

IMPACT OF THE CUTS TO MEDICAID PROPOSED BY THE HOUSE AND SENATE ON CALIFORNIA'S PUBLIC HEALTH CARE SYSTEMS

Both the House's *American Health Care Act (AHCA)* and the Senate's *Better Care Reconciliation Act (BCRA)* would cause **major and permanent damage** to California's Medicaid program and the ability of California's public health care systems to care for the patients who rely on them.

THE HOUSE AND SENATE BILLS WOULD:

1. Cut funding for the Medicaid (Medi-Cal) expansion.

Under the current Medicaid 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 American Health Care Act (AHCA) and Better Care Reconciliation Act (BCRA) would both **cut that additional funding entirely**, reducing federal spending on these individuals to 50% in California.

A repeal of the Medi-Cal expansion would cost California's public health care systems more than **\$2.2 billion in annual revenue**¹.

The State of California estimates that the AHCA would have left a budget hole of roughly **\$4.8 billion**² in 2020, and would cost **\$13 billion** in state general fund by 2027. The BCRA's cuts would go into effect later, but would have the same end result of defunding the program, and would still cost **\$12.7 billion**³ in general fund by 2027.

2. Make even deeper cuts to the Medi-Cal program through a "per capita cap."

On top of the funding lost for the expansion, both bills would convert the Medicaid program into a "per-capita cap" structure, which would cap federal spending for each state. Neither the AHCA nor the BCRA would grow this rate by an adequate amount to keep up with the growth rate of Medicaid care, though the Senate bill is significantly worse.

The Congressional Budget Office (CBO) estimates that the growth rate of Medicaid care will be 4.9%⁴ in the coming years.

The CBO estimates that the cap on spending under the House bill would grow by 3.7%⁵. The State of California estimated that the AHCA's cap would create a gap of **\$5.3 billion** annually by 2027², and that this gap would continue to increase every year after.

The Senate bill would slash the Medicaid program by even more, with a growth rate for its per capita cap estimated to be just 2.4%⁴ by 2025. The State of California estimates that the BCRA's cap would create a gap of **\$11.3 billion** annually by 2027³. This gap would widen every year at an even higher rate than it would under the AHCA.

The repeal of the expansion and the per capita cap proposals do nothing to address the underlying cost of healthcare and would merely result in the state being forced to reduce enrollment, cut critical services, and pass massive costs onto local entities, providers, and patients.

The State of California estimates that by 2027, the House bill's combined cuts would cost the state an additional **\$24.3 billion** annually. Under the Senate bill, that number would be **\$30.3 billion**.

3. Cut funding for uninsured care in California and punish expansion states.

Under both the AHCA and BCRA, Medicaid Disproportionate Share Hospital (DSH) funding would be cut significantly. Both bills cut funding for expansion states (like California) in 2018 and 2019, which could cost California's public health care systems a total of **\$490 million** over those two years. Both bills also treat states that expanded their Medicaid programs unfairly, compared to states that did not.

The House bill would cut DSH funding for expansion states in 2018 and 2019 and restore that funding to previous levels in 2020. It would exempt non-exemption states from these cuts.

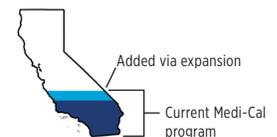
The Senate bill would continue to cut DSH funding for expansion states, including California, in 2020 and beyond. The BCRA would also exempt non-expansion states from these cuts, and would actually increase the DSH payments they receive.

4. Make commercial insurance less affordable

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

Medi-Cal keeps Californians healthy.

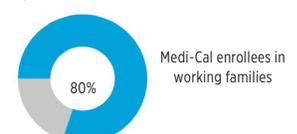
Medi-Cal covers roughly 13.5 million⁷ Californians, nearly 1/3rd of the state. This includes 3.7 million people who became eligible for Medi-Cal through the expansion in 2014.



Medi-Cal covers⁸: 1 in 2 low-income Californians, 1 in 2 people with disabilities, 1 in 5 adults under 65, 2 in 5 children, and 3 in 5 nursing home residents.



80% of Medi-Cal enrollees are in working families. Medi-Cal enrollees are truck drivers, health care workers, contractors, child care workers, wait staff, and others who are vital to California's economy.



California's public health care systems play a large role in caring for the state's Medi-Cal patients¹ and would be disproportionately affected by these bills. They operate in the 15 counties with 80% of the state's population, and provide 35% of all hospital care to Medi-Cal beneficiaries in the communities they serve. They are the primary care provider to more than 550,000 who gained coverage through the expansion.

1. CAPH: Impact of Medi-Cal Expansion
2. DHCS: AHCA Fiscal Analysis
3. DHCS: BCRA Fiscal Analysis
4. CBO: BCRA Analysis

5. CBO: AHCA Analysis
6. Bureau of Labor Statistics: Sept. 2015
7. DHCS: Medi-Cal Monthly Fast Facts Nov. 2016
8. Kaiser Family Foundation: Medicaid Fact Sheet, CA