

Major Cuts to Health Care in California's Proposed 2020-21 Budget, Curtailing Access to Care for Millions in a Pandemic

In the midst of a global pandemic and economic recession with an unemployment rate rivaling the Great Depression, Governor Gavin Newsom's May Revision of the California 2020-21 State Budget includes significant cuts to health, education, and other vital services in order to address a \$54 billion budget deficit caused by the COVID-19 crisis. The revised state budget proposal could lead to tens of thousands of Californians losing access to affordable comprehensive coverage—and millions of Californians losing benefits and access to doctors, clinics, and other providers just when it's needed most. (*Italicized figures reflect general fund savings in the 2020-21 budget year, which often have bigger impacts in subsequent years*).

Governor Newsom proposed that some cuts could be “triggered off” with passage of federal aid from Congress, such as the pending HEROES Act. Health advocates also seek revenues and other alternatives.

Health Care Cuts Will Hurt the Most At-Risk Californians

The budget estimates that Medi-Cal enrollment will increase dramatically, peaking at about 14.5 million in July 2020 and representing an increase of around two million due people to Californians losing employer-based coverage during the pandemic. Despite the increased demand and need for Medi-Cal, the budget outlines widespread cuts to the program and its services and providers, all of which will have significant impacts on vulnerable consumers who are relying on our social safety net during these difficult times.

BARRIERS TO MEDI-CAL COVERAGE FOR SENIORS

- **Reinstating the “senior penalty” by lowering the income eligibility for seniors** and people with disabilities, thus denying over 20,000 low-income Californians comprehensive Medi-Cal coverage who are between 123% and 138% (\$17,200/year) of the federal poverty level. At a time when seniors are particularly at-risk, those over age 65 would have a lower income eligibility than others. (*\$67.7M*)
- **Allowing additional seniors to fall off full-scope Medi-Cal**, which would happen depending on whether Medi-Cal income counting rules considers Medicare Part B premiums. (*\$300K*)
- Discourage seniors from signing up for Medi-Cal by **reinstating estate recovery** for those over age 65, leading many to not enroll in Medi-Cal in order to not endanger the family home. (*\$16.9M*)
- **Continue to exclude income-eligible seniors due to immigration status**, denying at least 22,000 Californians comprehensive coverage in Medi-Cal, a setback to #Health4All. (*\$87M*)
- **Eliminate Community Based Adult Services (CBAS) and Multipurpose Senior Service Program (MSSP)**, and cut in-home supportive services (IHHS), programs which help keep seniors and adults with disabilities independent and in their own homes. This cut will push more seniors into institutionalized group care, where COVID-19 deaths have been particularly prevalent. (*\$106.8M*)

FACT SHEET: 2020-21 May Revise: Health Care Cuts

LESS FINANCIAL SUPPORT FOR CONSUMERS IN COVERED CALIFORNIA

- In last year's state budget, Covered California received roughly \$500 million/year for three years for a new state subsidy program to improve affordability in Covered California. Some funds went unspent, and rather than putting these dollars back into premium subsidies for those struggling, or to anticipate a surge in enrollment from Californians who have lost employer-based coverage, the budget proposes to **reduce allocated resources for affordability assistance**. (\$250M over two years.)
- Seniors ages 50-65 with incomes between \$50K-\$75K are the ones face higher premiums and who benefit the most from these state subsidies, and who lose if these already-allocated funds are cut.

CUTS TO MEDI-CAL BENEFITS

The budget proposes **drastic cuts to medically necessary benefits for the millions of adults with Medi-Cal coverage**. (\$59.7M) These include, and in some cases go beyond, many of the benefits cut during the 2009 Great Recession, which have been slowly restored over the past decade, some just in January 2020. Under the revised budget proposal, the cuts would only be “triggered off” if sufficient federal funds are provided. The proposed cuts include:

- **Eliminating needed Medi-Cal benefits:** audiology, speech therapy, vision including optometry, optician, and optical lab services, podiatry, incontinence creams and washes, acupuncture, physical therapy, occupational therapy, pharmacist delivered services, nurse anesthetist services, screening, brief intervention & referral to treatment for opioids & other drugs, diabetes prevention program, developmental screenings, non-emergency medical transportation, as well as hearing aids.
- **Cutting dental coverage,** for gum treatments, rear root canals, and partial dentures—going back to the “partial restoration” of Denti-Cal from 2013-2017.

CUTS TO MEDI-CAL PROVIDERS AND PATIENT ACCESS

The proposed cuts to Medi-Cal doctors, clinics, providers and plans will have an impact on patients' ability to access care, and the sustainability of the health system we all rely on. These cuts include:

- **Over \$1 billion in cuts to Medi-Cal health care providers.** The budget proposes to eliminate the supplemental payments and value-based incentive programs to pay Medi-Cal providers, including doctors, dentists, community clinics, family health services, and others, by redirecting money dedicated to Medi-Cal from the Proposition 56 tobacco tax. (\$1.13B)
- **Cuts to community clinics,** major providers of care to Medi-Cal patients, including Federally Qualified Health Center (FQHC) payment adjustments to eliminate certain carve-outs (\$50M) and as the state reclaims savings from centralizing prescription drug purchasing. (\$26.3M)
- **Cuts to Medicaid managed care plans,** including a 1.5% rate reduction, and additional cost containment adjustments. (\$91.6M)

Other cuts and rollbacks include funds for home visiting in the black infant health program (\$4.5M), and in Medi-Cal, county administration (\$11M), emergency department health counselors, enrollment navigators and interpreters (\$25M), a planned post-partum care expansion (\$34.3M) and the delay of Cal-AIM reforms and enhancements (\$347.5M).

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