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**RECOMMENDATIONS ON MEDI-CAL:
SECURING THE SAFETY NET FOR WORKING FAMILIES**

**CALIFORNIA WORKING FAMILIES POLICY SUMMIT
JANUARY 13, 2009**

INTRODUCTION

California continues to experience an economic crisis causing the Governor to declare Legislative Special Sessions to address staggering budget deficits. The Governor's 2009-10 Budget forecasts a budget deficit of \$40 billion in the next eighteen months. This fiscal crisis will be the backdrop against which state policy is developed over the next few years. The Governor and Republicans have proposed addressing the deficits through deep cuts to health care services to the poor families, seniors and persons with disabilities who rely on Medi-Cal.

While California faces a budget crisis of historic proportions, many families, seniors and persons with disabilities are themselves experiencing growing poverty. According to a study by the Center for American Progress Action Fund, family poverty has more than doubled – from 6.4 million in 2000 to 13.3 million in 2007.¹ From 2000 to 2006, 72 percent of the growth in household income went to 1% of the wealthiest Americans while only 5% went to the bottom 90%.² At the same time people need safety net services more than ever, some policymakers seek to cut these programs.

California has participated in the federal Medicaid program since 1965. California's Medicaid program, called Medi-Cal, is the largest health care program in the state, serving over 6.8 million people. Medicaid is a joint federal-state partnership where most of the program costs are shared on a roughly equal basis for the provision of health care for qualified low-income individuals.

Medi-Cal offers a comprehensive benefits package and is the primary funding source for the state's mental health program and the system of care for the developmentally disabled. Additionally, Medi-Cal provides significant funding for California's health care safety net, including the public and private hospitals that serve Medi-Cal beneficiaries and the uninsured.

The recommended objectives below will protect access to affordable, comprehensive health care for poor families, seniors and persons with disabilities.

¹ "Are you better off now than you were eight years ago?" The Center for American Progress Action Fund and Progressive Accountability. www.americanprogressaction.org

² *Id.* page 2

POLICY OBJECTIVE #1

Protect the current eligibility levels and protections for Medi-Cal beneficiaries.

Background

There are dozens of categories of Medi-Cal programs that cover children and their families, including programs that serve pregnant women, foster children, adopted children, and families on CalWORKs or with very low incomes. The Section 1931(b) Medi-Cal program is the largest program for children and families – covering 2.5 million people. There are also many Medi-Cal programs for people over the age of 65 or who are disabled.

Recommended Actions

The California State Legislature should:

- A. Defeat the Governor's budget proposal to reduce eligibility for the Medi-Cal 1931(b) program by decreasing the income level to an average of 72% of the Federal Poverty Level (FPL) and relying on the antiquated "100-hour rule," which punishes low-wage working families by capping the number of hours they can work and still qualify for Medi-Cal. The 1931(b) Medi-Cal program is the safety net designed by Congress to support working families as they leave welfare. These families are the welfare-to-work success stories who are working to become self-sufficient and need their health coverage to keep their jobs and to keep moving upward in the economy. If the Governor's proposal were adopted, these families would become uninsured and would either go without care or seek care in overcrowded hospitals and incur medical debt.
- B. Defeat the Governor's budget proposal to decrease the income level for the Aged and Disabled Medi-Cal program and impose a share of cost for individuals over 100% of FPL. A "share of cost" is the amount a person has to pay for health care services before Medi-Cal will pay. Currently, the Aged & Disabled Program provides no-cost, full-scope Medi-Cal to low-income seniors and people with disabilities. The Governor proposes to reduce eligibility from 127% FPL (\$1,097 per month for an individual) to 100% FPL (\$870 for an individual). Those above the income level would have a share of cost of the difference between their income and the Maintenance Need Level which is \$600 per month for an individual. For example, a single person with \$900 monthly income currently has "free Medi-Cal," but under the Governor's proposal would have a \$300 per month share of cost.
- C. Defeat the Governor's budget proposals to deny full-scope Medi-Cal to lawfully residing immigrants and to determine eligibility monthly for undocumented immigrants receiving emergency services. California provides full-scope Medi-Cal to lawfully residing immigrants who lost eligibility for federal coverage as a result of the 1996 federal welfare law. California should continue to provide the full range of health services for these poor state residents both to preserve the health of these individuals and to protect public health. In addition, the current eligibility for restricted services should not be replaced with monthly reviews, which would require additional resources at a time when California faces fiscal crisis.
- D. Urge the federal government to increase federal contributions to the Medi-Cal program by increasing the FMAP (Federal Medical Assistance Percentages) and to require that states not decrease eligibility or benefits as a condition of receiving the higher FMAP rate.
- E. Defeat budget proposals that would repeal provisions of SB 87 (Escutia) [WIC 14005.31-39 and 14005.81]. SB 87 changed Medi-Cal eligibility rules so that anyone on Medi-Cal must receive ongoing Medi-Cal until the county proves them ineligible. Under SB 87, counties must follow a three-step process to check for possible eligibility before terminating a recipient's Medi-Cal coverage.

POLICY OBJECTIVE #2

Increase efficiencies and minimize complication in the Medi-Cal enrollment and renewal processes to maximize access for eligible persons.

Background

The processes for applying for and determining eligibility for the Medi-Cal Program are dizzyingly complicated with multiple entry points for application and multiple programs with different rules. Some protections are already in place to ensure that once eligible, beneficiaries do not lose coverage, but some budget proposals roll back these protections, while other proposals would create additional barriers to enrollment and eligibility.

In addition to maintaining existing protections, the state should simplify complex Medi-Cal rules and requirements so that enrollment, retention, documentation and reporting requirements are not unnecessarily burdensome and are no more restrictive than required by federal law.

Recommended Actions

The California State Legislature should:

- A. Roll back the new mid-year status report requirement on children or work with the Department of Health Care Services and counties to implement it in such a way as to minimize loss of coverage for eligible children. Until this year, children who were found eligible for Medi-Cal remained eligible for a year, but the Legislature eliminated this protected eligibility and imposed “mid-year status reports” as part of the 2008-09 budget.
- B. Pass legislation eliminating the requirement that former foster youth in the Former Foster Care Child Medi-Cal program return a form to retain coverage between their 18th and 21st birthdays. A youth in foster care on their 18th birthday is automatically eligible for ongoing Medi-Cal until their 21st birthday, regardless of their income and assets. Unnecessary paperwork requirements should not jeopardize their coverage.
- C. Urge the California Department of Health Care Services and the counties to pursue procedural simplification efforts to improve address updates so applicants get and complete required paperwork and to make other improvements that save time and increase the rate of successful enrollment and retention for beneficiaries. This would increase information sharing among public programs and health providers, such as allowing beneficiaries to update eligibility information during a visit to the provider.

POLICY OBJECTIVE #3

Preserve coverage of comprehensive health care benefits and improve access to services in the Medi-Cal Program.

Background

It is critical that Medi-Cal beneficiaries have access to comprehensive health care services and that they receive services in a delivery system which works for them – whether through a managed care plan or fee-for-service.

Federal law requires states to cover certain benefits in their Medicaid programs such as hospital, physician, pregnancy-related and laboratory services. States may choose whether or not to cover other types of care and services for adults under Medicaid. These services are referred to as “optional benefits.” California’s Medi-Cal Program covers all 34 of the federally optional benefits.

Some Medi-Cal beneficiaries are enrolled in Medi-Cal managed care plans and others have fee-for-service Medi-Cal through which they can go to any doctor who participates in Medi-Cal. In most counties (except those with County Organized Health Systems), seniors and persons with disabilities have the option of joining a Medi-Cal plan or remaining fee-for-service. The Governor and a number of legislators have had proposals over the past years to require seniors and people with disabilities to enroll in Medi-Cal managed care plans, but many want to retain their current doctors through the fee-for-service system.

Finally, Medi-Cal beneficiaries and other low-income individuals receive mental health services through county mental health managed care plans. When a foster child is placed in another county, the county of origin maintains responsibility for her mental health services, but this is a cumbersome process which is difficult to navigate.

Recommended Actions

- A. The State Legislature should defeat the Governor's proposal to eliminate some "optional" benefits for Medi-Cal beneficiaries: dental, podiatry, acupuncture, chiropractor, incontinence creams and washes, speech and audiology services, psychology, and optician/optical laboratory. These are essential to poor seniors and persons with disabilities and should not be eliminated.
- B. The State Legislature should support proposals that ensure seniors and persons with disabilities (SPD) have the option of maintaining their fee-for-service provider or enrolling in a Medi-Cal managed care plan and proposals to increase supportive services such as case management to the fee-for-service population. The Legislature should defeat proposals to mandate enrollment of SPD into Medi-Cal managed care.
- C. The State Legislature should support legislation to ensure that foster youth placed out of county get access to medically necessary mental health services.

POLICY OBJECTIVE #4

Minimize exposure to medical debt for Medi-Cal beneficiaries.

Background

Though federal and state law prohibit Medi-Cal providers from billing beneficiaries for covered services, Medi-Cal beneficiaries incur medical debt under several scenarios:

- When they are treated by non-Medi-Cal doctors;
- When they are signed up for dental or medical credit cards for services which could have been covered by Medi-Cal;
- When ambulance and other providers did not know they had Medi-Cal;
- When first responders who respond to 911 calls do not take Medi-Cal reimbursement; and
- When there are lapses in their eligibility.

Additional protections are needed to ensure that Medi-Cal beneficiaries do not incur debt for services covered by Medi-Cal.

Recommended Actions

- A. The Department of Health Care Services should enforce the ban against billing Medi-Cal beneficiaries for Medi-Cal covered services. Cases of beneficiaries being wrongly billed should be referred to Medi-Cal Fraud and the responses/enforcement actions should be tracked.
- B. The State Legislature should pass legislation setting parameters for the use of dental credit cards.
- C. The Department of Health Care Services should work with cities, counties and unincorporated entities to ensure that first responders become Medi-Cal providers.