Block Grants/Per Capita Caps

Recent proposals have been introduced at the federal level to restructure Medicaid financing.

The proposed reforms would fundamentally alter the Medicaid program, removing the shared responsibility match between the state and the federal government, and converting its status to a capped federal contribution.

Efforts to repeal and replace the Affordable Care Act, and other proposals to redesign Medicaid, would result in multi-billion dollar budget holes in California, and cripple California's ability to deliver high quality health care, especially to low-income residents.

Capped federal funding proposals of any kind (traditional block grants, per capita caps, and capped allotments) would put an unbearable and increasing burden on state and local governments, forcing California to make the terrible choice of reducing Medi-Cal enrollment, cutting benefits, or passing massive costs onto counties, providers, and other entities.

The most recent reform proposal, the Graham-Cassidy-Heller-Johnson Amendment to H.R. 1628, would have resulted in California losing **$57.5 billion** annually starting in 2027,[18] and nearly **$56 billion** between 2020 and 2026.[19] An estimated **6.7 million Californians would have lost their coverage.**

By 2027, the proposal would have cost California **550,000 fewer jobs** and **$60.4 billion less in GDP**, and the economic damage would have cost an additional **$4.4 billion** in state and local tax revenue.[20]

The elimination of funding for theMedi-Cal expansion alone would cost the state's 21 public health care systems an estimated **$2.2 billion** in annual funding; losses under Graham-Cassidy would have been significantly worse.

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Dr. Martha Melendez

Maria is a patient at Arrowhead Regional Medical Center, San Bernardino County's public health care system. She has diabetes, hypertension, and a cardiac anomaly that makes her prone to heart failure.

"She's been my patient for fifteen years," says Dr. Martha Melendez. "Every single year, during the cold season, she would get sick, it would cause her heart condition to flare up, and she would be hospitalized three or four times. I always knew it was coming."

Prior to the Medicaid expansion, Maria was part of San Bernardino County's Medically Indigent Adult (MIA) program, which covered certain health care services like primary care. But patients like Maria had a difficult time finding the specialty care they needed to stay out of the hospital.

"Specialists just wouldn't take these patients," says Dr. Melendez.

San Bernardino County has reduced its uninsured rate from 18.8% to 8.6% since the expansion. Arrowhead Regional Medical Center is the primary care provider to 48,700 people like Maria, who have gained coverage through Medi-Cal since 2014.

"Once Medicaid expanded and Maria gained coverage, suddenly I could not only send her to a cardiologist, I could find one who was a heart failure specialist."

Dr. Melendez says Maria underwent an angiogram, and the specialist recommended changing her medications. She still gets regular primary care, and has her conditions under control.

"Maria hasn't been in the hospital for three years," says Dr. Melendez.

"I've got young patients, in their 20s, who now have access to the care they need to prevent and manage the conditions that would have otherwise landed them in the hospital over and over."

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Is Medi-Cal Working? Absolutely – Check the Facts.

February 2018

CALIFORNIA ASSOCIATION of PUBLIC HOSPITALS AND HEALTH SYSTEMS

Medi-Cal, California's Medicaid program, provides a lifeline for 14 million residents and their families. Today, Medi-Cal covers a diverse population, providing coverage to parents, people with disabilities, and workers from an array of industries, including agriculture, restaurant, retail, and other services.

Medi-Cal by the Numbers

Medi-Cal and the Children's Health Insurance Program (CHIP) provide coverage to more than 13.5 million Californians, roughly **31% of the state's population**.[1, 2]

These programs cover **40% of children**, **60% of nursing home residents**, and **50% of persons with disabilities**.[3] Medi-Cal is a significant funding source for hospitals, clinics, and providers, and allows for secure, rewarding jobs in the health care sector.

Medi-Cal Enrollees are in Working Families

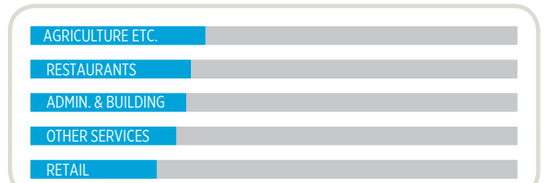
Although Medi-Cal is a program for low-income individuals, 80% of non-disabled Medi-Cal enrollees under 65 are in families with a worker.[4]

Among those who work, over half (51%) worked for the entire year, full-time.[5] The majority (84%) worked at the same job for the whole year, and most (59%) worked 40 hours a week or more.[6]

In California, a single parent with one child, **working full time** and making minimum wage, would qualify for Medi-Cal coverage.[7, 8] Similarly, a single adult with no children working 30 hours per week, earning the state's minimum wage, would also qualify for Medi-Cal.

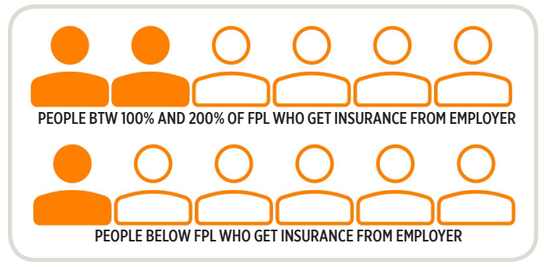
Many Medi-Cal enrollees are employed in industries where employer-sponsored insurance (ESI) is either not offered or is not affordable to employees.

In California, Medi-Cal covers roughly **36%** of workers in agriculture, forestry, fishing, and mining; **33%** of restaurant workers; **32%** of persons employed in administrative and building services, such as security and landscape; **30%** of persons providing other types of services such as auto mechanics, hair dressing, and private household services; and **26%** of retail workers.[9]



Only a third of working-age Californians who earn between 100% and 200% of the federal poverty level (FPL) get insurance through their employer.

That number is just 17% for those below the FPL.[10]



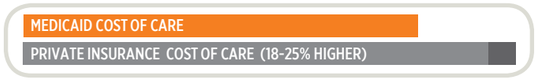
For middle income earners and above, ESI rates are nearly 80%.

Research also shows that the expansion of Medicaid has itself generated jobs.[11]

The Medi-Cal program supports workers' ability to stay healthy, improving employment rates among certain populations,[12] and has had positive effects overall on the labor market, leading to general improvements in productivity.

Medi-Cal is both cost-efficient and effective at improving health outcomes for patients

Analyses show that Medicaid is more efficient than private insurance. A comprehensive literature review found that if Medicaid enrollees were instead covered by private insurance, the cost of their care would be **18 to 25% higher.**[13]



Medi-Cal, in particular, is extremely efficient, **spending 21% (around $1,500) less per enrollee**, annually, than national average Medicaid spending.[14]

Further, after the expansion, per-enrollee Medi-Cal spending **fell by more than 9%**, while private health insurance per enrollee spending grew by nearly 4%.[15]

In addition to the program's cost-efficiency, Medi-Cal benefits the individual and the broader community. Studies show that beneficiaries in Medicaid expansion states like California experience better health, are more likely to have a relationship with a personal doctor, and are more likely to have a regular checkup.[16]

Further, the expansion has also improved financial health for enrollees. A recent study found that the Medicaid expansion was associated with an 11% reduction in the number of payday loans taken out, leading to an overall reduction in payday loan debt.[17]

Public Health Care Systems: Core Medi-Cal providers and providers of critical community services

California's 21 public health care systems (comprised of county-affiliated facilities and the University of California medical centers) are the core of the state's health care safety net, delivering high quality care to all who need it, regardless of ability to pay or insurance status.

Public health care systems play an integral role in serving California's Medi-Cal population, delivering roughly 35% of all hospital care to Medi-Cal beneficiaries in the communities they serve. Public health care systems are the primary care providers to more than 500,000 Medi-Cal enrollees who have gained coverage since 2014.

In addition to their role as Medi-Cal providers, public health care systems provide critical community services that benefit everyone. They operate half of California's top-level trauma centers and two-thirds of burn centers. Public health care systems train more than half of all new doctors in the state, and employ more than 78,000 individuals.

Public Health Care Systems: Improving health for patients while strengthening efficiencies within the Medi-Cal program

With dramatic increases in the number of insured patients as a result of the Medicaid expansion, public health care systems are transforming care delivery to be more efficient, cost-effective, and patient-centered.

Clinicians are proactively managing patients' health, rather than simply responding to acute patient needs in costly emergency settings.

Medi-Cal 2020

Public health care systems have embraced the challenge and opportunity of system transformation through three innovative programs that are part of **Medi-Cal 2020**, California's five-year Section 1115 Medicaid waiver:

- **Public Hospital Redesign and Incentives in Medi-Cal (PRIME),** a nationally-leading pay-for-performance-based system transformation initiative;
- **Whole Person Care,** which aims to improve the health and well-being of high-risk, high-utilizing Medi-Cal patients by coordinating services that address physical health, behavioral health, and other needs; and
- **The Global Payment Program,** which encourages more patient-centered and cost-effective care for the uninsured.

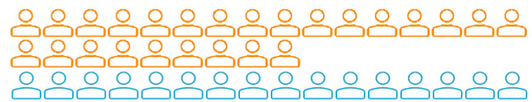
In each of these programs, public health care systems earn Medi-Cal funding based on their achievement of challenging performance targets, with the goal of improving the overall value of care. Over the last year, early data shows positive results:

Over half of California's public health care systems are now performing **within the top 10% of the country** for controlling patients' high blood pressure.

Over 70% of systems perform **within the top 10%** for preventing poor control of patients' blood sugar.

16 out of 17 public health care systems score **within the top 10%** for patients reporting a high quality interaction with their provider.

In the most recent year alone, **25,000** additional people have been screened and counseled for tobacco use and **16,000** additional people have been screened for colorectal cancer.



These metrics show that public health care systems are continually improving patient outcomes, generating more efficiencies within the public health care system, and helping to lower the cost of care in the long-term.

Medi-Cal Financing

Medicaid is financed jointly by states and the federal government, and each state administers its own program.

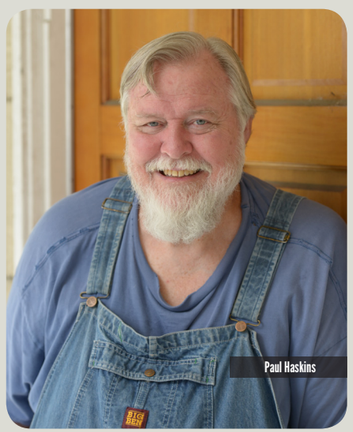
The federal government matches state dollars based on Federal Medical Assistance Percentages (FMAP), which vary across the country, but helps ensure shared responsibility between the state and federal government.

California's FMAP stands at 50%, the lowest allowed by federal law.

States have significant flexibility in designing their Medicaid programs and implementing innovative care delivery models, and can quickly respond to any regional or national changes, such as natural disasters, epidemics, or to administer life-saving breakthroughs in medical technologies.

The Medicaid expansion, as part of the Affordable Care Act, allowed individuals to qualify for Medicaid coverage based solely on their income.

The expansion provided financial incentives to states to expand coverage through an increased FMAP for the newly eligible population: 95% for 2017, 94% in 2018, 93% in 2019, and 90% in 2020 and beyond.


Paul Haskins

Paul Haskins

In 1972, Paul Haskins was mugged and shot while studying at Canada College in Redwood City, CA, leaving him with a ruptured pancreas. Surgeons at the time were able to stitch him back together, but the incident left him with extensive damage to his stomach, along with type 1 diabetes and other significant health problems.

In 1986, Paul lost his health insurance and began a 28 year period without coverage; his conditions left him "uninsurable" under group health insurance, even through employers.

Without insurance, his conditions worsened, which also impacted his ability to work. He developed a hernia in 1990 which would go untreated for decades.

In 2014, Paul became eligible for Medi-Cal through the expansion and finally got affordable access, through San Mateo Medical Center, to the care and medications he needed to help him manage his conditions and get back on his feet.

He became eligible for Medicare in 2015, but says "with my medications, if I only had Medicare, I'd probably have to pay thousands of dollars at the pharmacy. I have no life-threatening blood clots, and my blood sugar is under control. I'm very grateful for Medi-Cal."


Dr. Howard Federoff

UC Irvine CEO Dr. Howard Federoff

"Speaking as CEO of UC Irvine Health System, our community's public health care system, I know how much stronger our health care safety net has become because of the expansion.

Speaking as a physician, I know what a difference it has made to patients.

The increased stability our health care system has experienced over the last few years has allowed UC Irvine Health to strengthen and expand the services we provide to the community.

When patients are afraid to seek the care they need to stay healthy, they delay treatment.

Losing access to affordable health care will cause patients to avoid the primary and preventive care they need to stay healthy, until their conditions worsen to the point that they need to seek care in emergency settings.

Untreated conditions can easily become advanced, becoming more painful to patients, more harmful to our community, and more costly for providers to treat."