



HEALTH CARE BUDGET CUTS Scorecard

► Background

On December 31, 2008, Governor Arnold Schwarzenegger released a budget blueprint for Fiscal Year (FY) 2009-10 to address the state's General Fund shortfall, projected to be over \$40 billion over the next 18 months. The Governor's full budget proposal was formally released on January 9, 2009.

The Governor's current budget proposal includes significant cuts to health care services and programs and will affect all Californians who use any part of the health care system – especially the lowest income and most vulnerable among us.

The Governor has proposed, and the Legislature has rejected, many of the same cuts to health care in previous budget proposals (i.e., FY 2008-09).

The budget proposal also includes cuts to other vital Health and Human Services programs, including mental health services, developmental services, in-home support services, cash assistance (CalWORKS), and food assistance.

► Impact

The table on the next page summarizes the specific proposals affecting access to health care and their impact on the budget and beyond.

In addition to significant cuts to health care programs last year, **the Governor is proposing to cut more than one billion dollars from California's health care system** over the next 18 months.

Under this proposal, **the state could lose close to \$400 million in federal funds** next year, which means less money to pay for health care and less money in the state's economy.

Overall, if the Governor's budget proposal is adopted, **over 3 million Californians would lose access to certain health services or lose their health coverage altogether.**

Furthermore, the Governor's budget proposal **undermines the entire health care system** by delaying payments to health care providers and shifting funding away from safety net hospitals.

For more resources on the Governor's 2009-2010 Budget General Fund Proposal, see:

- Department of Finance "Governor's 2009-2010 Proposed Budget": <http://www.ebudget.ca.gov/>
- Health Access weblog (daily updates): www.health-access.org
- California Budget Project preliminary analysis (1/2/09): <http://www.cbp.org/documents/01022009budgetrelease.pdf>
- Assembly Budget Committee report (1/5/09): <http://www.assembly.ca.gov/newcomframeset.asp?committee=4>



► Impact of the Governor’s 2009-2010 Health Care Budget Proposal

Budget Policy Change Affecting Access to Health Care Services	FY 2008-09 General Fund Savings (Costs)	FY 2009-10 General Fund Savings (Costs)	FY 2009-10 Federal Funds Lost (Gained)	Non-budgetary Impact
Denying Coverage: Eligibility for Health Care Services				
Reduce Medi-Cal eligibility for parents from 100% to 72% of the federal poverty level	\$2.6m	\$88.6m	\$87.8m	Thousands of parents will lose their Medi-Cal coverage and no longer be eligible (26,000 in FY08-09; 182,000 in FY09-10; and 429,000 annually thereafter)
Reduce sharply the benefits for certain legal immigrants in Medi-Cal	\$9.4m	\$139.9m	(\$75.3m)	About 90,000 legal immigrants will no longer have access to full-scope Medi-Cal benefits
Require undocumented immigrants to reapply monthly in order to receive emergency Medi-Cal services	\$4.8m	\$71.2m	\$71.2m	Individuals will be required to complete additional burdensome paperwork (3,700 in FY08-09; and 22,000 in FY09-10) and may no longer get emergency services.
Denying Services: Health Care Benefits				
Eliminate 10 benefits from Medi-Cal coverage for adults , including dental, optometry, podiatry, and psychology services	\$19.7m	\$129.4m	\$129.4m	About 3 million Californians will no longer have access to these important services through Medi-Cal
Increasing Costs: Cost-sharing for Health Care Services				
Impose cost-sharing in Medi-Cal for a greater number of low-income aged, blind, and disabled individuals	\$14.3m	\$185.8m	\$185.8m	Over 73,000 low-income individuals will be required to pay a share of the cost of Medi-Cal—as much as hundreds of dollars a month; as a result, many may delay or forgo care with significant health consequences
Cutting Funding: Payments to Health Care Service Providers				
Delay payments to fee-for-service Medi-Cal providers for one month	\$85.5m	(\$85.5m)	N/A	All fee-for-service Medi-Cal providers will face a delay in payment, with potential consequences for patient treatment and provider participation
Shift federal Safety Net Care Pool funds from public hospitals to other state programs	None	\$54.2m	N/A	All public hospitals that receive Safety Net Care Pool funds will be forced to alter their operations or finance them in a different way
Suspend the payment increase to counties for the statutory operating-cost adjustment Medi-Cal administration	N/A	\$24.7m	N/A	All counties will be required to administer the existing and growing Medi-Cal caseload without the expected cost-of-living adjustment increase
Eliminate the First 5 California Commission , per voter approval, and redirect the funds to children’s programs under the Department of Social Services	N/A	\$275m	N/A	Most Healthy Kids programs (county-based children’s coverage) and other important programs for children could be under-funded or closed without support from the First 5 Commission
TOTAL	\$136.3m	\$883.3m	\$398.9m	Over the next 18 months, almost 3.4 million Californians will lose access to some health services; most providers and public hospitals will face financing issues, and all counties will receive less fiscal support from the state.