

# YES on 55 & 56 for California's Health

## *Vote Yes on Propositions 55 & 56 to Restore and Improve Medi-Cal and Our Health System*

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During the Great Recession, California made significant cuts to health, education, and other vital services. Major cuts were made to an already underfunded Medi-Cal system, which covers one in every three Californians. Most of those cuts have yet to be restored and continue to this day. By supporting Propositions 55 to extend the existing upper-income tax bracket, and Proposition 56 to raise the tobacco tax, California voters have the opportunity to prevent further cuts, restore basic benefits, and improve access to Medi-Cal – a crucial pillar of the health system on which we all rely.

### **The Importance of Investing in Medi-Cal**

- Medi-Cal, California's Medicaid program for low-income residents, provides coverage for health care services to nearly 14 million people.
- Over one-third of the state's population, and half of all California children, are covered by Medi-Cal. This includes one-half of all births, 60% of children 0-5 years old, and two-thirds of all nursing home residents.
- On top of covering many of California's children, seniors, and people with disabilities, more than 4.6 million low-income working adults are covered by Medi-Cal. The program also serves as a safety-net for all of us if we are between jobs or become incapacitated.

### **Propositions 55 & 56 Would Help Improve Access to Care**

- Most of the Medi-Cal cuts made during the Great Recession – to Medi-Cal benefits and reimbursements rates to providers – have yet to be restored.
  - These cuts included reducing provider rates by 10 percent across the board, and eliminating 10 benefits to all adults, including dental, podiatry, psychology, vision, and more (Dental was only partially restored in 2013).
  - Even before the cuts, Medi-Cal's provider reimbursement rates were among the lowest in the nation. This has resulted in fewer doctors, specialists, and other providers serving Medi-Cal patients, leading to delays and denials for patients seeking needed care.
  - Restoring these cuts has gotten broad, bipartisan support in the state Legislature. Props 55 & 56 would provide the resources to make these long-sought investments for our health.
- While Medi-Cal is a lifeline for millions, studies show that many Californians still face difficulties in accessing care compared to other insurance options.
  - Adult Medi-Cal enrollees are twice as likely as those with employer coverage not to have a usual source of care outside of an emergency room, and three times as likely to report not being able to find a doctor or specialist that will see them.
- Investments in Medi-Cal helps support the providers and capacity of the health system as a whole. Studies suggest that underpayments in Medi-Cal contribute to a "hidden tax" of higher private premiums to help make up the difference.

## Prop 55 Would Prevent Additional Cuts

Proposition 55 extends (but does not raise) the existing tax rates on the wealthiest Californians. It does not increase taxes on anyone, and in fact allows the sales tax enacted by voters in 2010 to expire. This will mean lowered taxes for a majority of Californians while the state is still able to fund education, health, and other vital services, especially for children.

Based on current budget projections and the Governor's warning of the inevitability of a future economic downturn, it is clear that maintaining these revenues is necessary to avoid returning to an era of deficits and massive budget cuts. Without a temporary extension of existing taxes on the wealthiest Californians, budget forecasts show that our state will face a deficit of more than \$4 billion in the 2019-2020 budget year.

Prop 55 raises a projected \$8 billion/year on average, with first claims guaranteed for education and the "rainy day" fund to prevent budget cuts during a recession. After those requirements are met a portion of the money generated—up to \$2 billion—is dedicated to provide and improve Medi-Cal coverage for low-income families with children.

Proposition 55 includes specific language that directs the revenues for health care to be used for critical and preventive health care services for low-income children and their families under the Medi-Cal program. Furthermore, the money must be spent in a way that maximizes federal matching funds.

## Prop 56 Would Save Lives and Money, Allow for Restorations and Investments in Medi-Cal

Prop 56 would increase the tobacco tax by \$2 a pack, which would potentially raise over \$1 billion dollars a year. Raising the tobacco tax alone would have a powerful impact in preventing youth from starting to smoke. In addition, that tax will triple the amount of funding for tobacco education and cessation programs, and would backfill existing programs.

The majority of the funds raised will be invested in Medi-Cal. Each year, California taxpayers spend over \$3.5 billion treating cancer and other tobacco-related diseases through Medi-Cal. Prop 56 helps reimburse the state and the Medi-Cal program for the cost of treating tobacco-related diseases, and allows for additional investments and restorations to be put into place. Such investments would also generate at least another \$1 billion in federal matching funds.

If Prop 55 is about extending existing revenues to prevent cuts, Prop 56 is the best chance (if not only chance on this ballot) to raise revenues to make improvements in Medi-Cal.

The money would be used to improve access to care. This may be through restoring coverage of a benefit, or by ensuring that additional doctors or other providers take Medi-Cal patients in a timely manner. No health provider gets any payment without caring for a Medi-Cal patient. Without the tobacco tax, these needed restorations would be left to the general fund or other taxes. Protections in the initiative and existing law ensure that the vast majority of the money go to patient care, rather than administration or profit by any health provider.

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