



March 29, 2019

The Honorable Jim Wood, Chair
Assembly Committee on Health
State Capitol, Room 6005
Sacramento, CA 95814

Subject: Support – AB 1088 (Wood) Medi-Cal: Eligibility

Dear Chairman Wood,

On behalf of the members of the California Association of Public Hospitals and Health Systems (CAPH) and the millions of patients they serve, I am writing to voice our support for your bill, AB 1088. This bill would allow for persons 65 and over and persons with disabilities, who would otherwise be eligible for Medi-Cal benefits, to be eligible for Medi-Cal without a share of cost.

As you know, California's 21 public health care systems are the core of the state's health care safety net, delivering high-quality care to more than 2.85 million patients annually, regardless of ability to pay or insurance status. Most patients seen in public health care systems are either Medi-Cal beneficiaries or remain uninsured and statewide we provide nearly 30 and 40 percent of hospital care to the state's Medi-Cal and uninsured populations, respectively, and provide over 10 million outpatient visits each year. Public health care systems also operate half of the state's top-level trauma and burn centers, and train half of all physicians in the state. They also serve hundreds of thousands of Californians as their chosen source for primary, specialty, and hospital care. To a large extent, their patient population has complex and multiple medical needs. Filling their significant and multiple roles, public health care systems have a profound impact on the health care and health of millions of Californians.

Health insurance, and continuous enrollment in that health insurance, is the best way for patients to receive access to needed services, especially primary and preventive care. Continuous enrollment also assists plans and providers with quality improvement, as we can track patients over time, maintain regular patient engagement, and measure year over year outcomes. Under current law, when a Medicare enrollee applies for Medi-Cal, income counting rules deduct their out of pocket payment for their Medicare Part B premium. Once they qualify for Medi-Cal, the state pays their Part B premium as a benefit of free Medi-Cal. Because the beneficiary is no longer paying out of pocket, they no longer receive the income deduction and must enroll in Medi-Cal share of cost, and pay their own Part B premiums again, despite no change in their actual income.

For beneficiaries facing this problem, their Medi-Cal costs increase dramatically, going from free to several hundred dollars a month. For example, a senior with a monthly income of \$1,300 who pays Part

B premiums out of pocket, is eligible for free Medi-Cal. After the state starts paying their premium they will move to Medi-Cal with a \$700 monthly share of cost. This shift can disrupt access to services and upend their financial stability.

As a result, when adults switch between groups, for example by turning 65, it can create gaps in coverage. AB 1088 corrects these inequities by allowing seniors and persons with disabilities to remain on free Medi-Cal despite the elimination of the payment of the Part B premium as an income deduction. Those who are eligible for free Medi-Cal when they enroll, will stay eligible when the state starts paying their Part B premiums if their income doesn't otherwise increase, reducing the chance that a gap in coverage will occur.

For these reasons, we support AB 1088. We would be pleased to further discuss our position with you and answer any questions you may have. Please contact Kelly Brooks-Lindsey, our Sacramento representative, at 916-272-0011 if you would like to follow-up. Thank you for your consideration.

Sincerely,



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cc: The Honorable Members of the Assembly Health Committee
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