

**PRESS RELEASE**

May 8, 2003

CONTACT: Jean Ross

(916) 444-0500

Local Impact of Governor's Proposed Medi-Cal Cuts Would Be Severe

[SACRAMENTO]—California counties would lose a total of \$2.7 billion in state and federal health care dollars if Governor Davis's proposed Medi-Cal reductions become law, according to a new report by the California Budget Project.

The report, *Governor's Proposed Medi-Cal Reductions Would Harm Enrollees, Providers, and Local Economies*, details the impact of five major Medi-Cal changes proposed by the Governor for fiscal year 2003-04 to help bridge the state's unprecedented budget shortfall. The report, which shows the number of people who would be affected and the dollar loss in each county, is available at www.cbp.org.

The Governor's Medi-Cal proposals would reduce General Fund spending by \$1.35 billion in 2003-04. They would also require the state to forfeit an additional \$1.34 billion in federal funds, thereby doubling the impact on local economies and the state's health care system.

"These proposals are penny wise and pound foolish," said Jean Ross, Executive Director of the California Budget Project. "While scaling back Medi-Cal moves the state closer to a balanced budget, it increases the number of Californians without health insurance and withdraws a total of \$2.7 billion from local communities at a time when the state has yet to emerge fully from an economic downturn."

The report finds that the Governor's Medi-Cal proposals would:

- Deny coverage to as many as 555,000 aged, blind, and disabled adults and working parents in low-income families;
- Eliminate 18 basic benefits, such as adult dental services and certain medical supplies, which would affect an estimated 2.9 million adult enrollees; and
- Reduce provider rates by 15 percent, which could reduce the number of doctors and other providers that accept Medi-Cal patients.

The Legislature has not yet acted on most of the Governor's 2003-04 Medi-Cal proposals. However, as noted in the report, SB 26X, signed by the Governor on May 5, makes changes to Medi-Cal dental benefits and enrollee reporting requirements for estimated General Fund savings of \$93.3 billion in 2003-04.

Medi-Cal is California's version of Medicaid, a federal-state health insurance program for certain low-income families and individuals. Medi-Cal provides health care services to

children, parents, and aged, blind, and disabled persons who receive public assistance or meet income and other eligibility criteria. Nearly one in five Californians, or 6.5 million individuals, will be enrolled in Medi-Cal each month in 2002-03. The state will spend an estimated \$10.9 billion (General Fund) on Medi-Cal in 2002-03.

###

The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions.