

MORE THAN 1.9 MILLION CALIFORNIANS COULD LOSE ACCESS TO HEALTH COVERAGE UNDER THE GOVERNOR'S MAY REVISION

At a time when the federal government is seeking ways to expand health coverage to more Americans, Governor Schwarzenegger has proposed substantial cuts that could result in more than 1.9 million Californians losing access to health coverage within three years.¹ In addition, these cuts would cause California to lose an estimated \$2.3 billion in federal matching funds in 2009-10 alone. Specifically:

- The Governor proposes to reduce state funding for the Medi-Cal Program by \$1.0 billion in 2009-10 through unspecified changes that would likely include limits on eligibility for Medi-Cal services. The Administration would need permission from the federal government to make eligibility cuts, due to provisions in the American Recovery and Reinvestment Act of 2009 (ARRA). In the past year, the Governor has proposed three eligibility changes that could cause nearly 1 million Californians to lose access to health coverage (see table). While the Legislature previously rejected these proposals, all three could be included in the Administration's proposed \$1.0 billion reduction – a cut that would cause the state to lose an estimated \$1.6 billion in federal funds in 2009-10 under ARRA's enhanced matching rate of 61.59 percent.
- The Governor also released, on May 26, a proposal to eliminate the Healthy Families Program as of August 1, 2009. Previously, the Governor proposed dropping 225,000 children from the program. If Healthy Families were eliminated, 942,000 California children who would otherwise have been covered as of June 30, 2010 – the end of the 2009-10 fiscal year – would not be covered, according to the most recent state estimate available, which likely understates the number of children affected. Eliminating the program would reduce General Fund spending by \$369 million in 2009-10, but California would also lose approximately \$685 million in federal matching funds.

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Potential Cut	Number of Californians Affected
Medi-Cal Program	
Require families to file paperwork four times per year for their children to retain health coverage	471,500 at full impact
Restrict low-income working parents' eligibility for no-cost health coverage	433,600 at full impact
Limit the number of seniors and people with disabilities with access to no-cost health coverage	73,400 in 2009-10
Healthy Families Program	
Eliminate the program	942,000 as of June 30, 2010
TOTAL IMPACT	1,920,500

Source: Department of Finance, Department of Health Care Services, and Managed Risk Medical Insurance Board

¹ One potential cut, for example, would take 33 months to reach full impact. The more than 1.9 million estimate reflects state projections as of May 2008 and November 2008. Rising caseloads due to the economic downturn suggest that the actual number of Californians who could lose access to health coverage could exceed 2 million.