

By Scott Graves and Adriana Ramos-Yamamoto

May 28, 2020

Governor's Proposed Cuts to Medi-Cal Would Harm Californians' Health and Well-Being as Well as Exacerbate Disparities

As California faces a projected state budget shortfall in the tens of billions of dollars due to the COVID-19 crisis, Governor Newsom's revised budget for the 2020-21 fiscal year includes significant reductions to programs and services that help keep Californians healthy. In particular, proposed cuts to Medi-Cal (California's Medicaid program) could worsen health outcomes as well as undermine efforts to advance health equity at a time when the health and economic hardships from COVID-19 have disproportionately impacted Black and Latinx Californians, women and children in low-income households, and undocumented Californians. The following table summarizes key cuts to Medi-Cal – including reductions to benefits and eligibility – in the Governor's revised 2020-21 state budget and highlights how these proposals would affect Californians.

Impact of Key Cuts to the Medi-Cal Program Proposed in the Governor's Revised 2020-21 Budget

Benefit, Eligibility, or Other Issue	Description	Governor's Proposal	Spending Reduction in 2020-21	Impact of Governor's Proposal
Benefits*				
Community-Based Adult Services (CBAS)	Community-based services for around 36,000 seniors and adults with chronic medical, cognitive, or behavioral health conditions and/or disabilities that put them at risk of needing institutional care	Eliminate program effective January 1, 2021	\$191.3 million (\$95.2 million General Fund)	Seniors may not be able to remain in their homes, putting them at risk of being placed in group care facilities at a time when nursing home patients are at a high risk of contracting or dying from COVID-19.
Dental Benefits	A wide array of dental services for the nearly 13 million Californians enrolled in Medi-Cal	Eliminate certain dental services, including gum treatments and partial dentures, for adults 21 or older (with some exceptions) no sooner than July 1, 2020	\$67.8 million (\$22.9 million General Fund)	Medi-Cal beneficiaries who lose access to basic dental services would be likely to delay needed care, potentially worsening their condition and leading to undesirable outcomes. For example, people who need <i>partial</i> dentures, which would no longer be a Medi-Cal benefit under the Governor's proposal, could decide to have healthy teeth removed in order to receive <i>full</i> dentures, which would remain a Medi-Cal benefit.

Continued on the following page.

Benefit, Eligibility, or Other Issue	Description	Governor's Proposal	Spending Reduction in 2020-21	Impact of Governor's Proposal
Diabetes Prevention Program	An evidence-based program designed to prevent or delay Type 2 diabetes among people who have prediabetes and women with a previous diagnosis of gestational diabetes	Eliminate program no sooner than July 1, 2020	\$2.2 million (\$0.5 million General Fund)	The rate of Type 2 diabetes could increase. Without intervention, up to 30% of people with prediabetes will develop type 2 diabetes within five years, and up to 70% will develop diabetes within their lifetime. Given that prediabetes disproportionately affects communities of color, elimination of this program would likely exacerbate racial health disparities.
In-Home Supportive Services (IHSS)	In-home care – including bathing, shopping, and meal preparation – for around 560,000 seniors and people with disabilities	Reduce IHSS consumers' hours of care by 7% effective January 1, 2021	\$453.7 million (\$205 million General Fund)	IHSS consumers who need the average number of hours of care each month (116) would lose 8 hours; those eligible for the maximum number of hours of care (283) would lose 20 hours. Because consumers' need for care would not be reduced, they and their providers would have to make difficult choices about how to allocate their remaining hours of paid care. In addition, IHSS providers – who are mainly women and people of color living on low incomes – would lose pay and some providers would lose their health insurance.
Multipurpose Senior Services Program (MSSP)	Social and health care management services for nearly 11,400 seniors who are at risk of needing institutional care but who wish to remain in their own homes and communities	Eliminate program no sooner than July 1, 2020	\$22.2 million General Fund	Seniors may not be able to remain in their homes, putting them at risk of being placed in group care facilities at a time when nursing home patients are at a high risk of contracting or dying from COVID-19.
Other Medi-Cal Benefits	A wide array of health-related services for the nearly 13 million Californians enrolled in Medi-Cal	Discontinue a dozen benefits for adults 21 and older (with some exceptions) no sooner than July 1, 2020: Acupuncture; audiology; incontinence creams and washes; nurse anesthetists; occupational therapy; optician and optical lab; optometry; pharmacist services; physical therapy; podiatry; screening and brief intervention for misuse of opioids and other illicit drugs; and speech therapy	\$92.9 million (\$30.3 million General Fund)	Californians who lose access to these services could experience worse health outcomes. For example, occupational therapy helps people learn to move safely around their home after an accident or a stroke; physical therapy may be critical in helping people relearn to walk; and speech therapy is often needed after a person spends time on a ventilator.

Continued on the following page.

Benefit, Eligibility, or Other Issue	Description	Governor's Proposal	Spending Reduction in 2020-21	Impact of Governor's Proposal
Eligibility				
Aged, Blind, and Disabled (ABD) Program: Income Limit for No-Cost Medi-Cal	A new policy adopted in 2019 to increase the income limit for the ABD Program to 138% of the federal poverty level (FPL) – up from 123% – in order to allow more Californians with low incomes to qualify for no-cost Medi-Cal coverage	Cancel implementation	\$135.8 million (\$67.9 million General Fund)	More than 20,000 seniors and people with disabilities with incomes between 123% and 138% of the FPL would continue to be excluded from no-cost Medi-Cal coverage and would have to keep paying a large monthly deductible (or “share of cost”) to access Medi-Cal services. This deductible can amount to hundreds of dollars per month.
ABD Program: Income-Counting Rules for People Enrolled in Both Medi-Cal and Medicare	A new policy adopted in 2019 that reformed the state's complex income-counting rules to allow people in the ABD Program to remain enrolled regardless of the state's payment of their <i>Medicare</i> Part B premium – a change intended to prevent seniors and people with disabilities from bouncing on and off no-cost Medi-Cal	Cancel implementation	\$0.5 million General Fund	The complex income-counting rules that state policymakers reformed in 2019 would instead remain unchanged. As a result, seniors and adults with disabilities would continue to “yo-yo” into and out of no-cost Medi-Cal even in the absence of any changes to their monthly income. These Medi-Cal enrollees would continue to experience instability in their health coverage.
Comprehensive Coverage for Seniors Regardless of Immigration Status	A proposal in Governor Newsom's January 2020 budget to expand eligibility for comprehensive (full scope) Medi-Cal coverage to income-eligible seniors regardless of immigration status	Withdraw proposal	\$112.7 million (\$87 million General Fund)**	Around 26,000 seniors with low incomes who are undocumented would continue to lack access to comprehensive Medi-Cal coverage at a time when older adults are disproportionately impacted by COVID-19.
Pregnancy-Only Medi-Cal Coverage for Individuals Diagnosed With a Mental Health Condition	A new policy adopted in 2019 to expand from 60 days to 12 months the duration of pregnancy-only Medi-Cal coverage for postpartum care for individuals who are diagnosed with a maternal mental health condition after giving birth	Cancel implementation	\$34.3 million General Fund	Pregnancy-only Medi-Cal coverage for postpartum care would continue to be limited to a 60-day-period beginning on the last day of pregnancy, including for individuals who are diagnosed with a maternal mental health condition. Canceling implementation of this expansion may exacerbate health disparities. Black and Latinx Californians and people with low incomes are more likely to have depressive symptoms before and after giving birth.

Continued on the following page.

Benefit, Eligibility, or Other Issue	Description	Governor's Proposal	Spending Reduction in 2020-21	Impact of Governor's Proposal
Other				
Recovery of Medi-Cal Costs From the Estates of Deceased Beneficiaries	As required by federal law, California recovers the state's costs for a limited set of Medi-Cal services, including nursing home care, from the estates of deceased Medi-Cal beneficiaries who are 55 or older	As allowed by federal law, recover <i>all</i> Medi-Cal-related costs from the estates of deceased Medi-Cal beneficiaries who are 55 or older	\$33.8 million (\$16.9 million General Fund)	Californians with low incomes who own property, such as their home, may be discouraged from enrolling in Medi-Cal in order to avoid having a lien placed on their home after they die.

* The benefits highlighted in this section are "optional" benefits under federal law, meaning that states may (but are not required to) offer them. States that implement these benefits receive federal Medicaid matching funds. For IHSS, nearly all recipients are "federally eligible," meaning the state receives federal Medicaid funds to help pay for the services they receive.

** Includes related In-Home Supportive Services expenditures.

Sources: Budget Center analysis of information from the Department of Aging, Department of Finance, Department of Health Care Services, Department of Social Services, Legislative Analyst's Office, Senate Budget & Fiscal Review Committee, UCLA Center for Health Policy Research, and United Domestic Workers of America

Funding for this report was provided by the California Health Care Foundation.