



Fulfilling the Promise of Health Reform: Expanding, Streamlining, Improving Public Coverage Programs

Background

- Almost 7 million Californians¹ are enrolled in Medi-Cal, California's Medicaid program, which is jointly financed by the state and federal government (which generally split the costs in half).
- Medi-Cal enrollees are primarily low-income women, children, seniors, and people with disabilities. Adults without dependent children, even those well under the poverty level, are currently excluded from Medi-Cal coverage and must rely on counties and safety-net providers for basic care.
- Medi-Cal reimburses providers at some of the lowest rates in the country (e.g., Medi-Cal pays 76 percent of the average Medicaid program payment for a primary care visit and 83 percent of the average Medicaid payment for all Medicaid services), which can lead to access issues and a shortage of participating providers.²
- California currently finances Medi-Cal hospital payments through a waiver of federal rules, which will expire in September 2010 but is, expected to be renewed, at some level, for the five-year period 2010-2015.
- Currently, over 878,000 children with family income below 250 percent of the federal poverty level (\$45,755 for a family of three) are enrolled in the state's Healthy Families Program,³ which the federal government pays over 60 percent of the costs.

Federal Health Reform

The historic federal health reform legislation signed by President Obama in late March 2010 creates new opportunities for Californians to obtain quality, affordable health coverage.⁴ With respect to public programs, federal health reform makes the following changes:

- Eligibility for Medicaid will be expanded to most individuals with income below 133 percent of the federal poverty level (\$24,352 for a family of three) beginning in 2014, which is estimated to extend coverage to over 1.7 million Californians, mostly the newly-eligible adults without dependent children, which will be fully financed by the federal government in the first few years;⁵
- The Healthy Families Program will continue to be funded through 2015 and may remain in existence until 2019 as children transition into coverage available on the newly-created Health Insurance Exchange;
- States must maintain the Medicaid and Healthy Families Program coverage and enrollment procedures (i.e., eligibility levels, applications processes, premiums, etc.) that are currently in place, also known as a state's "maintenance of effort".



Fulfilling the Promise in California

In order to fulfill the promise of health reform, the California legislature should:

- **Meet the maintenance of effort provisions:** Last year children enrolled in Medi-Cal were required to prove eligibility for the program every six months (known as mid-year status reports), however this would not be allowed under the federal "maintenance of effort" provision, so **AB 2477** (Jones) would do away with that requirement and adopt new rules that keep children continuously eligible, with annual redeterminations.
- **Prevent budget cuts** that would undermine the foundation on which health reform will be built on, from Medi-Cal benefits to specific programs. Raise the revenues needed to sustain core health programs, including Medi-Cal and Healthy Families.
- **Use the renegotiation of the Medicaid waiver as a bridge to health reform.**
 - **Expand coverage early**, and have the goal of getting more than a million newly-eligible Californians enrolled on day one, January 1, 2014. This can be done through early enrollment of some populations, identifying and pre-enrolling others, streamlining the program and removing enrollment barriers, and using existing programs like the county-based coverage initiatives to turn into Medi-Cal coverage in 2014, and other enrollment and eligibility reforms.
 - **Ensure consumer protections** for all Californians in Medi-Cal, including seniors and people with disabilities.



This factsheet was prepared by Health Access, a statewide coalition of consumer, labor, ethnic, senior, faith, and other organizations that has been dedicated to achieving quality, affordable health care for all Californians for over 20 years. Please visit our website and read our daily blog at www.health-access.org

¹ CA Department of Health Care Services, California Health and Human Services Agency. Also background from S. A. Lavarreda, *et al.*, "Number of Uninsured Jumped to More Than Eight Million from 2007 to 2009," UCLA Center for Health Policy Research (March 2010).

² Data from Kaiser Family Foundation's statehealthfacts.org based on S. Zuckerman, *et al.*, "Medicaid Physician Fees Grew By More Than 15 Percent From 2003 to 2008, Narrowing Gap With Medicare Physician Payment Rates," *Health Affairs*, (April 2009)

³ Healthy Families Enrollment Report from January 2010 Summary from the Managed Risk Medical Insurance Board (January 31, 2010).

⁴ The Patient Protection and Affordable Care Act (P.L. 111-148 signed into law on March 23, 2010) and the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152 signed into law on March 30, 2010).

⁵ K. Jacobs, *et al.*, "The President's Health Reform Proposal: Impact on Access and Affordability in California," UC Berkeley Labor Center (February 2010).