



## Final 2012-13 California Budget Includes Harmful Cuts to Health Care

The new 2012-13 California state budget proposal attempts to solve a \$16 billion deficit. Half of the budget solution to the deficit is \$8 billion in additional budget cuts (a majority in health and human services, including over \$1 billion in Medi-Cal alone). Nearly \$6 billion in tax revenues, making up 35% of the Governor's budget solutions, would result from a proposed ballot measure pending approval by the voters in November 2012. If voters do not approve those taxes, then billions of dollars in cuts to education and public safety would be triggered.

The health cuts further deteriorate the health care safety net, California health system has already seen major reductions in recent years, from the elimination of dental and other benefits in Medi-Cal, to direct cuts to doctors, clinics, and hospitals. The cuts come in an economic downturn when these safety-net programs are even more in demand and when the state is attempting to get ready for health reform. As a result of these widespread cuts, the impacts will be felt widely through the state, to anybody who might visit an emergency room or health facility, as well as for children in Healthy Families and, seniors and people with disabilities in Medi-Cal. Cuts to health and human services impact not just low-income California families, but our economy, and our health system on which we all rely.

### CUTS TO HEALTH CARE

**DIRECT CUTS TO HEALTH PROVIDERS: HOSPITALS, NURSING HOMES, ETC.:** The budget includes \$387.4 million in significant additional cuts to public, private, and district hospitals, including:

- redirecting \$150 million in funds from hospital fee revenues;
- an additional \$100 million designated for public hospitals under the federal Medicaid waiver would be used for general fund savings;
- changing reimbursement for district hospitals, for general fund savings of \$94.5 million;
- changes to private and public hospital funding for 42.9 million general fund savings;
- and beyond hospital cuts, there are also nursing homes cuts for \$87.8 million in budget savings.

**SHIFT OF "DUAL-ELIGIBLES" TO MANAGED CARE:** This proposal, as part of a broad "coordinated care initiative," would shift 1.4 million low-income seniors and people with disabilities who get both Medicare and Medi-Cal (so called "dual-eligibles") into managed care. Advocates have raised issues about patients that have already been shifted, and about transition and access issues with this vulnerable population. The budget year savings is estimated at \$663.3 million general fund.

**HEALTHY FAMILIES CUT TO CHILDREN'S COVERAGE:** The budget would shift all 880,000 children from Healthy Families to Medi-Cal coverage, and thus reducing payments for children health from around \$100 to less than \$85 per child per month. Concerns about the switch and rate cut have been raised about both the disruption from the transition, and the access to providers in Medi-Cal. The budget year savings is adjusted to be just \$13 million general fund in 2012-13.

**OTHER MEDI-CAL CUTS:** This budget seeks \$15 co-payments on non-emergency ER visits, and \$1-3 co-payments on specific prescription drugs, for a \$20 million general fund savings. Even in this more narrow form from last year's proposal, this change would still require federal approval. Other budget proposals adjust laboratory rates for a \$7.7 million general fund savings, and (as now required federally) to no longer paying for certain hospital readmissions for a \$30 million general fund savings.