



California Budget
& Policy Center

Child Poverty and Medi-Cal: Overview and Opportunities

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LIFTING CHILDREN AND FAMILIES OUT OF
POVERTY TASK FORCE MEETING
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Key Themes

Overview of Medi-Cal:

- Basic background: Eligibility, funding, caseload
- Direct effect on the poverty rate
- Mitigating the consequences of poverty
- Other opportunities to address child poverty through Medi-Cal



Basic Background: Eligibility, Funding, and Caseload



Eligibility

Free (or nearly free) health insurance for low-income children and adults.

- For children with family incomes up to 266% of the Federal Poverty Line (FPL) (\$65,436 for a 4-person family).
 - Children up to 322% of FPL in three Bay Area counties.
 - Pregnant women up to 322% of FPL.
- For parents/adults with family incomes up to 138% of FPL (\$33,949 for a 4-person family).



Funding

- *Medicaid* for individuals up to 138% of FPL.
 - Generally 50% federal funding, 50% state, but higher federal match for Affordable Care Act Medicaid expansion (94% for 2018-19).
- *Children's Health Insurance Program (CHIP)* for children and pregnant women 138% to 266% of FPL.
 - Currently 88% federal funding, 12% state, but historically 65% federal, 35% state.
- Projected \$101.5 billion total spending for FY 2018-19 (about 2/3 federal funds, 1/3 state), or 34% of overall spending in the Governor's proposed budget.



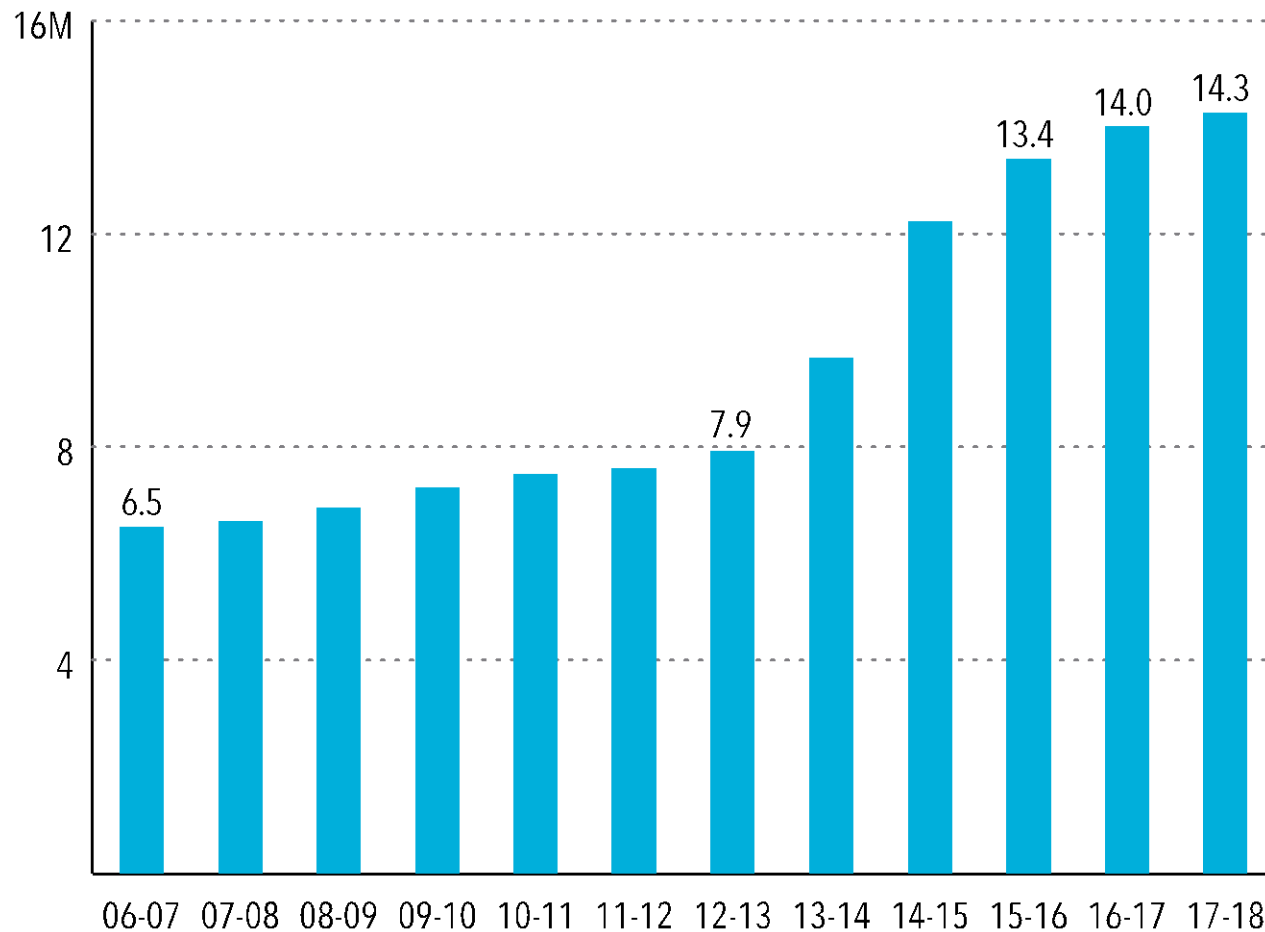
Caseload

- Projected 13.5 million individuals enrolled in 2018-19, including 5.2 million children.
- Approximately 34% of state population, including more than half of California children.



Medi-Cal Enrollment Growth Is Slowing, Following Substantial Increases in Recent Years

Enrollment Gains in Prior Years Were Largely Due to Implementation of Health Care Reform

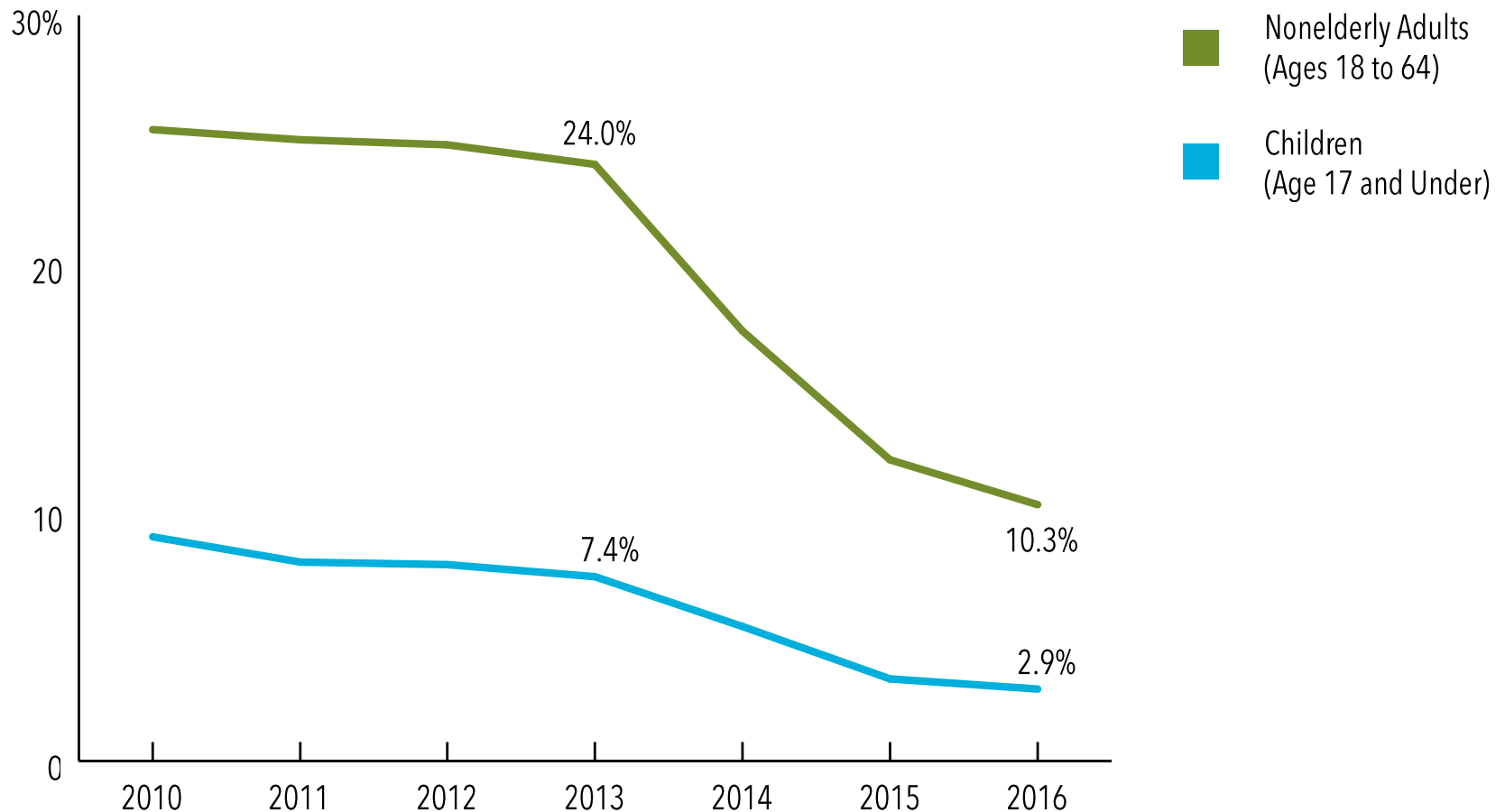


Note: Data for 2012-13 and later years are estimates. Figures reflect average monthly enrollment.
Source: Department of Health Care Services



Uninsured Rates for Children and Nonelderly Adults Have Dropped by More Than Half Since 2013

California Fully Implemented Federal Health Care Reform in January 2014



Note: Estimates are based on survey respondents' coverage status at the time of the interview.
Source: US Census Bureau, American Community Survey



Direct Effect on the Poverty Rate



Medi-Cal Affects Poverty Rates Indirectly

- Health insurance premiums and out-of-pocket medical expenses are subtracted from family resources in California Poverty Measure and Supplemental Poverty Measure.
- Medi-Cal affects poverty rates to the extent that it reduces families' out-of-pocket costs and premiums.
 - Reduces poverty if it replaces employer-based or marketplace insurance, limited effect on poverty if families stay uninsured instead.
- For a four-person family, average health costs are \$522 per month with employer-based coverage and \$752 per month with unsubsidized marketplace coverage, per the Budget Center's *Making Ends Meet* analysis.



Medi-Cal Affects Poverty Rates Indirectly

- Health costs are generally substantially higher for adults than children.
 - For both insurance premiums and out-of-pocket costs.
- So parents' access to Medi-Cal will generally result in larger family savings (and therefore greater direct impact on poverty rate) than children's access to Medi-Cal.



Mitigating the Consequences of Poverty



Health Care Can Address Negative Effects of Poverty

- Children in poverty are at increased risk of health and development problems, and accessible health care can help mitigate these challenges.
 - Childhood health and development have long-term implications for well-being and economic success – so Medi-Cal can be viewed as a long-term intervention.
- Poverty is also associated with negative health outcomes for adults.
 - And parents' health affects their ability to work and earn income, one of the strongest protections against poverty.



Other Opportunities to Address Child Poverty Through Medi-Cal



Reaching Beyond Health Services

- Medicaid is used in some counties in California as a partial funding source for home visiting, a long-term anti-poverty intervention.
- A very large percentage of children in poverty and deep poverty are enrolled in Medi-Cal, implying that Medi-Cal could be an effective conduit for reaching poor children or a useful proxy for identifying poor children to target resources.



The Bottom Line

- Medi-Cal is a large program that serves millions of poor and low-income children and parents in California.
- Medi-Cal affects the poverty rate only indirectly, when it reduces families' spending on health insurance and out-of-pocket medical expenses.
- By providing services to address health problems, which are more common among poor children and adults, Medi-Cal helps mitigate the consequences of poverty.
- Medi-Cal's broad reach among poor children and relative flexibility in services that can be funded create additional opportunities to address poverty.





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