

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER JOAQUIN ARAMBULA, MD, CHAIR

WEDNESDAY, FEBRUARY 22, 2017

2:30 P.M. - STATE CAPITOL, ROOM 444



ITEMS TO BE HEARD		
ITEM	DESCRIPTION	
4260	DEPARTMENT OF HEALTH CARE SERVICES	
4800	HEALTH BENEFITS EXCHANGE (COVERED CALIFORNIA)	
ISSUE 1	RISKS TO FEDERAL HEALTH CARE FUNDING	

**ITEMS TO BE HEARD****4260 DEPARTMENT OF HEALTH CARE SERVICES  
4800 HEALTH BENEFITS EXCHANGE (COVERED CALIFORNIA)****ISSUE 1: RISKS TO FEDERAL HEALTH CARE FUNDING****PANELISTS*****Panel 1***

1. **Brian Metzker**, Fiscal and Policy Analyst, Legislative Analyst's Office
2. **Mari Cantwell**, Chief Deputy Director, Health Care Programs,  
Department of Health Care Services
3. **Kelly Green**, Director, External Affairs, Covered California
4. **Sarah Muller Hesketh**, Vice President of External Affairs, California Association  
of Public Hospitals
5. **Jodi Hicks**, Legislative Advocate, Planned Parenthood Affiliates of California
6. **Tam Ma**, Legal and Policy Director, Health Access California

***Public Comment*****BACKGROUND**

The President and Republican Congressional leadership have publicly and consistently stated their desire and intent to repeal the Affordable Care Act, shrink Medicaid funding, and defund Planned Parenthood clinics. While none of these have occurred yet, if these Republican priorities are successfully implemented in the near future, the fiscal consequences for California could be catastrophic. The focus of this hearing, and the information below, is to understand what is at stake for California in terms of how much federal health care funding California receives today and what services are supported with this federal funding.

***Repeal of the Affordable Care Act (ACA)******Medi-Cal Expansion***

The ACA enabled states to expand their Medicaid programs which California opted to do, resulting in the following costs and caseload increases:

- Caseload of the optional expansion estimate for 2016-17 (as of Nov. 2016):  
3,972,100

- Caseload of the optional expansion estimate for 2017-18 (as of Nov. 2016): 4,104,000
- Cost for 2016-17 (estimate as of Nov. 2016): \$888.4 million General Fund, \$19.2 billion Federal Funds
- Cost for 2017-18 (estimate as of Nov. 2016): \$1.6 billion General Fund, \$17.3 billion Federal Funds

#### *Covered California*

The ACA also gave states the option of establishing a state Health Benefits Exchange, which California did, naming it "Covered California." Enrollment and federal funding through Covered California includes the following:

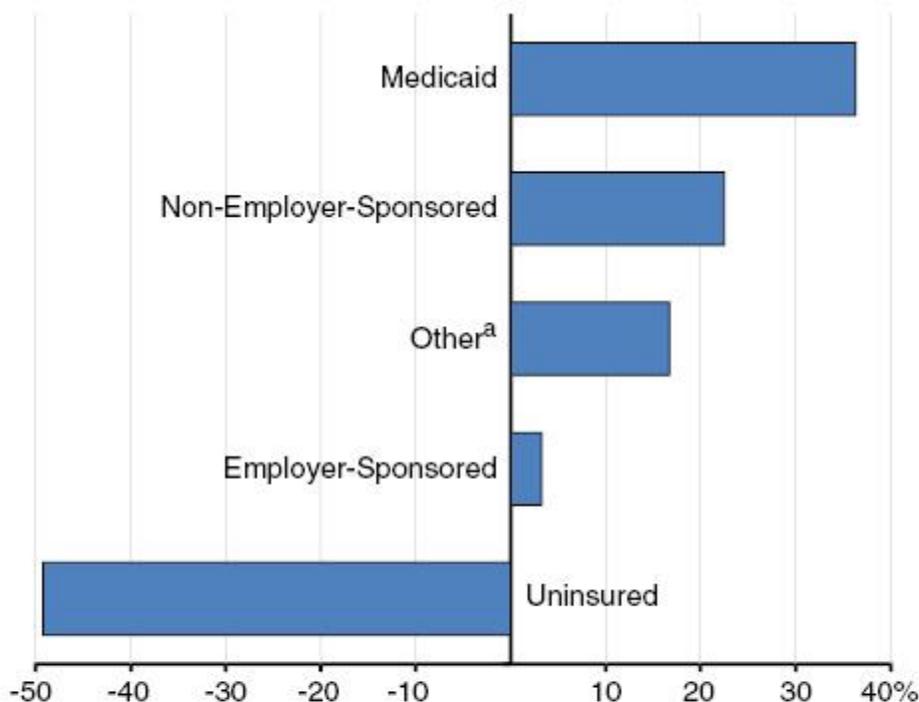
- Enrollment: As of June 2016, there were 1,363,300 enrollees of which 1,210,090 were subsidy eligible and 153,210 purchased unsubsidized coverage.
- Health Plans are expected to receive \$4.6 billion in federal subsidies in 2017.

#### *California's Uninsured Rates*

A new report from the U.S. Centers for Disease Control and Prevention (CDC) shows that California's uninsured rate has hit an all-time low at 7.1 percent. The uninsured rate in 2012 was 17.2 percent. Covered California notes that this data does not include the recent open enrollment period that closed on January 31, 2017, during which more than 412,000 Californians signed up for coverage. The following chart is from the Legislative Analyst's Office publication "Cal Facts," published December 2016:

# Significant Decrease in Uninsured Population Between 2013 and 2015

*Percent Change in Enrollment, Californians Aged 0-64*



<sup>a</sup> Includes Medicare and public health plans available to current and former military members.

Source: 2013 and 2015 American Community Surveys.

- Between 2013 and 2015, over 3 million Californians gained health coverage, reducing the number of uninsured adults under the age of 65 to approximately 3 million people. This reduction is driven in part by the expansion of Medi-Cal and by individuals obtaining subsidized health coverage through the state's Health Benefit Exchange, Covered California.

## **Medicaid Reform ("Block Grants," "Per Capita Caps")**

Medicare and Medicaid were enacted as Title XVIII and Title XIX of the Social Security Act in 1965, providing hospital, post-hospital extended care, and home health coverage to almost all Americans aged 65 or older (e.g., those receiving retirement benefits from Social Security or the Railroad Retirement Board), and providing states with the option of receiving federal funding for providing health care services to low-income children, their caretaker relatives, the blind, and individuals with disabilities. The Medicaid program has always operated as an entitlement program, serving however many people meet the individual state and federal eligibility requirements. In 2017-18, California's Medi-Cal program is expected to serve 14.3 million people at a cost of \$102.6 billion (total funds), including \$66.8 billion federal funds and \$19.1 billion General Fund.

Congress and the President have expressed interest in exploring ways to reduce the costs of the Medicaid program, and specifically have talked about "block granting" the program, also known as "per capita caps." It remains unclear how much funding California's Medi-Cal program stands to lose, however some health policy researchers have estimated that it could be as much as \$25-30 billion.

### ***Planned Parenthood Funding***

Federal funding for Planned Parenthood primarily comes in the form of Medicaid (Medi-Cal) payments as Planned Parenthood clinics are Med-Cal providers. Federal funds are matched with state funds to pay for an array of reproductive health-related medical care services for low-income women and families. Federal funding cannot be used for abortions. Planned Parenthood Affiliates of California (PPAC) estimates that they receive approximately \$260 million annually in federal funds, and states that many clinics will have to close should this funding be eliminated.

### **STAFF COMMENTS/QUESTIONS**

The Subcommittee would like the panelists to address the following questions:

- How much federal funding does California receive for various healthcare purposes, and what are those funds spent on?
- How much funding is at risk, and what services are threatened?
- What fiscal impact, if any, could the new CMS proposed "Market Stabilization" rule have on California?
- What are the potential fiscal impacts on counties?

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**Staff Recommendation: No action is recommended at this time.**

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