

Medi-Cal at Risk: Nearly 4 million Californians Could Lose Health Coverage

Updated October 15, 2020

Striking Down the Affordable Care Act Would Cut Billions from Medi-Cal and Eliminate Coverage for Millions of Californians

For over 50 years, Medi-Cal, California's Medicaid program, has been a vital lifeline for millions of Californians and a core pillar of the health system on which we all rely. The lawsuit *California v. Texas*, currently in front of the Supreme Court, threatens to strike many of the Affordable Care Act's provisions. Repealing the Affordable Care Act would threaten the health coverage that children, working adults, low-income families, senior citizens, and people with disabilities receive from Medi-Cal.

Medi-Cal is Important to California's Health and Economy

Medi-Cal provides coverage for health care services to **over 12.5 million Californians**ⁱ and provides an important safety-net for all of us when we are incapacitated or in between jobs.

- 1/3 of the state's population and 40% of all California childrenⁱⁱ are covered by Medi-Cal.
- Medi-Cal covers 50% of all state births and nearly 2/3 of all nursing home residents.ⁱⁱⁱ
- **Medi-Cal covers nearly 4 million^{iv} low-income working adults**, both working parents and adults without children under age 19 at home **through the ACA Medicaid expansion**.
- **Most hospitals and other major health providers rely on Medi-Cal** as a major funding stream, especially in areas where Medi-Cal covers 1/3 to 1/2 of the population, including the Central Valley, the rural north, and much of Southern California.
- A repeal would have severe economic impacts for California and could cost the state's economy **\$29.3 billion in GDP and lead to 269,000 job losses** – 159,000 of which are in the health care industry.^v

Repealing the ACA Medicaid Expansion Would Cost California Over \$20 Billion per Year and Millions Would Lose Coverage

- Nearly 4 million low-income parents and childless adults would lose their Medi-Cal coverage if the ACA's Medicaid expansion was repealed.
- California would lose \$20 billion^{vi} in federal funding for Medi-Cal if the ACA's Medicaid expansion was repealed.
- California could not easily backfill \$20 billion, given that the entire state's General Fund Budget for 2020-21 is **\$134 billion^{vii}**.
- In the event of a full repeal of the ACA, replacing lost federal funds would require a 20% -25% state tax increase, or deep cuts to general fund spending for K-12 and higher education, human services, corrections, transportation, and environmental protection, or all of the above.
- Repeal of the Medicaid expansion would force drastic state budget cuts in health care and/or other state programs. It would also force dramatic funding reductions for the hospitals and health providers we all rely on.

FACT SHEET: Medi-Cal at Risk

Medi-Cal is Already Facing Tough Cuts in This Economic Emergency

Medi-Cal is already an efficient program, with a low per-capita cost (compared to commercial insurance), and little room to squeeze. As a result, striking down the ACA, including the expansions and improvements in Medicaid, would force major Medi-Cal cuts to eligibility, benefits, and access to providers. In the middle of this economic emergency, California has proposed significant cuts to health, education, and other services. Major cuts were made to an already underfunded Medi-Cal:

- In the 2020-21 budget, California made a \$1.2 billion cut to Medi-Cal providers, scheduled to go into effect in July 2021. This would reduce payments to Medi-Cal providers, which are among the lowest in the nation. An additional cut of \$20 billion under ACA repeal would create chaos in our health system and lead to treatment delays, lack of access to care, and potential provider closures.
- This year, the Governor also proposed—but the Legislature properly rejected—other cuts to Medi-Cal, including limits on eligibility for seniors, and eliminated important benefits, including adult dental services, chiropractic services, optician/optical laboratory services, optometry, podiatry, and speech and audiology services. With the \$20 billion cut from striking down the ACA, these cuts would just be a fraction of what is needed to make up the difference.

President Trump's Budget Would Also Cap and Cut Medicaid by Billions, Ending Coverage Guarantees

In addition to legal challenges to the ACA, there have been legislative replacement proposals, and proposals embedded in President Trump's proposed federal budget, that seek to repeal the ACA and its Medicaid expansion. These proposals would replace the Medicaid expansion using a block grant or per capita cap - ending the funding guarantees and thus the right to health care for everyone who is eligible and applies for coverage. As opposed to the current guaranteed match, block grants and per capita caps would limit how much states would get for Medicaid, putting the state at risk if enrollment or health care costs increase - including for an aging population, natural disasters, or public health emergencies like a pandemic. Under such proposals, California could lose even more funding--potentially tens of billions of federal dollars for Medi-Cal.

ⁱ California Department of Health Care Services, [Medi-Cal Certified Eligibles Data Table by County and Aid Code Group](#), June 2020

ⁱⁱ California Health Care Foundation, [2019 Edition – Medi-Cal Facts and Figures](#), February 2019

ⁱⁱⁱ California Health Care Foundation, [2019 Edition – Medi-Cal Facts and Figures](#), February 2019

^{iv} California Health Care Foundation, [How Many in Your Area Are Covered by the Affordable Care Act?](#), September 2020

^v UC Berkeley Labor Center, [California Could Lose 269,000 Jobs if the ACA is Overturned](#), October 2020.

^{vi} Department of Health Care Services, [May 2020 Medi-Cal Estimate](#), May 2020

^{vii} California Department of Finance, [Enacted 2020-21 Budget, Summary Charts](#), June 2020