

## Health Investments and Opportunities in the California 2022-23 State Budget

The 2022-23 California state budget proposes new investments to expand access and affordability for health care and coverage, and represents new opportunities to improve care for all Californians. The Governor's \$219 billion general fund budget includes ongoing support to respond to the pandemic, improve the Medi-Cal program, and investments for a stronger public health infrastructure and social safety-net. Yet the Governor and the Legislature can and should do more to prioritize life-saving investments. Many Californians still struggle with healthcare that is out of reach because of rising costs, ever-increasing out-of-pocket expenses, or lack of coverage because of income or immigration status.

Together, active budget proposals by the Governor, legislators, and advocates could expand coverage for hundreds of thousands, and improve affordability for millions of Californians—whether in Medi-Cal, Covered California, or private commercial health coverage. They include:

**Expanding Medi-Cal to All Regardless of Immigration Status:** The Governor's proposed budget would expand Medi-Cal to all income-eligible Californians, closing the final gap for those ages 26-49. The proposal (\$614M in 2023-24 and \$2B in out years) builds on prior investments to cover children, young adults, and starting this May 2022, those over the age of 50. Without this expansion, over 700,000 low-income Californians would be left without access to healthcare, including primary and preventive care.

- This #Health4All proposal is also in AB 4 (Arambula). The Governor's proposal would start this expansion in January 2024. Advocates and legislators are asking about a quicker phase-in.
- Advocates also seek funding for targeted outreach to those age 50 and over this year, and for those age 26 – 49 should the full expansion be included in this year's budget.

**Continuing California's Commitment to Covered California Affordability Assistance:** The federal government, following in the footsteps of California's leadership, has provided significant help to keep premiums down in our state marketplace for the years 2021 and 2022. But out-of-pocket costs remain high and are increasing. In 2023, as standard silver plan in CoveredCA has \$4,750 deductibles and \$45 office visits. Covered California's report "Bringing Care Within Reach" includes recommendations for improved cost-sharing assistance. Depending on pending federal proposals, our state has the ability to eliminate deductibles and significantly reduce co-payments for all Covered California Silver plans.

- Advocates are advancing a budget proposal to reduce cost-sharing, with SB 944 (Pan) and AB 1878 (Wood) as companion legislation.
- State subsidies could be supported by a combination of potential federal funds, money raised from the individual mandate, the California Health Care Affordability Reserve Fund, and the General Fund. The Legislature prioritized premium assistance just a few years ago before the federal government supplanted those efforts.
- Federal premium assistance is set to sunset this year. If it does not continue, then General Fund support for state affordability assistance will be even more important, to help backfill and mitigate the significant potential increase in premiums for nearly 2 million CoveredCA enrollees in 2023.

# FACT SHEET: California's 2022-23 State Health Budget

**Creating the Office of Health Care Affordability:** The Governor has again proposed the establishment of an Office of Health Care Affordability in the state budget. This is an essential and critical step toward addressing health care costs for all Californians, as patients, workers, taxpayers, and for purchasers and payers both public and private. The Office would collect and analyze data, increase transparency in the health system, and set enforceable cost targets for the entire health care industry. The ultimate goal is to yield savings that are tangible to consumers, employers and other purchasers of private health insurance, as well as to public programs.

- Advocates support the creating of an Office of Health Care Affordability in the budget, and in the companion proposal AB 1130 (Wood).

**Zeroing out Medi-Cal Premiums:** The Governor's budget also proposes (\$19M in 2022-23 and \$31M ongoing) to reduce Medi-Cal premiums to zero for hundreds of thousands of lower-income children, people with disabilities, and others just over the poverty line. This would include those who are enrolled in the Children's Health Insurance Program (formerly Healthy Families), the Working Disabled Program, as well as those who benefit from Medi-Cal Access Program (MCAP) and County Children's Health Insurance Programs (C-CHIP).

- Advocates seek to fully eliminate these Medi-Cal premiums in the budget and with AB 1995 (Arambula).
- Another proposal in AB 1900 (Arambula) would reduce Medi-Cal "share of cost" for seniors and people with disabilities just over the poverty line.

**Medi-Cal Improvements:** Budget investments to strengthen and improve Medi-Cal for the over 13 million Californians that depend on the program for care and coverage include:

- Ongoing investments in response to COVID-19
- New investments in CalAIM, including justice-involved initiatives, and enhanced case management and community supports
- Continued implementation of improvements made last year including:
  - The elimination of the assets test
  - Elimination of certain planned provider payment reductions
  - Backfilling of Prop 56 supplemental payments from the General Fund
- A new community based mobile crisis services benefit.

**Other Health Improvements and Investments:** The Governor's proposal includes other improvements and investments for California's health, including:

- Improved access to reproductive health care
- Continuing the Cal Rx effort to increase access and affordability for insulin and other generic drugs
- New investments in California's public health infrastructure, for both state operations and local assistance, to continue the work to combat the current pandemic

Advocates are also seeking a Health Equity and Racial Justice fund to support community initiatives to address these issues, and closely watching the Governor's budget proposal to set some standards for how nonprofit hospitals provide community benefits in recognition of the tax breaks they receive.