



## MEDI-CAL BENEFITS: Proposed Budget Cuts

Governor Schwarzenegger's proposed 2010-11 budget proposes to eliminate a range of benefits for the over 3 million California adults (low-income parents, seniors, and people with disabilities) with Medi-Cal coverage. Such cuts are projected to provide General Fund savings of \$52 million and the loss of \$66 million more in federal funds.<sup>1</sup>

The proposal would eliminate coverage for durable medical equipment like wheelchairs, hearing aids, prosthetics, physical and occupational therapy, orthotics, outpatient heroin detox, and medical supplies like diabetic test strips.

These new benefit cuts are **in addition** to the ten benefits eliminated in the 2009-2010 state budget, which included coverage for dental, vision, podiatry, psychology, and other services. (Visit the Health Access website, at [www.health-access.org](http://www.health-access.org), for a fact sheet on those benefits already cut, as well as updated versions of this document.)

**MORE HOLES IN THE SAFETY NET FOR ALL OF US:** All Californians should be concerned about the potential loss of these basic benefits from the health care safety net. Many Californian families are one pink slip away from being uninsured and depending on the health care safety net for care in case of an unforeseen illness or accident,<sup>2</sup> while the number of Californians who are elderly or who have a disability is growing.<sup>2</sup>

**THE HEALTH IMPACTS:** Those with Medi-Cal coverage have very low incomes, and will quickly exhaust any ability to pay for needed care. Eliminating these benefits will also cause some patients' existing medical conditions to worsen, and will result in additional 911 calls and emergency room visits. Some patients will end up in long-term care facilities in worse shape than they would have been at home; some may die.

**THE FISCAL IMPACTS:** Eliminating these benefits will reduce the state deficit by just one-quarter of one percent<sup>3</sup>, and even that tiny savings is short term at best, if not completely illusory. In the short term, eliminating these benefits will simply shift costs from one part of the Medi-Cal program (health maintenance and prevention), to another part of Medi-Cal (emergency rooms and nursing homes), which are far more expensive. While states are given the choice of whether or not to include these benefits in the Medi-Cal package (hence why they are sometimes called "optional" benefits), eliminating these benefits is a false economy and should be rejected.

*This chart further details the health and financial impact of these proposed benefit cuts, in terms of the number of people who use such benefits in a given year, the costs a low-income family would have to bear to get the care, and the possible consequences if they don't, to both the patient and the health system on which we all rely.*



**BENEFIT: DURABLE MEDICAL EQUIPMENT**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Not Get Benefit <sup>4</sup>
Manual wheelchair:\$100-\$300 Electric wheelchair:\$1,300 -\$8,500 Oxygen concentrator: \$650 IV equip. for catheter or pump:\$65-\$350	By Rx only. Limited to those necessary to preserve bodily functions essential to activities of daily living or to prevent significant physical disability.	<b>222,993</b>

**Impact on the health and lives of patients:**

Wheelchairs and other mobility aids such as walkers, canes and crutches; oxygen tanks; equipment to prevent pressure sores; shower seats; hospital beds; IV equipment; and communication devices to help those with speech disabilities make themselves understood.

Neurological conditions like cerebral palsy can cause speech disorders in one-third to three-quarters of patients. <sup>5</sup>

**BENEFIT: HEARING AIDS**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Not Get Benefit <sup>6</sup>
\$200 - \$6,000 depending on technology and quality <sup>7</sup>	By Rx only. As of 7/1/09, limited to consumers with 50% or more hearing loss	<b>17,396</b>

**Impact on the health and lives of patients**

Hearing impairment and deafness often make it difficult to obtain, perform, and keep a job, and can make it more difficult to escape poverty by slowing progress in school and at work. The cost of special education due to hearing impairment can also impose a substantial economic burden on schools in low-income communities. <sup>8</sup>

**BENEFIT: PROSTHETICS**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Not Get Benefit <sup>9</sup>
<ul style="list-style-type: none"> <li>• Breast: \$75 - \$180 each</li> <li>• Eye: \$2,000 every 10 years</li> <li>• Leg: \$6,000-15,000 every 3-4 years</li> </ul>	By Rx only. Limited to those necessary to restore bodily functions essential to activities of daily living, prevent significant physical disability or serious deterioration of health, or alleviate severe pain.	<b>11,486</b>

**Impact on the health and lives of patients**

A prosthesis is a substitute for a body part such as an arm, leg, hip, knee, eye or breast. Prosthetics can be an important part of recovery after amputation or other major surgery, to aid people in maintaining their dignity, self-reliance and ability to work. Costs vary widely; a person's age, size, daily activities, profession and other health factors determine the most appropriate prosthetic. One survey found that amputees who do not receive a prosthetic within 2 years have a greater likelihood of welfare dependency, increased health concerns including obesity-related diseases and conditions, and are more likely to suffer depression. <sup>10</sup>



**BENEFIT: PHYSICAL AND OCCUPATIONAL THERAPY**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Not Get Benefit <sup>11</sup>
\$100 - \$400 per hour <sup>12</sup>	By Rx only. Limited to treatment necessary to prevent or reduce hospitalization or continue treatment plan after hospital discharge. <sup>13</sup>	<b>6,357</b>
<b>Impact on the health and lives of patients</b>	<p>Physical therapy (PT) is used to relieve pain, improve movement and function, and maintain heart &amp; lung function.</p> <p>Occupational therapy (OT) is used to help people reach their maximum level of function and independence in Activities of Daily Living (ADL) such as eating, bathing and dressing. Patients who get adequate PT &amp; OT are more likely to be able to perform activities of daily living than those who do not.<sup>14</sup></p>	

**BENEFIT: ORTHOTICS**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Not Get Benefit <sup>15</sup>
\$50 for a simple knee-brace to \$5500 for a reciprocating gait orthosis. <sup>16</sup>	By Rx only. Services are limited to those necessary to protect life, prevent significant illness or significant disability, or to alleviate severe pain. Appliances are covered only if medically necessary to restore bodily functions essential to activities of daily living, prevent significant physical disability or serious deterioration of health or alleviate severe pain. <sup>17</sup>	<b>1,252</b>
<b>Impact on the health and lives of patients</b>	<p>Wheelchairs and other mobility aids such as walkers, canes and crutches; oxygen tanks; equipment to prevent pressure sores; shower seats; hospital beds; IV equipment; and communication devices to help those with speech disabilities make themselves understood.</p> <p>Neurological conditions like cerebral palsy can cause speech disorders in one-third to three-quarters of patients.<sup>18</sup></p> <p>Orthotics help people stand or walk by supporting a limb or torso. They are especially important for patients recovering from stroke or spinal cord injury, and for people with neuromuscular or neurological conditions such as multiple sclerosis, spinal bifida and cerebral palsy.<sup>19</sup></p>	

**BENEFIT: OUTPATIENT HEROIN DETOX**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Lose Coverage <sup>20</sup>
\$360 and up for a 21-day program	Must be authorized by a doctor, maximum of 21 days.	<b>947</b>
<b>Impact on the health and lives of patients</b>	<p>Opioid painkillers such as Oxycontin, Percocet, Vicodin and Demerol are a cornerstone of pain management for people with chronic pain such as that produced by cancer and back injury.<sup>21</sup> Going "cold turkey" to break an addiction to opiates can lead to painful withdrawal symptoms, including aching, fever, sweating, shaking, chills, muscle and bone pain, insomnia, diarrhea, vomiting and cold flashes.</p>	



**BENEFIT: DISPOSABLE MEDICAL SUPPLIES**

Average Estimated Cost to Consumer if Benefit Not Covered	Coverage Limits Already In Place	Minimum # of People to Lose Coverage <sup>22</sup>
Diabetes: \$50-300/month Tracheostomy: \$50/mo Gastrostomy: \$20/mo IV therapy: \$20-50/mo for supplies	By Rx only.	Unknown. <sup>23</sup>
<b>Impact on the health and lives of patients</b>	<p>Nearly 3 million Californians (1 in 10) have diabetes.<sup>24</sup> Patients can keep their diabetes under control, but they have to monitor their blood sugar at least once a day, and for more severe cases, up to 10 times a day. This requires diabetes test strips and lancets, which cost about \$1 each. If low-income patients cannot afford test strips and lancets, their diabetes will get out of control and they will end up in the hospital, requiring more expensive care and possibly losing their eyesight or ability to walk.</p> <p>Low-income patients managing chronic conditions such as diabetes, cancer, HIV/AIDS, neurological disorders, ostomies and chronic pain will quickly exhaust their ability to purchase and replenish the supplies they need to manage their conditions. Some may try to save money by re-using supplies such as syringes and lancets, or by using ostomy tubes and bags longer than is safe. This will complicate some patients' medical conditions and result in some seeking care in emergency rooms. Some will probably be medically compromised to the point that they require long-term institutional care, and some will probably die.</p>	



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](http://www.health-access.org)

<sup>1</sup> "Toll on Californians of Adopted and Proposed Health and Human Services Cuts," California Assembly SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES, 3/24/10 p. 48

<sup>2</sup> [Study: California, nation not ready for aging population - Sacramento Business Journal:](#)

<sup>3</sup> \$52 million in savings divided by \$20 billion of deficit.

<sup>4</sup> The numbers of Californians in fee-for-service Medi-Cal who use these benefits; the California Department of Health Care Services says it cannot collect this data for consumers in managed care, but acknowledges that the total would be much larger if they were counted.

<sup>5</sup> [http://en.wikipedia.org/wiki/Augmentative\\_and\\_alternative\\_communication#cite\\_note-CPBeuk-20](http://en.wikipedia.org/wiki/Augmentative_and_alternative_communication#cite_note-CPBeuk-20)

<sup>7</sup> [http://en.wikipedia.org/wiki/Hearing\\_aid#US](http://en.wikipedia.org/wiki/Hearing_aid#US)

<sup>8</sup> <http://www.who.int/mediacentre/factsheets/fs300/en/index.html>

<sup>10</sup> <http://www.disabled-world.com/assistivedevices/prostheses/prosthetics-costs.php>

<sup>12</sup> <http://www.bloggawaydebt.com/2008/09/so-how-much-did-my-physical-therapy-cost/>

<sup>13</sup> "Eliminate Additional Optional Benefits Fact Sheet," CA Dept of Finance, March 2010

<sup>14</sup> <http://www2.cochrane.org/reviews/en/ab003585.html>

<sup>16</sup> <http://www.nature.com/sc/journal/v41/n3/full/3101417a.html>

<sup>17</sup> "Eliminate Additional Optional Benefits Fact Sheet," CA Dept of Finance, March 2010

<sup>19</sup> <http://en.wikipedia.org/wiki/Orthotics>

<sup>21</sup> <http://www.disabled-world.com/medical/pharmaceutical/addiction/opioid-addiction.php>

<sup>23</sup> DCHS has declined to provide this information. In a 4/22/10 email to Assembly Budget Committee staff, DCHS said, "The caseload number for medical supplies is complicated and requires a special data run.....the medical supply caseload [is] not information that we [have] on file."

<sup>24</sup> [http://www.caldiabetes.org/content\\_display.cfm?contentID=1160](http://www.caldiabetes.org/content_display.cfm?contentID=1160)