

# Impact Brief

August 2017



## Proposed Medi-Cal Changes: What's at Stake for Contra Costa's Social Safety Net?

In recent months, the U.S. House and U.S. Senate have presented "repeal and replace" alternatives to the Affordable Care Act (ACA). Although it is not yet clear whether a consensus bill will actually be achieved or what it might contain, key provisions being considered may have a direct impact on the social safety net in Contra Costa County.

The risks go beyond the possibility of new legislation. Major Medicaid cuts are also possible with significant structural changes to the program through regulatory action, executive orders, during budget reconciliation or the federal budget process in Congress.

### Medi-Cal Covers a Quarter Million Contra Costa Residents

Medicaid (known as Medi-Cal in California) provides health coverage to millions of Californians, including eligible low-income adults, children, pregnant women, elderly adults and people with disabilities. It is considered to be a lifeline for those who cannot afford health care as well as for middle class families who rely on Long Term Services and Supports (LTSS), such as nursing homes and home-and-community-based services, to help care for loved ones.



In Contra Costa County, almost **ONE IN FOUR** residents is covered by Medi-Cal.

### 25% Cut in Funding with Proposed Changes

During the current legislative session, both the House and Senate have proposed reductions in federal spending on Medicaid that would amount to close to \$800 billion over the next decade. That's a decrease of 25 percent by 2026.<sup>1</sup>

Under the proposals, federal support of "expanded Medicaid" would be rolled back.

### 70,000 People in Contra Costa Could Lose Health Care Coverage

Under the Affordable Care Act (ACA), expanded Medi-Cal allows Contra Costa's poorest individuals to receive health care coverage, some for the first time. Adults aged 19-64 who previously could only receive Medi-Cal in special circumstances<sup>2</sup> can now qualify for expanded Medi-Cal based on income and other eligibility requirements. There are currently about 70,000 county residents who have obtained coverage through this program.

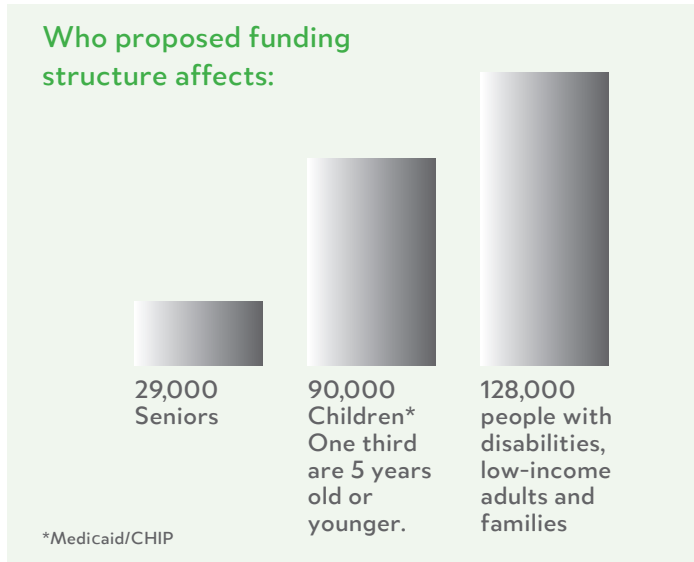
# 70,000

Number of Contra Costa County residents who have obtained health care coverage through Expanded Medi-Cal

- In Contra Costa County, termination of federal support for expanded Medi-Cal would jeopardize health care coverage for these 70,000 people.
- Working individuals and members of working families make up a significant part of this population.

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# More Proposed Changes Represent a Complete Restructuring of Medicaid



In addition, there has been a drive for *all* federal Medicaid funding to be converted to a per capita allotment or block grant. This would limit funding growth to an inflationary factor over an historical baseline (which is yet to be determined).

This approach would represent a complete restructuring of the 50-year-old program, in which the federal government has traditionally supplied funds based on the number and the needs of enrollees.

*As a result, states may turn to cuts in Medicaid eligibility, benefits and provider reimbursements to offset the loss of federal funds.*<sup>3</sup>

The proposed funding structure could affect the entire Medi-Cal population in Contra Costa County – both expanded and “traditional” Medi-Cal enrollees.

- This includes nearly 250,000 children, people with disabilities, seniors, low-income adults and families.
- 90,000 Contra Costa children depend on a combination of Medicaid and the Children’s Health Insurance Program (CHIP) for their health care.
- 29,000 seniors are enrolled in the program here. Medi-Cal pays for two-thirds of the long-term care for those who are in nursing homes.

## Reductions to Medi-Cal Funding Could Negatively Impact the County’s Budget, Through the Loss of Jobs and Revenue

A repeal of expanded Medi-Cal could cost California’s economy \$20.3 billion in GDP and 209,000 lost jobs. Job losses in the field of healthcare would have an economic spillover effect, as healthcare workers spend less in their local communities. The effects would be felt at the county and local levels, including \$1.5 billion lost state and local tax revenue.<sup>4</sup>

Repeal of expanded Medi-Cal could cost Contra Costa County *thousands of jobs* and almost \$500 million in federal and state funding annually by the year 2027.<sup>5</sup>

For more information, contact:  
Devorah Levine, J.D., at (925) 608-4890  
Assistant Director, Policy & Planning Division



<sup>1</sup> Congressional Budget Office (CBO) estimates, 3/13/17 and 6/26/17

<sup>2</sup> Special circumstances such as being a parent or care-taker relative of a qualifying child

<sup>3</sup> *5 Key Questions: Medicaid Block Grants & Per Capita Caps*, Kaiser Family Foundation, January 2017

<sup>4</sup> *California’s Projected Economic Losses Under ACA Repeal*, UC Berkeley Labor Center, December 2016

<sup>5</sup> *Medi-Cal Expansion under AHCA: Severe Coverage and Funding Loss Unless State Backfills Billions in Federal Cuts*, UC Berkeley Labor Center, March 2017