

How does the American Health Care Act (AHCA) affect the Medi-Cal program and California's public health care systems?

1. Cuts federal funding for the Medicaid (Medi-Cal) expansion
2. Cuts funding for the Medicaid program overall by capping federal spending
3. Cuts funding for care to the uninsured
4. Makes commercial insurance less affordable

1. The AHCA would cut funding for the Medicaid (Medi-Cal) expansion

Under the current rules of the Medi-Cal expansion, the federal government would pay the majority of the costs for individuals who became eligible through the expansion, starting at 100% and ramping down over time to 90%. The AHCA would end that provision and **cut that additional funding entirely**, reducing federal spending on these individuals to 50%.

The State of California estimates this would leave a budget hole of roughly **\$4.8 billion**¹ in 2020, growing to **\$18.5 billion** by 2027. A repeal of the Medi-Cal expansion would cost California's public health care systems more than **\$2.2 billion in annual revenue**².

2. The AHCA would cut funding for the Medicaid program overall by capping federal spending

On top of the funding lost for the expansion, the AHCA would convert the Medicaid program into a "per-capita cap" structure, which would cap federal spending for each state.

California estimates that by 2027, the cap would cost the state **\$5.3 billion**¹ annually, and keep growing. The Congressional Budget Office (CBO) estimates that the combination of the cap and the loss of expansion funding would cost states **\$880 billion** over the course of ten years, cutting the national Medicaid program by **25%**³.

These cuts would result in the state being forced to reduce enrollment, cut critical services, and pass massive costs onto local entities.

3. The AHCA would cut funding to care for the uninsured

Under the AHCA, Medicaid Disproportionate Share Hospital (DSH) funding would be cut significantly in 2018 and 2019, which could cost California's public health care systems **\$490 million**.

4. The AHCA would make commercial insurance less affordable

By reducing subsidies for consumers, the AHCA would make commercial insurance less affordable, which would lead to even higher uninsured rates and **more uncompensated costs** for health systems.

What is the Medi-Cal program, and who is it for?

The Medi-Cal expansion has decreased CA's uninsured rate from 15% to 8%

34% of all Medi-Cal spending is for Medicare beneficiaries to cover costs (like long-term care) not covered by Medicare

Medi-Cal covers 1/3rd of all Californians, including:

- 1 in 2 low-income residents
- 1 in 2 people with disabilities
- 1 in 5 adults under 65
- 2 in 5 children
- 3 in 5 nursing home residents

Medi-Cal is already one of the leanest and most efficient Medicaid programs in the country, with spending growth far below that of private insurance. (3.1% vs 4.6%)³

80% of Medi-Cal enrollees are in working families

85% of Medi-Cal beneficiaries are in managed care plans

Higher value care and real long-term cost savings

The expansion of Medi-Cal has created a coverage landscape that has enabled California's public health care systems to focus investments on better care coordination, increased access, and improved health outcomes for patients. **These investments pay off, both immediately and in the long term, and the American Health Care Act would undermine these efforts.**

Santa Clara Valley Health & Hospital System has created an intensive care coordination and recovery program for high-risk patients. For just the program's first 700 patients, the program reduced hospital bed days by almost 2,500, cut the readmission rate to less than half of the national average, and **saved the community an estimated \$6 million in costs**⁴.

Kern Medical has also developed a care navigation program for a similar population of high utilizers, which has **cut ED visits in half**, and **decreased inpatient admission by 60%** among participants⁵. Among those who were seen in the ED, half were assigned to a primary care provider, and nearly one quarter left with an appointment that day.

These programs, which improve patients' health and well being and can generate incredible cost savings, are only possible if the health systems have the resources to implement them, and if the patients have comprehensive coverage. Primary and preventive care also stops patients from becoming high-utilizers by ensuring they have the cost-effective care they need to manage their own health.

Riverside University Health System has increased the percentage of diabetes patients with self-management plans in its family care clinic by **more than sevenfold**, and has increased access and capacity at that clinic, resulting in a **40% increase in visits**.

Again, these cost-saving improvements require patients to have the kind of health coverage that the American Health Care Act threatens to take away.

California's Public Health Care Systems

California's public health care systems operate in 15 counties where more than 80% of the state's population lives. These systems account for 6% of the state's hospitals but provide 35% of hospital care for Medi-Cal patients and 34% of hospital care for the uninsured in the communities they serve. They are comprehensive health care systems, offering primary, specialty, and emergency services to roughly 3 million patients annually. These systems operate half the state's top-level trauma and burn centers, train more than half of all new doctors in the state, and employ 75,000 people. **Visit caph.org for more.**

1. DHCS - DHCS AHCA Fiscal Analysis

2. CAPH - Impact of Medi-Cal Expansion on CA PHS

3. CBO - Analysis of American Health Care Act

4. SNI - 2015 Quality Leaders Awards

5. CAPH - DSRIP 2010-2015