

CA 2014-15 STATE BUDGET CONTINUES ACA IMPLEMENTATION & EXPANSION, BUT ALSO RECESSION-ERA CUTS TO MEDI-CAL & PUBLIC HEALTH

*** Budget continues implementation of the Affordable Care Act and Medi-Cal expansion and enrollment, extends full-scope Medi-Cal coverage to pregnant women, and restores Black Infant Health Program and HIV Prevention Programs, but also neglects key investments, leaves in place cuts made in past years, to Medi-Cal rates and benefits, public health programs and the safety-net.**

*** Budget deal leaves in place health cuts made in the depths of the recession, including a 10% reduction to some of the lowest Medicaid provider reimbursement rates in the nation, making it harder for patients to access doctors and specialists they need. Other cuts remain to Medi-Cal benefits, and to public health programs that invest in prevention, children's health, school health centers, and other areas. The budget also reallocates \$725 million from county safety-net and public hospitals, limiting services to the remaining uninsured.**

*** Most inexplicably, the budget also rejects foundation money offered to help enroll/renew people in Medi-Cal, denying California federal matching funds for this purpose that would have been provided without any state cost.**

The 2014-15 California State Budget, as passed by the Legislature and signed by Governor Jerry Brown, includes a health budget and trailer bill that continues the state's implementation of the Affordable Care Act, including budgeting for high Medi-Cal enrollment, and extends full-scope Medi-Cal coverage to pregnant women. At the same time, the budget continues many of the recent cuts made to Medi-Cal rates and benefits, public health programs, and the safety-net for the remaining uninsured, despite legislative proposals for restoration.

While most of the legislative discussion on the health care items was about the lack of restoration of [recession-era cuts](#) that were made to Medi-Cal rates and other public health programs, benefits, and services, the California Budget did have [some notable changes in health policy](#). The Budget includes the following elements:

MEDI-CAL

* provides for a high level of enrollment in the Medi-Cal expansion as part of the implementation of the Affordable Care Act;

* expands *full-scope Medi-Cal for pregnant women*, by increasing Medi-Cal eligibility to 138 percent of the federal poverty level (FPL) for pregnant women, and establishes a “wrap program” for women between 139 and 213 percent FPL so they can have Medi-Cal pay their premiums & co-pays, and cover services not covered by their Covered California plan--[a more detailed description of this victory](#) is on the Health Access blog;

* requires Medi-Cal coverage of behavioral health treatment for children with autism if required by the federal government, with a stakeholder process for implementation. (No money was budgeted for this purpose, although trailer bill language would begin the implementation process if and when the federal requirement required such coverage, as was announced soon after the budget passed);

PUBLIC HEALTH

* restores \$4 million for the *Black Infant Health Program* and \$3 million for new HIV prevention projects;

* establishes a 3-year mobile vision services pilot program for children in schools in Los Angeles with \$1 million;

* adds the new Hepatitis C drugs to the ADAP formulary (\$26 million for the Office of AIDS) and covers out-of-pocket costs of other AIDS patients with coverage.

* establishes a State Dental Director and a statewide dental health program;

OTHER HEALTH ISSUES

* reforms the Office of Patient Advocate, including to improve systems to collect data on health complaints and how they are resolved;

* approves trailer bill language that establishes a new payment structure for the Martin Luther King, Jr. Community Hospital to allow it to reopen in 2015.

* ensures an agricultural workers health plan covers catastrophic care, with \$3.2 million;

* includes a rate increase for PACE programs, starting in April 1, 2015, with \$1.8 millions

* includes approximately \$20 million and 86 positions for a variety of programs and purposes, including the following: healthcare reform, new county budgeting methodology, Coordinated Care Initiative, mental health wellness, MEDS modernization, ground emergency medical transportation, Breast & Cervical Cancer Program, and Drug Medi-Cal provider re-certifications.

* eliminates the Managed Risk Medical Insurance Board, and transfer to the Department of Health Services any remaining MRMIB programs, including the Major Risk Medical Insurance Program, which will hold stakeholder processes on getting its enrollees covered elsewhere.

NOT IN THE BUDGET

The most legislative discussion on the budget was on what was not included, most notably any restoration of Medi-Cal rates.

Medi-Cal Rates: Legislators from both the Assembly and Senate, both Democrat and Republican, decried that California has one of the lowest Medi-Cal provider rates in the nation.

The recession-era 10% cut to Medi-Cal fee-for-service reimbursement rates were made during the recession, but were stayed until the court approved them in the last year. In its January budget, the Brown Administration did give up on collecting the rate cut retroactively, and has cited other adjustments to adjust rates to specific services when access issues have been proven.

Given that both houses had included the rate restoration in their budgets, the Administration made the case against the restoration, citing that 70% of the Medi-Cal population is now in Medi-Cal managed care plans--but legislators pointed out that leaves 3 million in fee-for-service under these rates, which were some of the lowest in the nation even before the cut.

Other items not included in the final budget--even though some were proposed in Assembly or Senate versions of the budget--included:

* *Medi-Cal Benefits*: restoration of key Medi-Cal benefits cut in 2009, including acupuncture, audiology, chiropractic, incontinence creams and washes, optician and optical labs, podiatry, and speech therapy (\$13 million total);

* *Public Health Programs*: restoration and funding for various public health programs including the Early Mental Health Initiative, Drug Overdose Grant Program, School-Based Health Centers, Public Health Laboratory Training Program, Dental Disease Prevention Program, Asthma Public Health Initiative, Syringe Access Programs, and other initiatives on Adolescent Family Life, STD Prevention, Teen Pregnancy, Injury Control, and the Office of AIDS (each \$1-\$15 million);

* *The Remaining Uninsured*: consideration of coverage or care for the remaining uninsured including the undocumented, given that the budget, under a formula adopted in last year's budget, reallocates \$725 million from the county safety-net that serves this population, limiting their ability to serve the remaining uninsured. A bill to cover the remaining uninsured, SB1005(Lara), was held in Senate Appropriations Committee earlier in the year. Even with the ACA expansions, this budget leaves that ongoing issue unresolved and awaiting future action.

* *Medi-Cal Renewals*: The most inexplicable health budget item was the rejection of money offered by the California Endowment to assist Medi-Cal enrollment and renewals. Both houses of the legislature agreed to accept the money earlier this year, as they did with a similar offer last year. But in the final budget negotiations this year, the Administration refused these free foundation dollars, offered at no cost to the state, denying California the federal matching funds that are available for this purpose.

For more information on the health budget, contact Health Access, at <http://www.health-access.org>. Anthony Wright, executive director, Health Access California, 1127 11th St. Suite 234, Sacramento, CA 95616. awright@health-access.org. 916-497-0923.