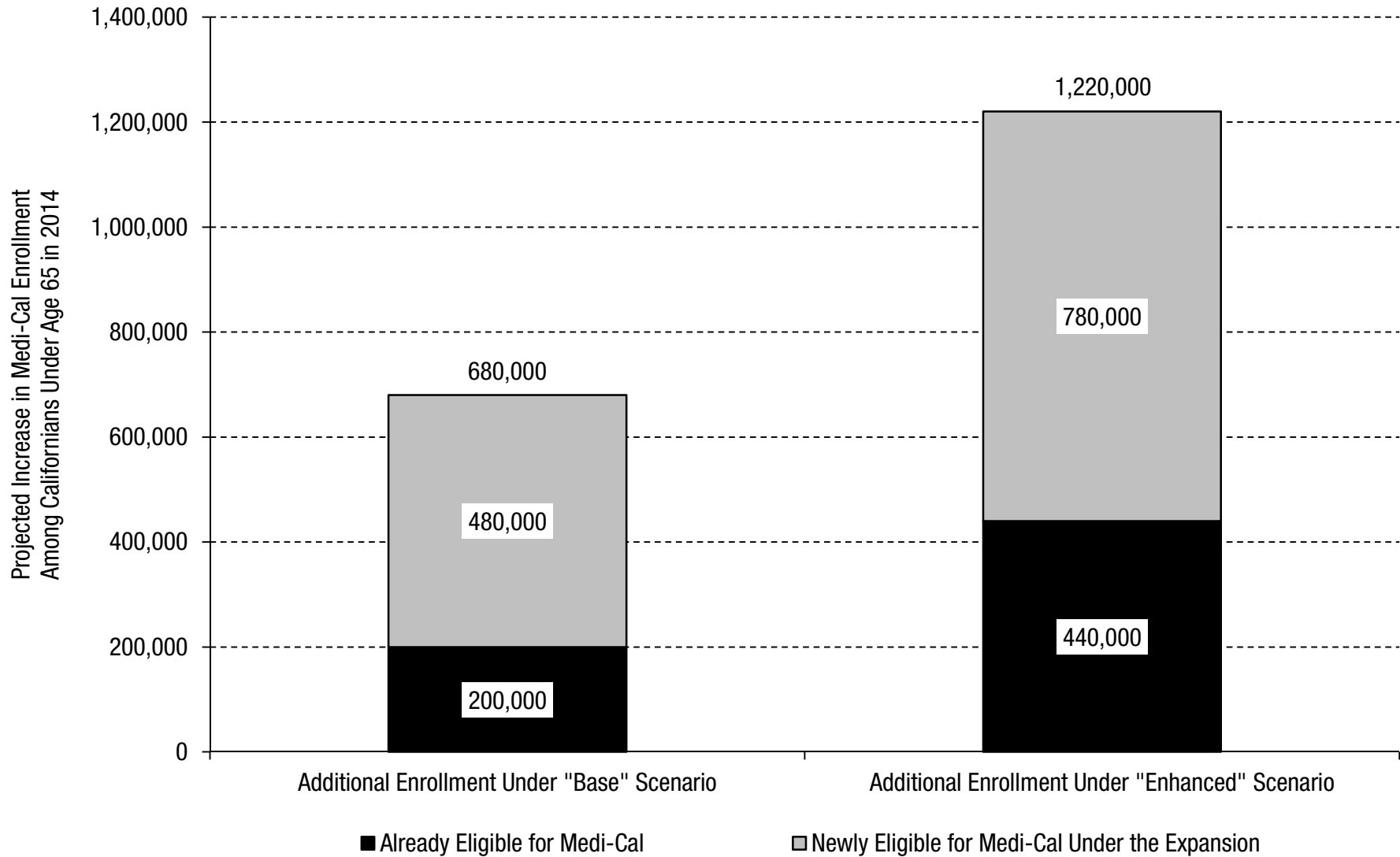
**California will simplify Medi-Cal's
complex eligibility and enrollment rules
effective January 1, 2014.**

Medi-Cal Will Be Simpler and More Consumer-Friendly

- Californians will be able to apply for Medi-Cal through a website being developed by Covered California (the health benefit exchange).
- In addition, the special session bills:
 - Adopt a simpler standard for determining family income and eliminate the asset test for most Medi-Cal enrollees.
 - Allow individuals to project their annual income in assessing Medi-Cal eligibility, which will benefit Californians whose incomes fluctuate significantly.
 - Eliminate the requirement that enrollees file midyear status reports.
 - Simplify the Medi-Cal renewal process, such as by requiring counties to send enrollees “pre-populated” forms that ask only for the information the county needs to assess ongoing eligibility.

Expanded Eligibility +
Simpler Program Rules +
Enhanced Outreach +
Federal “Individual Mandate” =
Significant Boost to Medi-Cal Enrollment

Up to 1.2 Million Additional Californians Could Enroll in Medi-Cal in 2014 Due to Federal Health Care Reform





Two issues could hinder California's efforts
to increase access to health care.



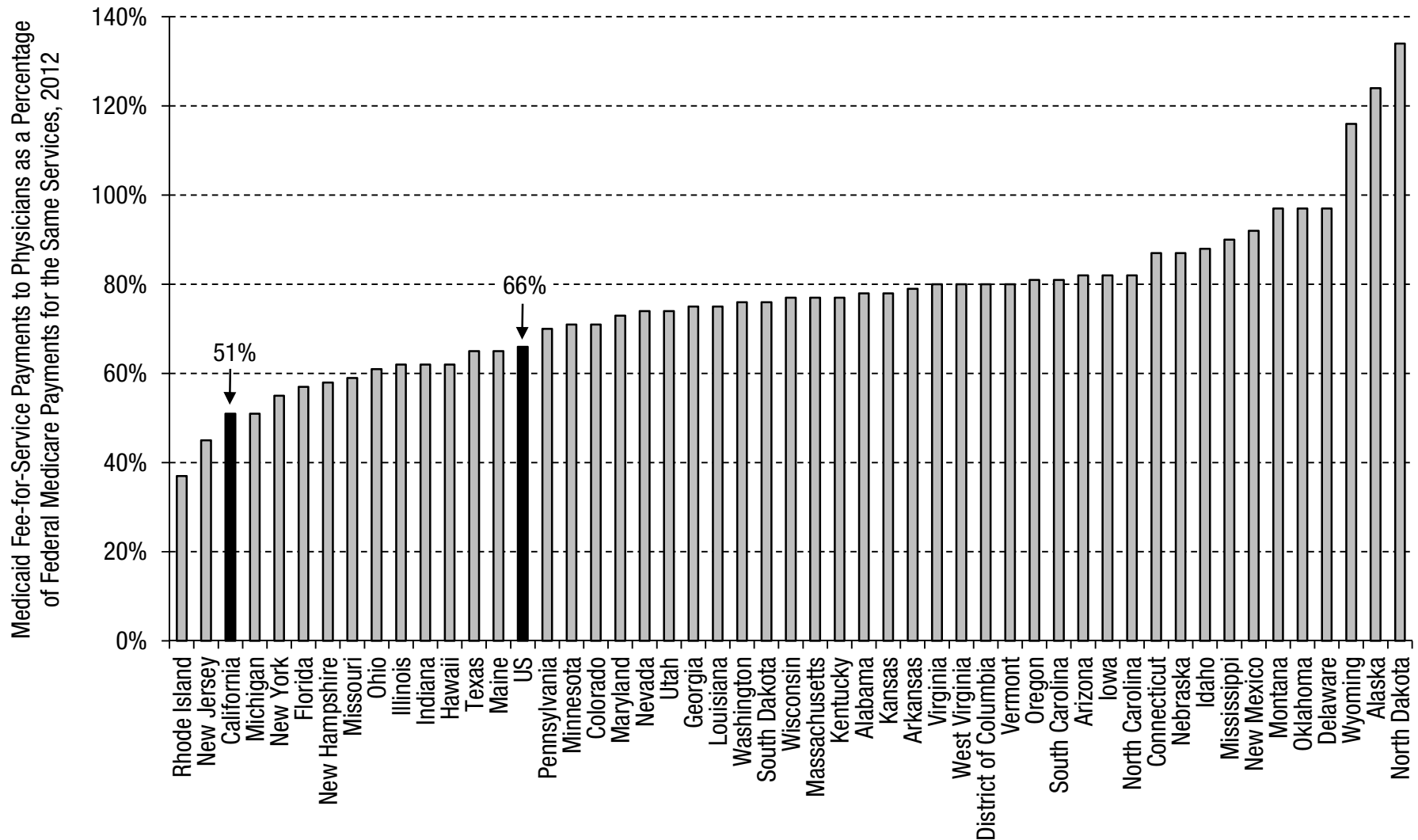
Issue #1:

California may soon implement a deep cut to Medi-Cal provider payments.

A Medi-Cal Provider Payment Cut Enacted in 2011 Could Be Implemented Later This Year

- In 2011, state policymakers approved a 10 percent cut to Medi-Cal fee-for-service (FFS) payments and an equivalent cut to managed care rates. The federal government approved this cut, but it has not yet taken effect due to lawsuits filed by health provider associations.
- A federal appeals court recently ruled in the state's favor. The Governor is likely to implement the cut later this year unless the US Supreme Court grants a stay while health providers prepare an appeal.
- In addition, the reduction – if allowed to proceed – will be applied retroactively to 2011 for FFS payments. As a result, FFS providers will face a cut of 15 percent or more as the state recoups past payments.
- Would this cut further discourage providers from participating in Medi-Cal even as enrollment rises due to the expansion?

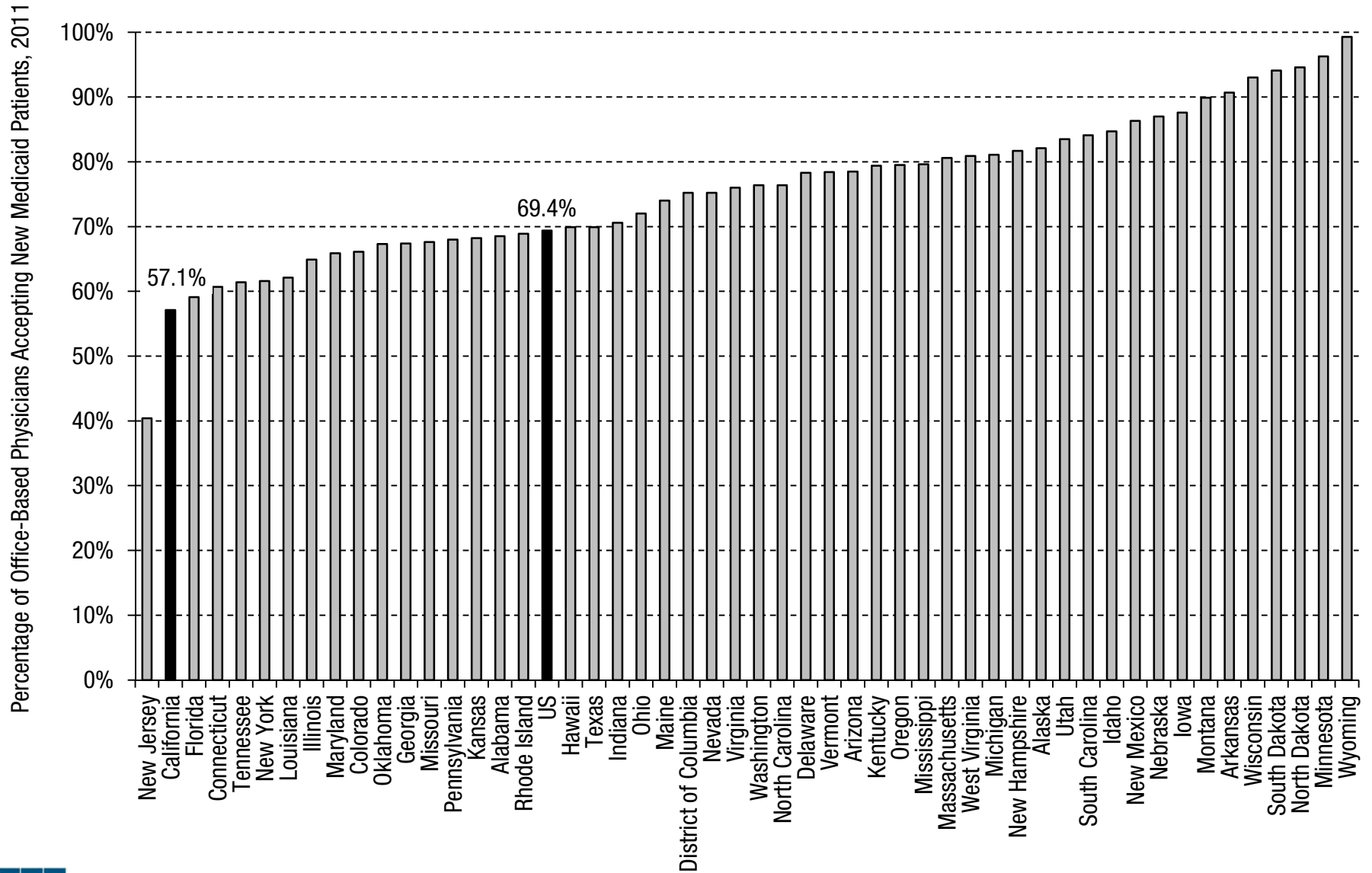
California's Medicaid Payments to Doctors Are Among the Lowest in the Nation



Note: Data reflect fees for primary care, obstetric care, and other services. Tennessee is excluded because its Medicaid program does not have a fee-for-service component.

Source: Kaiser Family Foundation

California Has the Second-Lowest Share of Doctors Accepting New Medicaid Patients

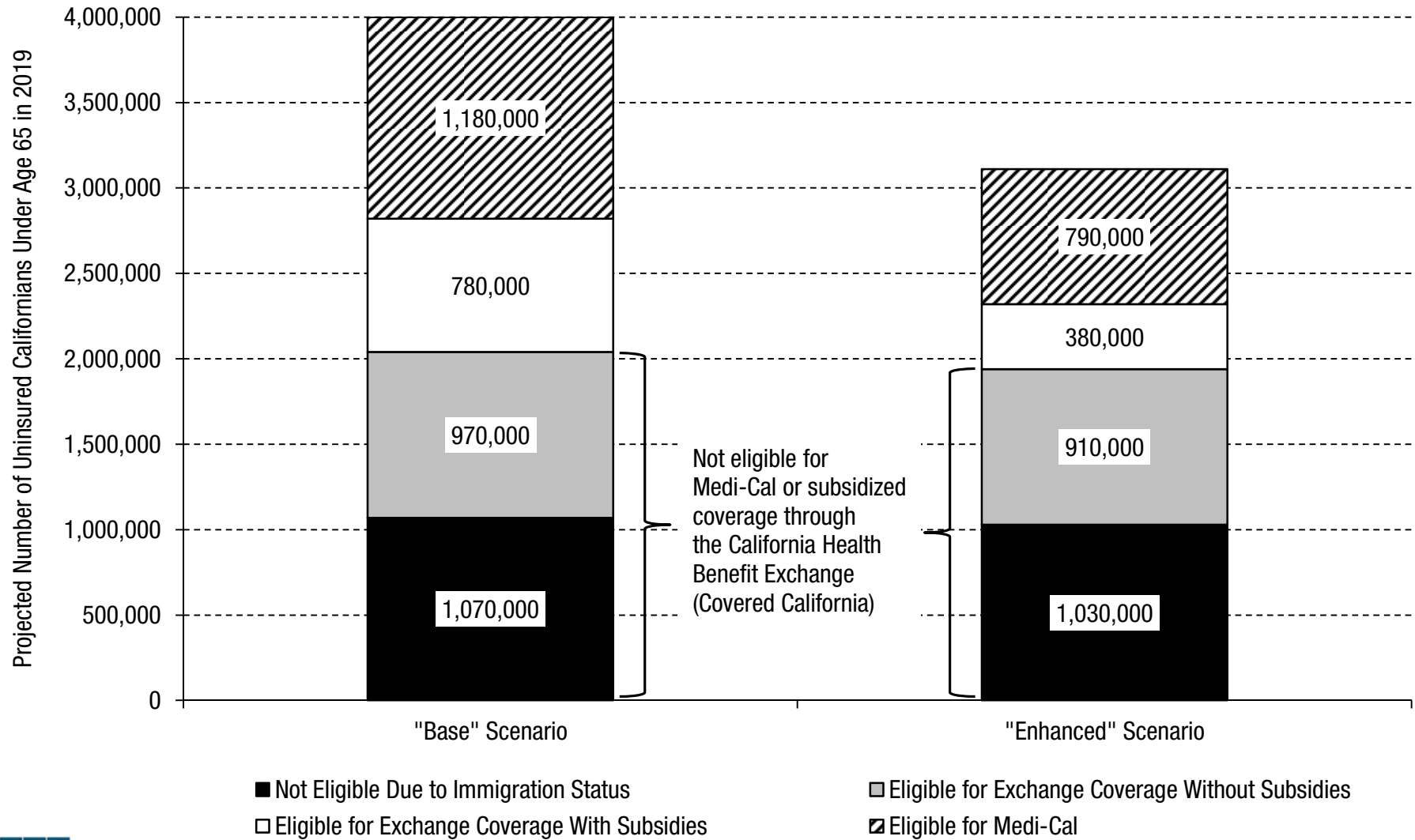




Issue #2:

The state will shift billions of dollars from counties' health care safety net in the coming years, even as millions of Californians continue to rely on counties for health care services.

Even With Full Implementation of Federal Health Care Reform, 3 Million to 4 Million Californians Are Projected to Be Uninsured in 2019



Dollars Will Be Shifted From County Health Care Services to Offset the State's Costs for CalWORKs

- This year's budget agreement redirects – to the state – much of the funding that counties currently use to provide health care to “medically indigent” Californians. Up to \$300 million will be shifted in 2013-14, rising to a projected \$1.3 billion by 2015-16.
- State policymakers assume that counties will no longer need these dollars as many medically indigent adults enroll in Medi-Cal under the expansion. The funds shifted to the state will be used to pay for CalWORKs costs that would otherwise be funded with General Fund dollars, and thus will generate substantial ongoing state savings.
- Will counties have sufficient funding to serve the 3 to 4 million Californians who are projected to lack health care coverage even after full implementation of health care reform?