



## HEALTH CARE BUDGET CUTS Scorecard

September 25, 2008

Gov. Arnold Schwarzenegger signed a state budget on Tuesday, September 23<sup>rd</sup> – a record 85 days after the fiscal year had already begun. Beyond the \$10 billion in spending that was approved by the Legislature, the governor vetoed an additional \$510 million.

The state budget cuts affect all Californians who use any part of the health care system – and especially the lowest income and most vulnerable among us. The enacted budget would result in more than 250,000 children losing health coverage over the next few years, adding to the ranks of 6.5 million people without coverage today. Californians who rely on public programs would encounter new barriers to using their health care at every level – in obtaining coverage, in keeping their coverage, using their coverage and paying for their coverage.

### ELIGIBILITY

Ability to obtain coverage

#### What it would do

#### Savings/Costs

#### # people impacted

<p><b>Prevents children from enrolling in coverage:</b> Delays the implementation of a law that would have streamlined and fast-tracked enrollment of children into <b>Healthy Families</b> or <b>Medi-Cal</b>.</p>	<p><b>GF savings:</b> \$13 million</p>	<p><b>First year:</b> n/a</p> <p><b>Full implementation:</b> 94,000 children 13,000 parents</p>
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### RETENTION

Ability to stay on coverage

#### What it would do

#### Savings/Costs

#### # people impacted

<p><b>Reduce enrollment through paperwork burdens:</b> Semi-annual-status reports require <b>Medi-Cal</b> recipients to report changes in their income every six months. Those who do not submit paperwork fall off the program, losing coverage.</p>	<p><b>GF savings:</b> \$13.9 million</p> <p><b>FF lost:</b> \$13.9 million</p>	<p><b>First year:</b> 58,167 children</p> <p><b>Cumulative:</b> 261,750 children could lose coverage by 12/31/11 sunset</p>
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### COST

Ability to afford coverage

#### What it would do

#### Savings/Costs

#### # people impacted

<p><b>Requires some low-income seniors to pay more:</b> Would require some seniors on <b>Medi-Cal</b> to pay the \$96/mo premiums for their coverage for physicians' visits through Medicare Part B. These seniors earn as little as \$1,100 a month. Seniors who spend more than \$500 a month on health services would be exempt.</p>	<p><b>GF savings:</b> \$48.4 million</p>	<p>47,880 low-income seniors impacted</p>
<p><b>Increase Healthy Families premiums:</b> Increases would be as follows – <u>Subscribers between 151-200% FPL:</u> Increase of \$3/month (from \$9 per child to \$12) <u>Subscribers over 200%:</u> Increase of \$2/month</p>	<p><b>GF savings:</b> \$13.7 million</p> <p><b>FF lost:</b> \$23 million</p>	<p>955,000 subscribers</p>

(from \$15 per child to \$17).		
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**BENEFITS**

Ability to use benefits

**What it would do**

**Savings/Costs**

**# people impacted**

<b>Cap Healthy Families dental benefit:</b> Limit dental coverage to \$1,500 per enrollee.	<b>GF savings:</b> \$1.3 million <b>FF lost:</b> \$2.7 million	955,000 subscribers
<b>Delays California Discount Prescription Drug Program:</b> Would have allowed 5.4 million uninsured – who pay full sticker price for drugs -- to buy needed medications at a discount. Line-item vetoed by Gov. Schwarzenegger, thus delaying implementation of this program another year.	<b>GF savings:</b> \$11.8 million	5.4 million uninsured Californians

**PROVIDERS**

Ability to access care

**What it would do**

**Savings/Costs**

**# people impacted**

<b>Limit access to doctors and other providers: Medi-Cal:</b> Cuts reimbursements additional 10 percent rate on top of already-low pay (43rd in the nation) from July 1, 2008 through February 28, 2009. After that, rates would be partially restored to levels ranging from one percent to five percent below the rate before this year's cut. *Note: This reduction is currently being litigated.	<b>GF savings:</b> \$500 million <b>FF lost:</b> \$500 million	Unknown
<b>Reduce access for underserved populations:</b> Eliminated Grants-in-Aid funding	<b>GF savings:</b> \$391,000	Would result in 1,700 fewer clinic visits
<b>Reduce access for children with genetic diseases, birth defects or chronic illnesses:</b> 10% reduction for case management and administration of California Children's Services (CCS) and Genetically Handicapped Persons Program (GHPP). Rate restorations would occur March 1, 2009 along with other Medi-Cal rate restorations.	<b>GF savings:</b> \$1.3 million	39,000 children impacted
<b>Reduce hospitals payments for care of low-income patients on Medi-Cal:</b> Cuts rates for non-contracting hospitals to the lower of either 5% below regional rates, or 90% of cost. Exempts small, rural and children's hospitals from this cut.	<b>GF savings:</b> \$11.5 million	

**Total General Fund Reductions:** \$615 million

**Total Federal Funds lost:** \$539.6 million