



National Health Reform and California: The Estimated State Impacts and Costs for Medi-Cal and Healthy Families

An important element of the national health reform proposals is the role of public programs, including both Medicaid and CHIP. Governors of many states, facing difficult budgets, have raised questions about the impact on state budgets. This fact sheet estimates the number of Californians eligible and the number likely to be covered under different levels of enrollment (“take-up”) as well as the state budget impacts.

It is first important to note timing: Medicaid doesn’t get expanded until 2013 or 2014, and for first 2 or 3 years the Medicaid expansion is 100% federally funded. It is only by 8 or 9th year and beyond that there are any costs to states, with an 82.3% (4-1) match in the Senate and a 91% (9-1) match in the House.

The numbers below are for 2019, the 10th year of implementation. This chart includes some—but not all—of the savings that states are likely to experience from health reform.

Senate (H.R. 3590)	Newly Eligible: 100% Take-Up	Moderate Take- Up (50%)	High Take-Up (80%)	H.R. 3590 Nov. 18, 2009
Medi-Cal: Newly eligible adults without children: 133% FPL in Senate	Enrolled: 744,000 CA share: \$316 million	Enrolled: 372,000 CA share: \$158 million	Enrolled: 595,000 CA Share: \$253 million	Federal match: 82.3% after 2018
Medi-Cal: Newly eligible parents 101%-133% in Senate	Enrolled: 221,000 CA Share: \$88 million	Enrolled: 111,000 CA Share: \$44 million	Enrolled: 177,000 CA Share: \$70 million	Federal Match: 82.3% after 2018
Medi-Cal: Eligible but not enrolled parents under 100% FPL	Enrolled: 441,000 CA Share: \$495 million	Enrolled: 221,000 CA share: \$248 million	Enrolled: 353,000 CA Share: \$396 million	Federal Match: 50%
Medi-Cal: Eligible but not enrolled children under 133% FPL in Senate	Enrolled: 274,000 CA Share: \$182 million	Enrolled: 137,000 CA Share: \$91 million	Enrolled: 219,000 CA Share: \$146 million	Federal Match: 50%
Medi-Cal Rx: rebate increased	Est. Savings: \$300 million	Est. Savings: \$300 million	Est. Savings: \$300 million	Est. Savings: \$300 million
Healthy Families: (June 09 caseload)	CA Share: \$126.5 million	CA Share: \$126.5 million	CA Share: \$126.5 million	Federal match: 88%
Enrollment Impact	New Medi-Cal population: 1.68 million at 100% Take-Up	Enrolled: 840,000 Eligible but not enrolled: 840,000	Enrolled: 1.34 million Eligible but not enrolled: 336,000	
State Budget Impact	~\$907.5 million added General Fund costs in 2019	~\$367.5 million added General Fund costs in 2019	~\$690.5 million added General Fund costs in 2019	



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*In general, the Senate proposal makes fewer Californians eligible for Medi-Cal at higher cost to the state budget. The number of Californians likely to enroll in Medi-Cal ranges from 840,000 with moderate take-up under the Senate proposal to almost 1.6 million with high take-up under the House proposal. The net impact on the state budget ranges from **savings** of almost \$200 million with moderate take-up under the House proposal to costs as much as \$700 million with high take-up under the Senate proposal.*

An expansion of Medicaid (to 133% FPL in the Senate Leadership bill (H.R. 3590), and 150% FPL in the House bill (H.R. 3962)) for children, parents, and adults without children under 18 at home would make an estimated 1.68 million (Senate) to 1.97 million (House) uninsured low-income Californians eligible for good benefits with little or no cost sharing. Both proposals also provide savings to California’s Medi-Cal program by increasing the prescription drug rebate from 15.6% to 23.1%.

Healthy Families, California’s CHIP program, will be absorbed into the Health Insurance Exchange under the House proposal, but will be continued with enhanced federal funding in the Senate proposal. Both proposals create savings compared to the existing program.

House (H. R. 3962)	Newly Eligible: 100% Take-Up	Moderate Take-Up (50%)	High Take-Up (80%)	H.R. 3962 Oct. 29, 2009
Medi-Cal: Newly eligible adults without children: 150% FPL in House	Enrolled: 886,000 CA Share: \$191 million	Enrolled: 443,000 CA Share: \$96 million	Enrolled: 709,000 CA Share: \$153 million	Federal Match: 91%
Medi-Cal: Newly eligible parents 101-150% FPL in House	Enrolled: 298,000 CA Share: \$30 million	Enrolled: 149,000 CA Share: \$15 million	Enrolled: 239,000 CA Share: \$24 million	Federal Match: 91%
Medi-Cal: Eligible but not enrolled parents under 100% FPL	Enrolled: 465,000 CA Share: \$522 million	Enrolled: 233,000 CA Share: \$261 million	Enrolled: 372,000 CA Share: \$418 million	Federal Match: 50%
Medi-Cal: Eligible but not enrolled children under 150% FPL in House	Enrolled: 320,000 CA Share: \$214 million	Enrolled: 160,000 CA Share: \$107 million	Enrolled: 257,000 CA Share: \$171 million	Federal Match: 50%
Medi-Cal Rx: rebate increased	Est. Savings: \$300 million	Est. Savings: \$300 million	Est. Savings: \$300 million	Est. Savings: \$300 million
Healthy Families: (June 09 caseload)	CA savings: \$369 million	CA Savings: \$369 million	CA Savings: \$369 million	Part of the Exchange
Eligible Total	New Medi-Cal population: 1.97 million if 100% enrolled	Newly enrolled: 985,000 Eligible but not enrolled 985,000	Newly enrolled: 1.58 million Eligible but not enrolled 390,000	
State Budget Impact	~\$288.0 million added General Fund costs in 2019	~\$190.0 million in added General Fund savings in 2019	~\$97.0 million added General Fund costs in 2019	



Technical Appendix

1. Specific eligibility populations were estimated by applying the proportional distribution of the uninsured population from the 2007 California Health Interview Survey data to the total overall number of Medicaid-eligibles as published in K. Jacobs and D. Graham-Squire, "Californians' Access to Care Under the Health Reform Proposals," UC Berkeley Labor Center (December 2009).
2. Both health reform proposals include increased federal matching rates for new populations that decrease over time. For example, in 2018 California's matching rate for new populations would be 82.3% in the Senate bill and 91.0% in the House bill. California's currently eligible populations would remain at a federal matching rate of 50.0%.
3. Medi-Cal costs per member per month:
 - a. Children and parents from memo by CDHCS: children at \$111 PMPM, parents at \$187 PMPM
 - b. Childless adults estimated at \$200 PMPM; CDHCS estimates \$254 PMPM with no explanation as to why childless adults are higher cost than parents.
4. Parents: Technically California covers parents to 100% FPL under section 1931b; some of whom have modified gross income that may exceed 101% FPL. All parents above 100% FPL are counted as newly eligible for purposes of enhanced federal match. If parents 101%-133% FPL do not qualify as newly eligible, then the cost to California increases by about \$230 million under S. 1796 and if parents 101%-150% FPL do not qualify as newly eligible, then the cost to California increases by about \$294 million under H.R. 3962.
5. Medi-Cal prescription drug program was about \$1.5 billion in 2005: http://www.lao.ca.gov/2005/medicare/medicare_031605.pdf . The increased rebate from 15.6% to 23.1% was used to estimate improved revenue of \$200 million based on 2005 numbers; the \$300 million figure was used to allow for trending forward.
6. Healthy Families funding: http://www.cbp.org/documents/090521_HF_County_Fact_Sheet.pdf Assumes Healthy Families enrollment continues at same level as under current law. Based on June 2009 caseload.



This brief 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

Health Access is leading the California campaign of Health Care for America NOW! (HCAN), a national grassroots campaign of more than 850 organizations representing 30 million people dedicated to winning quality, affordable health care we all can count on in 2009. Visit www.healthcareforamericanow.org or contact Patrick Romano at promano@health-access.org for more about the California HCAN campaign

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