

Medi-Cal Expansion: The Road Ahead

California is the largest market for health care insurance in the country. When it comes to health care, as California goes, so goes the nation. To maintain our status as a leader in Affordable Care Act (ACA) implementation, California needs to maintain the integrity of its health care delivery system and create policies to make quality care more accessible and sustainable.

Medi-Cal, California's version of the federal Medicaid program, is the main source of health insurance for more than 8 million Californians, primarily those who earn less than 138 percent of the federal poverty level, children, pregnant women, seniors and nonelderly adults with disabilities – all uniquely vulnerable populations. Because Medi-Cal is the single largest source of health insurance coverage in the State - covering one in five Californians - and a major source of funding for safety-net providers, it is critical to understanding how health care is financed and delivered in California.

Under the ACA, states now have the authority to choose whether to expand Medicaid eligibility to people earning up to 138 percent of the Federal Poverty Level (FPL), up from a prior income limit of up to 100 percent of FPL. States choosing to expand Medicaid eligibility receive 100 percent federal support for the first three years of the expansion, slowly decreasing to 90 percent federal support over the next three years. States will cover 10 percent of ongoing expenses.

Last year, the Los Angeles Area Chamber of Commerce supported California's decision to expand its Medi-Cal program. Medi-Cal expansion is critical to providing greater access to care, creating efficiencies in the system, and driving down long-term costs by having fewer people uninsured. To date, the L.A. Area Chamber has continued to be a leader in supporting policies that will extend the life and success of Medi-Cal. We have made boosting provider rates, or how much the government pays to health care providers for the care they give, and opposing cuts to safety net hospitals top priorities during our recent visits to Washington, D.C. and Sacramento. During our annual **ACCESS Sacramento** trip next week, we plan to support policies which ensure continuity of care and adequate networks of providers for California patients.

Challenges on the Road to Successful Expansion

Two contrasting statistics demonstrate the complex nature of health care reform implementation in Los Angeles County. More people in L.A. County enrolled in health care plans through our state insurance exchange, Covered California, than in the entire state of New York. With 400,000 new enrollees in private health care plans provided

through Covered California, L.A. County enrollment was the fourth-highest in the country, behind only the states of California, Texas and Florida. At the same time, L.A. County could have a remaining 1.2 million people who remain uninsured even after full Medi-Cal expansion and enrollment in Covered California.

Around 1.5 million Californians have signed up for Medi-Cal since enrollment began in the newly expanded program in October 2013. Due to technology issues, California has an estimated backlog of 900,000 residents who have applied for Medi-Cal but not yet gained approval. Such a dramatic increase in the total Medi-Cal population will put additional strain on a system already creaking with high demand and providers forced to cost-shift to private plans due to public health care program payment shortfalls.

California provides the lowest rates of reimbursement for Medi-Cal providers in the nation, contributing to an existing shortage of primary care doctors and specialists to serve patients. Medi-Cal payments frequently do not cover the costs of care delivery. Low reimbursement rates can discourage providers from accepting new Medi-Cal patients. Due to years of persistent underfunding, there is now a serious shortage of practitioners willing to accept new Medi-Cal patients. Such a shortage is expected to grow for urban and rural populations, which are often most vulnerable to provider shortages and have the greatest demand for care. Due to increased demand to hospitals from millions of newly insured beneficiaries, California must ensure its hospital and care infrastructures are strong enough to provide care.

In the face of impending provider reimbursement rate cuts and cuts to Disproportionate Share Hospital payments, provided to hospitals which care for the highest number of uninsured, Los Angeles County's provider system faces unprecedented challenges and uncertainty, especially due to a uniquely large remaining uninsured population.

The Chamber will champion adequate provider rates in order to achieve the economic benefits, job creation and improved public health we expect to see from Medi-Cal expansion. State rate cuts to Medi-Cal providers should be reversed to guarantee sustainable coverage to patients and fair reimbursements rates for those who often provide services at less than what it costs to furnish them. For the millions of newly insured Medi-Cal patients, we need to ensure the promise of expanded access to care becomes a reality.