



**HEALTH
ACCESS
CALIFORNIA**

BOARD OF DIRECTORS

- Mayra Alvarez
The Children's Partnership
- Ramon Castellblanch
California Alliance for Retired Americans
- Juliet Choi
Asian and Pacific Islander American Health Forum
- Crystal Crawford
Western Center on Law and Poverty
- Sarah Dar
California Immigrant Policy Center
- Lori Easterling
California Teachers Association
- Jenn Engstrom
California Public Interest Research Group
- Joey Espinoza-Hernández
Los Angeles LGBT Center
- Stewart Ferry
National Multiple Sclerosis Society
- Jeff Frietas
California Federation of Teachers
- Lorena Gonzalez Fletcher
California Labor Federation
- Alia Griffing
AFSCME California
- Kelly Hardy
Children Now
- Maribel Nunez
Inland Empire Partnership
- Tia Orr
Service Employees International Union State Council
- Juan Rubalcava
Alliance of Californians for Community Empowerment
- Kiran Savage-Sangwan
California Pan-Ethnic Health Network
- Andrea San Miguel
Planned Parenthood Affiliates of California
- Joan Pirkle Smith
Americans for Democratic Action
- Rhonda Smith
California Black Health Network
- Joseph Tomás Mckellar
PICO California
- Sonya Young
California Black Women's Health Project

Anthony Wright
Executive Director

Organizations listed for identification purposes

May 23, 2024

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

The Honorable Mike McGuire
Senate President Pro Tempore
1021 O Street, Suite 8158
Sacramento, CA 95814

The Honorable Scott Wiener
Chair, Senate Budget Committee
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

Re: Response to May Revision of the Proposed 2024-2025 California State Budget

Dear Governor Newsom:

Health Access California, the statewide health care consumer advocacy coalition working for quality and affordable health care for all Californians, respectfully offers comments on the May Revision of the Proposed 2024-2025 California State Budget. While we understand the need to balance the State's budget, we have serious concerns with a number of proposed budget solutions that shift the burden of the shortfall to our most vulnerable residents and unnecessarily reduce resources that could move us towards our mutual goal of universal health care coverage. Notwithstanding the budget cycles of the state, Californians urgently need access to health care. We support revenues and other budget solutions for a more balanced approach that continues California's efforts to ensure access and affordability to coverage and care.

Health Access Opposes Removal of IHSS Benefits for Undocumented Californians

As co-chairs of the Health4All Coalition that has fought for over a decade to remove immigration status as a barrier to care, Health Access is strongly opposed to the May Revise proposal that would remove In Home Supportive Services (IHSS) benefits for the undocumented. Our state has made significant progress by opening up Medi-Cal to all Californians regardless of immigration status. The Medi-Cal expansions were the result of a strong partnership between advocates, the Legislature, and the Administration, and they represent our State's commitment to strive towards universal, equitable coverage for all. Targeting cuts at our undocumented population and their families represents a serious break from these long-held values and undermines trust in our safety net programs.

IHSS benefits allow the elderly and disabled to remain in their homes and communities rather than seeking care in long-term care institutions. Revoking these benefits will force more undocumented Californians to seek care into nursing homes, which are more costly and, as a covered Medi-Cal benefit, will cost the state even more money. Furthermore, unlike IHSS benefits, enrollment in long term care facilities for Medi-Cal enrollees is a consideration for public charge rules. Undocumented Californians who lose IHSS could be faced with triggering public charge determinations in addition to losing their benefits.

Because over 70% of IHSS providers are family members, these cuts will also have ripple effects throughout families and communities. Family caretaking disproportionately falls on the shoulders of low-income women of color—when their senior and disabled family members lose IHSS benefits, these women will be more likely to leave the workforce to provide unpaid caregiving. Cuts to IHSS will exacerbate systemic generational poverty and magnify existing health and economic disparities.

Health Access Opposes Sweeping Funds Collected from Californians Without Health Insurance

Health Access is pleased to see the proposed continuation of the program to invest \$165 million in cost-sharing reductions for Covered California enrollees, which will build on this year's \$82 million investment. Over 600,000 enrollees have zero deductibles and lowered co-pays, and next year the assistance will extend even further to Silver plan enrollees of all income levels. However, the May Revision proposal to sweep over \$100 million annually from revenue collected from our uninsured backtracks on the Administration's commitment to preserve those funds for affordability and undermines our efforts to keep Covered California health plans affordable now and into the future.

Because of California's Individual Mandate, uninsured Californians pay penalties to the state if they fail to maintain health insurance. These penalties are significant—about \$900 for an adult individual and \$450 for minor dependents, amounting to \$300 to \$400 million annually statewide. The penalties were originally designed to fund programs to make our state marketplace more affordable—that the money raised goes to remedy the problem of unaffordability should directly go to address that issue. Yet in 2020, when federal premium subsidy programs were increased, these penalty funds began being swept into the General Fund. Just last year, the Legislature reached an agreement with the Administration to safeguard these funds in the Health Care Affordability Reserve for use by Covered California (HCARF).

Advocates' understanding was that these funds were only ever to be borrowed for the General Fund, eventually to be paid back, and only as necessary in difficult budget years. The proposed ongoing sweeping of \$109M annually starting in 2025-2026 is not in line with the intention of the funds to be used for keeping our Covered California marketplace affordable and accessible. Health Access maintains that any funds from HCARF used to supplement the general fund should be borrowed as-needed on an annual basis and paid back to the fund when budget conditions improve.

Invest in Opening Up Covered California to the Uninsured Californians Excluded Due to Immigration Status

More steps remain to move us closer to universal coverage, and even in this budget context, a small action can remove an increasingly untenable barrier to coverage. Undocumented Californians over the Medi-Cal income threshold are explicitly and unjustly excluded by federal law from purchasing plans on exchanges like Covered California.

The UC Berkeley Labor Center estimates that of the 2.57 million uninsured Californians, about 520,000 who are undocumented and earn too much to qualify for Medi-Cal would otherwise be eligible to purchase plans on Covered California if not for their immigration status. Another 110,000 undocumented Californians are insured in the private market but would be eligible to enroll through Covered California if this barrier were removed.

Washington State and Colorado have taken steps to remove this unjust barrier to coverage on their marketplaces. We urge California to follow suit and believe this to be achievable even in this year's difficult budget year, using funds in the HCARF. A Covered California "mirror" marketplace could offer health plans to undocumented residents who are excluded by federal law from shopping for coverage on Covered California. These plans would "mirror" those offered in Covered California and provide the same level of coverage.

Other Cuts of Concern: Health Access and our coalition partners also have concerns about other health and human services cuts, especially those that will impact access to care for consumers. They include:

- Triggering cuts to undo Medi-Cal share of cost reform and to provide continuous Medi-Cal coverage for children up to age five.
- Cutting public health funding (\$52.5 million budget year, and \$300 million ongoing).
- Eliminating the Indian Health Grant program (\$23 million budget year)
- Eliminate planned increases in Medi-Cal provider rates intended to improve access to care for those on Medi-Cal coverage (\$879 million in 2024-25 budget year, \$6.7 billion over multiple years)
- Freezing Medi-Cal County Administration increases just as Californians face huge call wait times to get redeterminations and keep coverage (\$20.4 million budget year)
- Eliminating acupuncture as a Medi-Cal benefit for the millions of adults in Medi-Cal (\$5.4 million budget year, \$13.1 million ongoing)
- Eliminating health enrollment assistance funding that help Californians enroll (\$26 million budget year)

Thank you for your consideration.

Sincerely,



Diana Douglas
Director of Policy and Advocacy

CC: Dr. Mark Ghaly, Secretary, California Health and Human Services Agency
Richard Figueroa, Deputy Cabinet Secretary, Office of the Governor
Joe Stephanshaw, Director, California Department of Finance
Kim Johnson, Director, California Department of Social Services
Michelle Baas, Director, California Department of Health Care Services
Jessica Altman, Executive Director, Covered California
Senator Caroline Menjivar, Chair, Senate Budget Subcommittee 3
Dr. Akilah Weber, Chair, Assembly Budget Subcommittee 1
Dr. Corey Jackson, Chair, Assembly Budget Subcommittee 2
Senator Maria Durazo
Dr. Joaquin Arambula
Marjorie Swartz, Policy Consultant, Senate President pro Tempore Mike McGuire
Rosielyn Pulmano, Policy Consultant, Speaker Robert Rivas
Scott Ogus, Deputy Staff Director, Senate Budget Committee
Elizabeth Schmitt, Committee Consultant, Senate Budget Committee
Christian Griffith, Chief Consultant, Assembly Budget Committee
Nicole Vasquez, Deputy Chief Consultant, Assembly Budget Committee