

A collage of four photographs showing diverse people. The top photo shows a woman and a young girl smiling. The middle-left photo shows two young girls smiling. The middle-right photo shows an elderly woman looking forward. The bottom-right photo shows a woman with braids looking down.

Medi-Cal FACTS AND FIGURES

A Look at California's Medicaid Program

January 2006

Introduction

Medi-Cal, California's Medicaid program, is the main source of health care insurance for more than six million people, or one in six Californians. It will draw nearly \$19 billion in federal funds into the state's health care system and account for 14 percent of General Fund spending in fiscal year 2005–06. Medi-Cal is a complex program that pays providers for essential acute and long-term care services delivered to a wide range of beneficiaries. Although many people associate Medi-Cal with welfare, more than half of funds pay for medical and long-term care for the elderly and adults with disabilities. Medi-Cal also provides essential support to California's safety net providers. Because it is the single largest source of coverage in the state, a thorough grasp of Medi-Cal is essential to understanding how health care is financed and delivered in California.

Medi-Cal

Medi-Cal provides coverage to one in six Californians.

About Medicaid

Medicaid is:

- A program created by Title XIX of the Social Security Act that provides coverage for acute and long-term care services to 52 million Americans, including low-income children, parents, seniors, and people with disabilities.
- State administered, governed by federal and state rules, and jointly funded with federal and state dollars.
- An entitlement program that requires federal and state governments to spend the funds necessary to operate mandatory program components.
- The nation's largest purchaser of health care services, collectively spending about \$300 billion in federal and state dollars.
- A 40-year old program that is continually evolving in terms of the populations it covers, the services for which it pays, and the manner in which care is delivered and financed.

Medi-Cal Overview

Medicaid is a 40-year-old federal-state program that is now larger than Medicare.

About Medi-Cal

Medi-Cal is:

- The nation's largest Medicaid program, in terms of the number of people it serves (6.5 million), and the second largest in terms of dollars spent (\$34 billion).
- The source of health coverage for:
 - One in six Californians under age 65;
 - One in four of the state's children; and
 - The majority of people living with AIDS.
- Paying for:
 - 42 percent of all births in the state;
 - Two-thirds of all nursing home days; and
 - Two-thirds of all revenue in California's public hospitals.
- Bringing in nearly \$19 billion in federal funds to California's health care providers.

Medi-Cal is the nation's
largest Medicaid program.

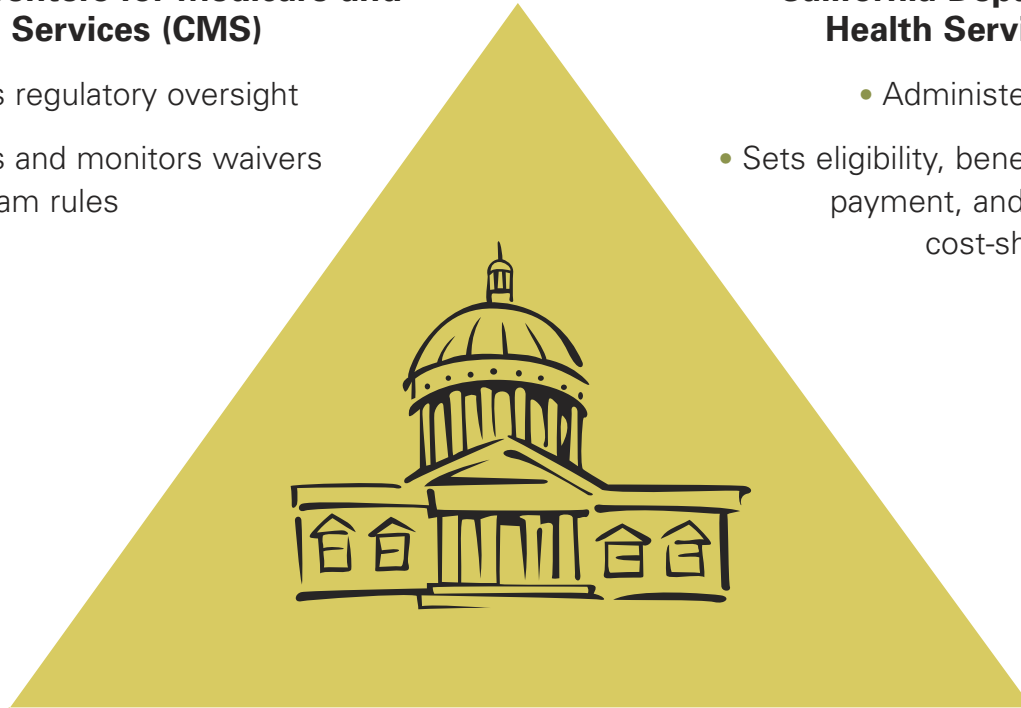
Agencies Governing Medi-Cal

Federal Centers for Medicare and Medicaid Services (CMS)

- Provides regulatory oversight
- Reviews and monitors waivers to program rules

California Department of Health Services (DHS)

- Administers Medi-Cal
- Sets eligibility, benefit, provider payment, and beneficiary cost-sharing levels



County Health and Social Services Departments

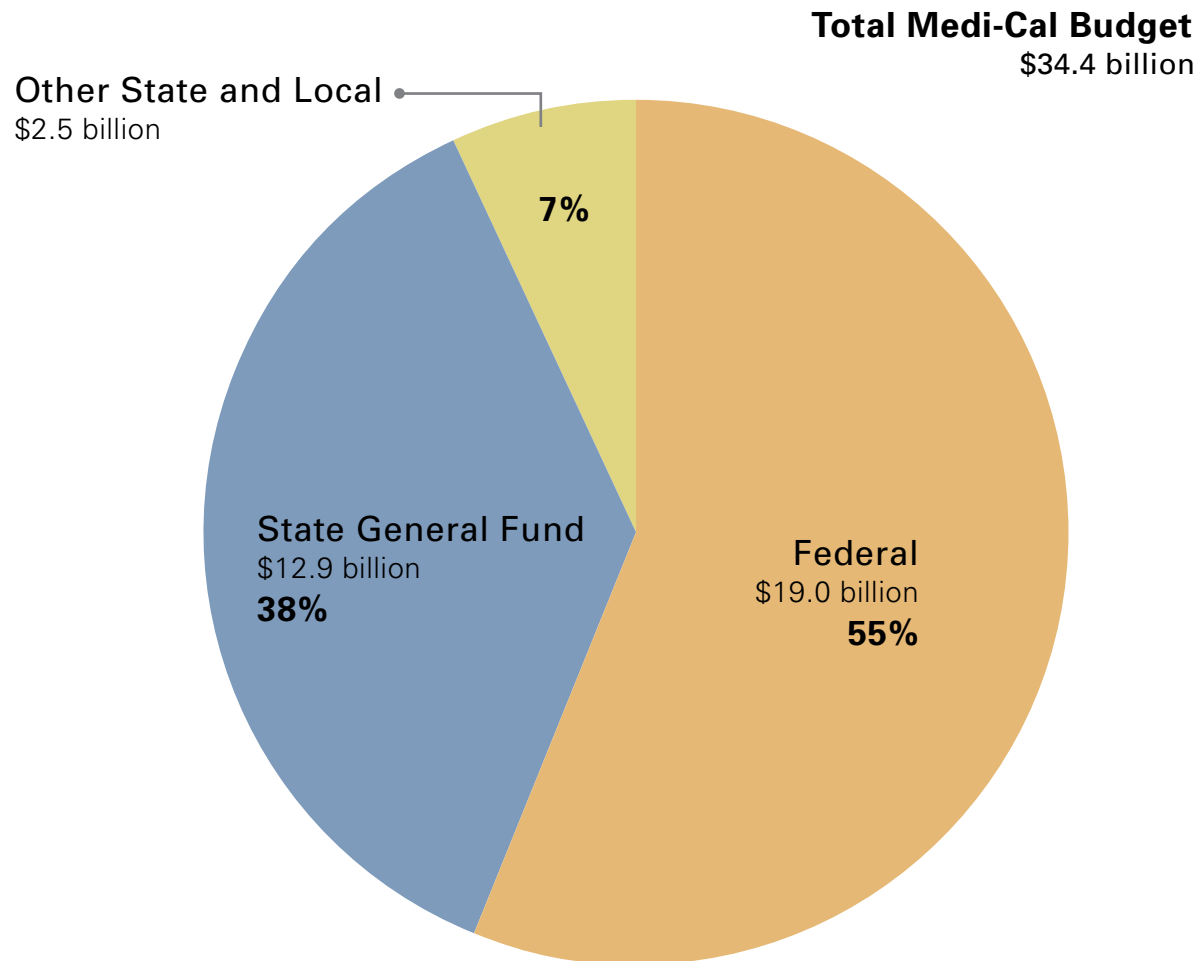
- Conduct eligibility determination
- Oversee enrollment and recertification

Medi-Cal Overview

Medi-Cal is governed by the federal, state, and county governments.

Budget Funding Sources

State FY 2005–2006



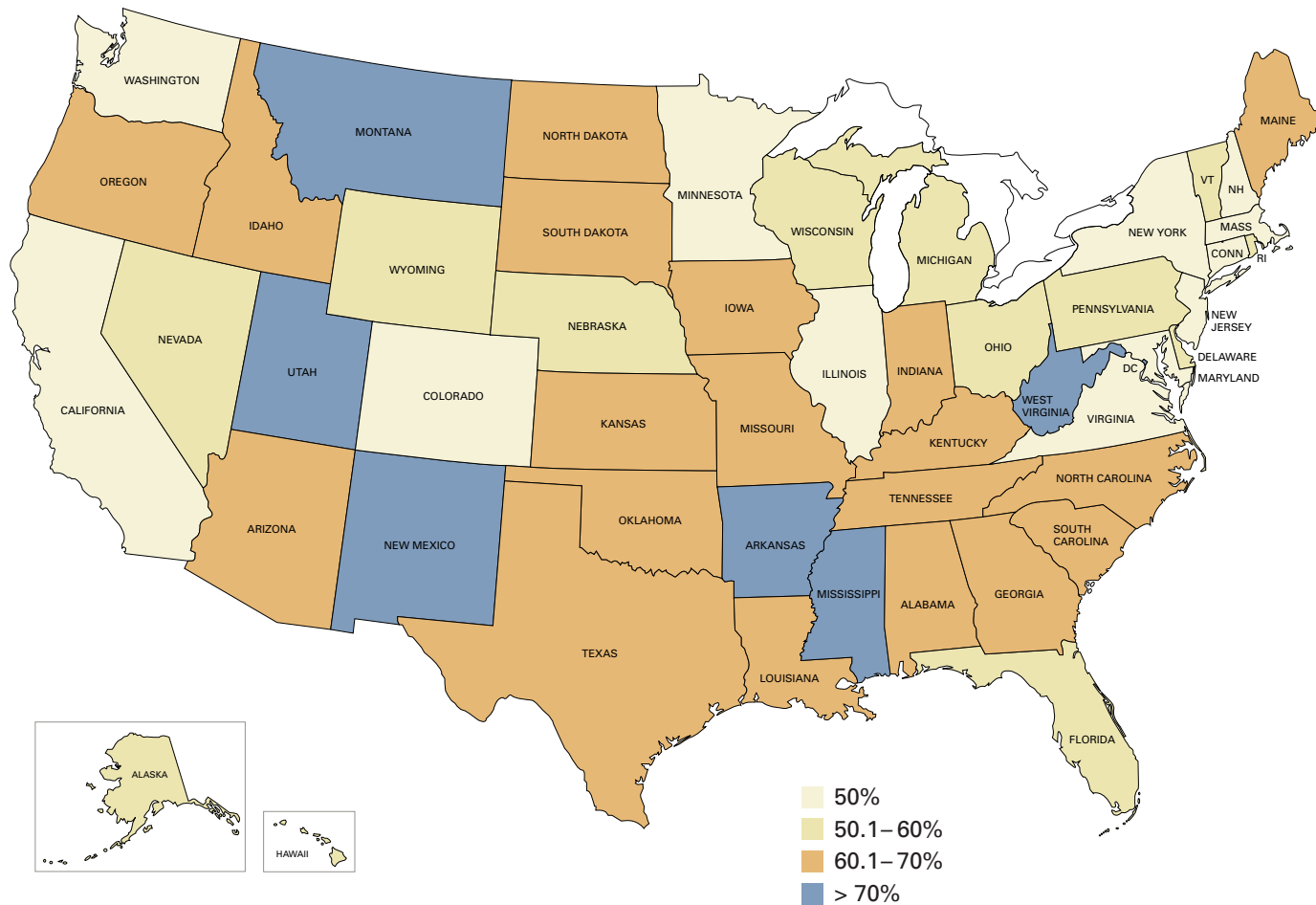
Medi-Cal Overview

Federal funds account for 55 percent of Medi-Cal's budget.

Source: Legislative Analyst's Office, Analysis of the 2005–2006 Budget Bill, February 2005; Governor's Budget 2005–2006.

Federal Matching Rates

Medical Assistance Percentage, 2006



Source: Kaiser Family Foundation (www.statehealthfactsonline.org).

Medi-Cal Overview

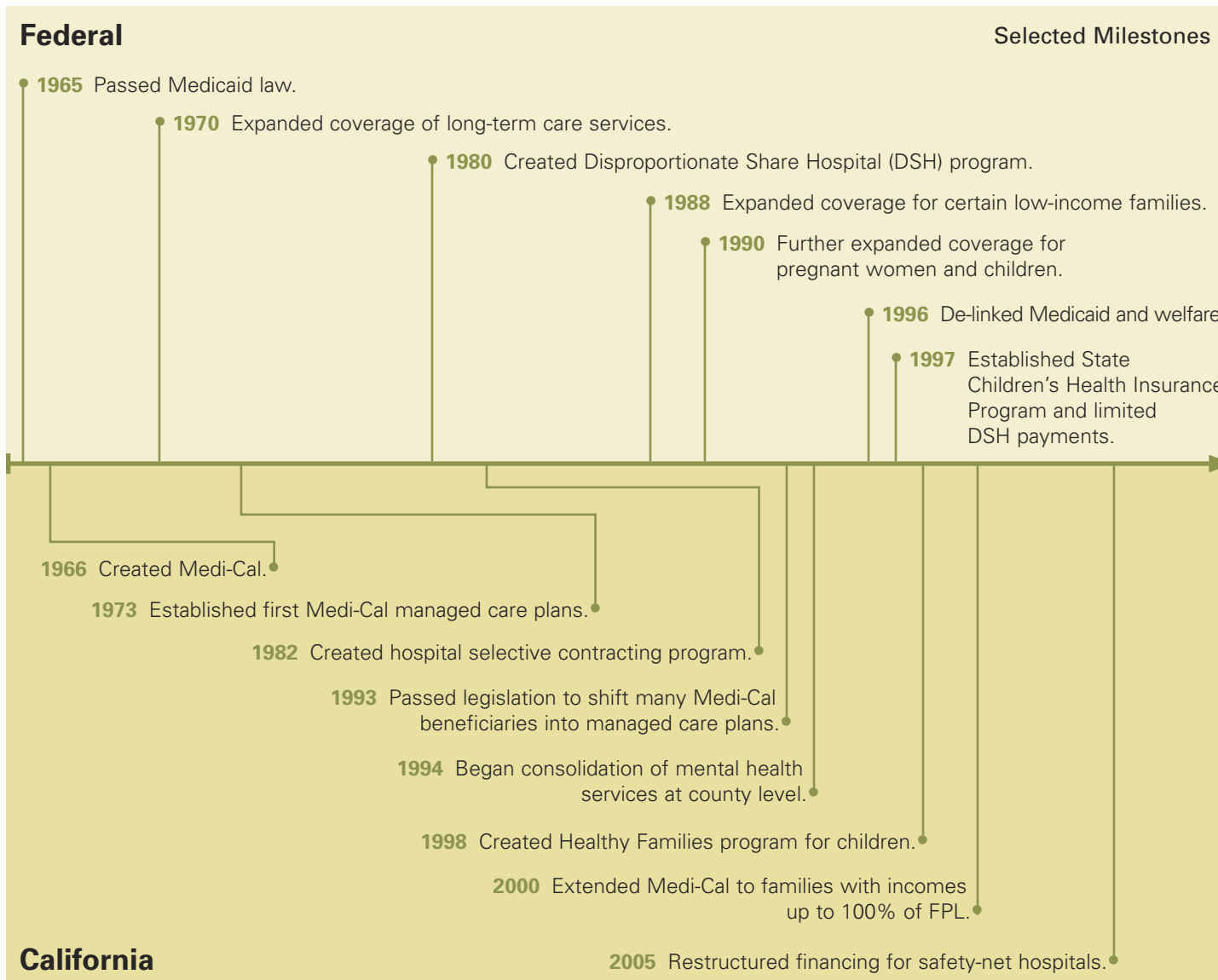
- For every dollar California spends on Medi-Cal, the federal government contributes 50 cents.
- The federal matching rate takes into account a state's resources to fund Medicaid (per capita income), but not a state's need (percent of population below poverty).
- According to the GAO, this formula is unfavorable to states like California that have a high percent of population below poverty relative to the national average.

GAO is the U.S. Government Accountability Office.

Legislative History

Medi-Cal Overview

Medi-Cal has evolved over time in response to changing federal and state policies.



Comparison to Medicare

CATEGORY	MEDI-CAL	MEDICARE
Population	Low-income families and children, persons with disabilities, and seniors (65+)	Seniors (65+) or permanently disabled
Services Covered	Primary, acute, and long-term care	Primary and acute care
Cost Sharing	No premiums or copayments for lowest-income beneficiaries	Beneficiaries must pay premiums and deductibles
Funded by	Federal and California governments	Federal government and beneficiaries
Administered by	California with oversight by Centers for Medicare and Medicaid Services (CMS)	Federal government through CMS

Medi-Cal Overview

There are over one million California seniors and people with disabilities who are eligible for both Medi-Cal and Medicare.

Eligibility Factors

- Eligibility for Other Public Assistance Programs (see page 10)
- Family Income (see page 11)
- Family Assets
 - For most beneficiaries, the upper limit starts at \$2,000 for one person and increases with family size.
 - Countable personal property includes but is not limited to savings, checking, stocks, bonds, and certain life insurance policies and annuities.
 - The home is usually not considered.
 - Personal assets are not considered for certain pregnant women and children who are under certain levels of federal poverty.
- U.S. Citizenship (see page 12)
- California Residency (documented)
- Institutional Status
- Deprivation*

*Deprivation exists when a parent is absent from the home, or is incapacitated, disabled, deceased, employed less than 100 hours per month, or has earnings that are below 100 percent of the Federal Poverty Level (\$16,090 for a family of three).

Medi-Cal Eligibility and Enrollment

Medi-Cal eligibility
is based on numerous
factors.

Eligible Groups

Mandatory

States must cover:

- Low-income families participating in CalWORKs, and those who meet financial standards for AFDC that were in-effect in July 1996
- Seniors and people with disabilities participating in the Supplemental Security Income (SSI) program
- Pregnant women and children with family incomes below specified levels
- Children receiving foster care and adoption assistance
- Certain low-income Medicare beneficiaries

Optional

States may cover:

- Other pregnant women, children, seniors, and adults with disabilities based on their income levels and family size
- Individuals who qualify for cash assistance except on the basis of income, and those eligible for cash assistance who choose not to participate, may qualify for Medicaid by “spending down” to specified levels (Medically Needy)
- Pregnant women and children who do not meet Medically Needy deprivation requirements, and certain nursing facility residents, among others (Medically Indigent)
- Children and pregnant women, while eligibility is being determined (Accelerated Enrollment and Presumptive Eligibility)

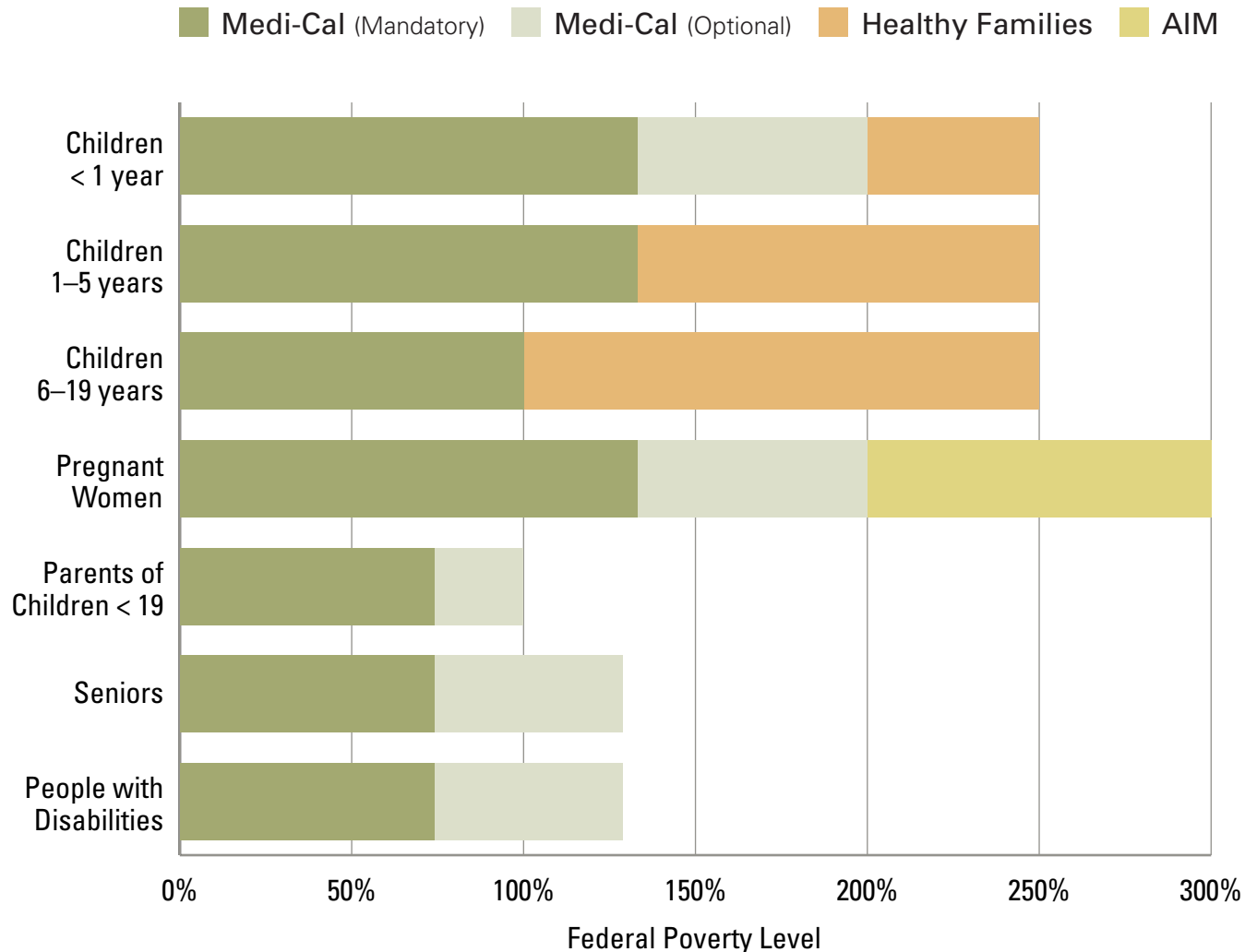
Medi-Cal

Eligibility and Enrollment

Federal law requires that all state Medicaid programs cover certain (mandatory) groups, and allows states to receive federal matching funds for certain other (optional) groups.

Note: Not a comprehensive list. Multiple criteria have contributed to the creation of more than 160 eligibility categories or aid codes for beneficiaries.

Income Limits



Medi-Cal income limits vary by population.

Notes: AIM is Access for Infants and Mothers. Reflects Full-scope Medi-Cal only. Excludes Medically Needy and the 250 Percent Working Disabled Program. Federal poverty level (FPL) for a family of three is \$16,090 through March 2006. Individuals must also meet other eligibility requirements (e.g., assets, deprivation, residency, immigration status); California is required to cover pregnant women and children up to 185 percent FPL. Medi-Cal provides coverage to seniors and people with disabilities with monthly incomes up to 100 percent FPL plus \$230 (for an individual).

Immigrant Coverage

- Immigrants may be eligible for Medi-Cal if they meet the categorical, financial, and residency requirements.
- Full-scope Medi-Cal (with federal matching funds) is available to Lawful Permanent Residents (“green card holders”), refugees, and immigrants granted asylum, among others.
- Full-scope Medi-Cal (with no federal match) is available to PRUCOL immigrants.
- Restricted Medi-Cal, which primarily covers emergency and pregnancy-related services, is available to other immigrants.

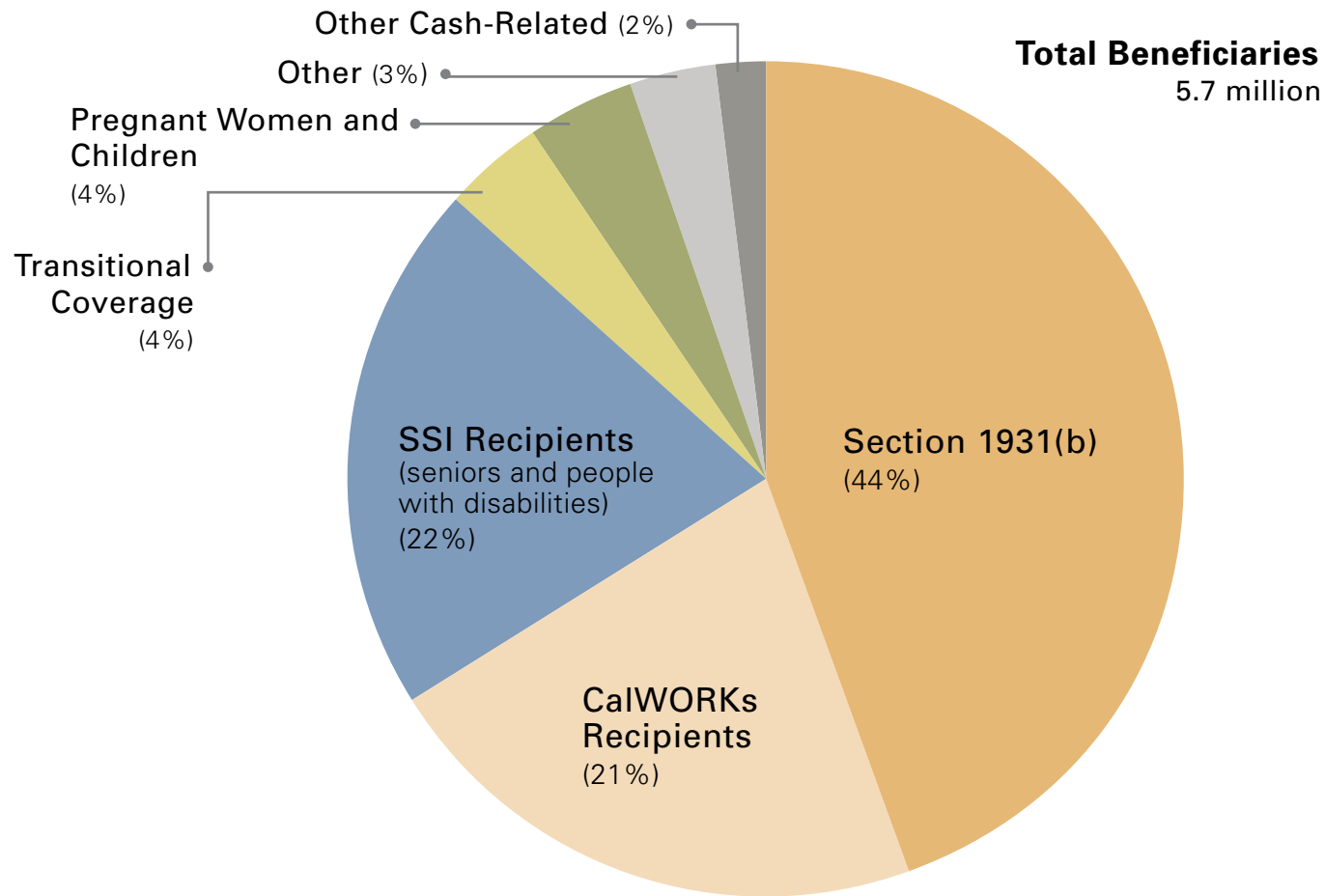
Medi-Cal Eligibility and Enrollment

Some immigrants are eligible for full-scope Medi-Cal, while others may be eligible for a limited set of Medi-Cal benefits.

Note: PRUCOL is Permanently Residing Under Color of Law, and refers to people that the Department of Homeland Security knows are in the country and has no plans to deport or remove. See 42 CFR Section 435.408 for the federal definition and 22 CCR Section 50301.3 for the state definition. Restricted Medi-Cal also covers breast and cervical cancer treatment, long-term care, and kidney dialysis treatment.

Source: Western Center on Law and Poverty, *Medi-Cal Eligibility Guide, How to Get and Keep Low-Income Health Coverage* (Spring 2005).

Mandatory Eligibility Categories Required by Federal Law



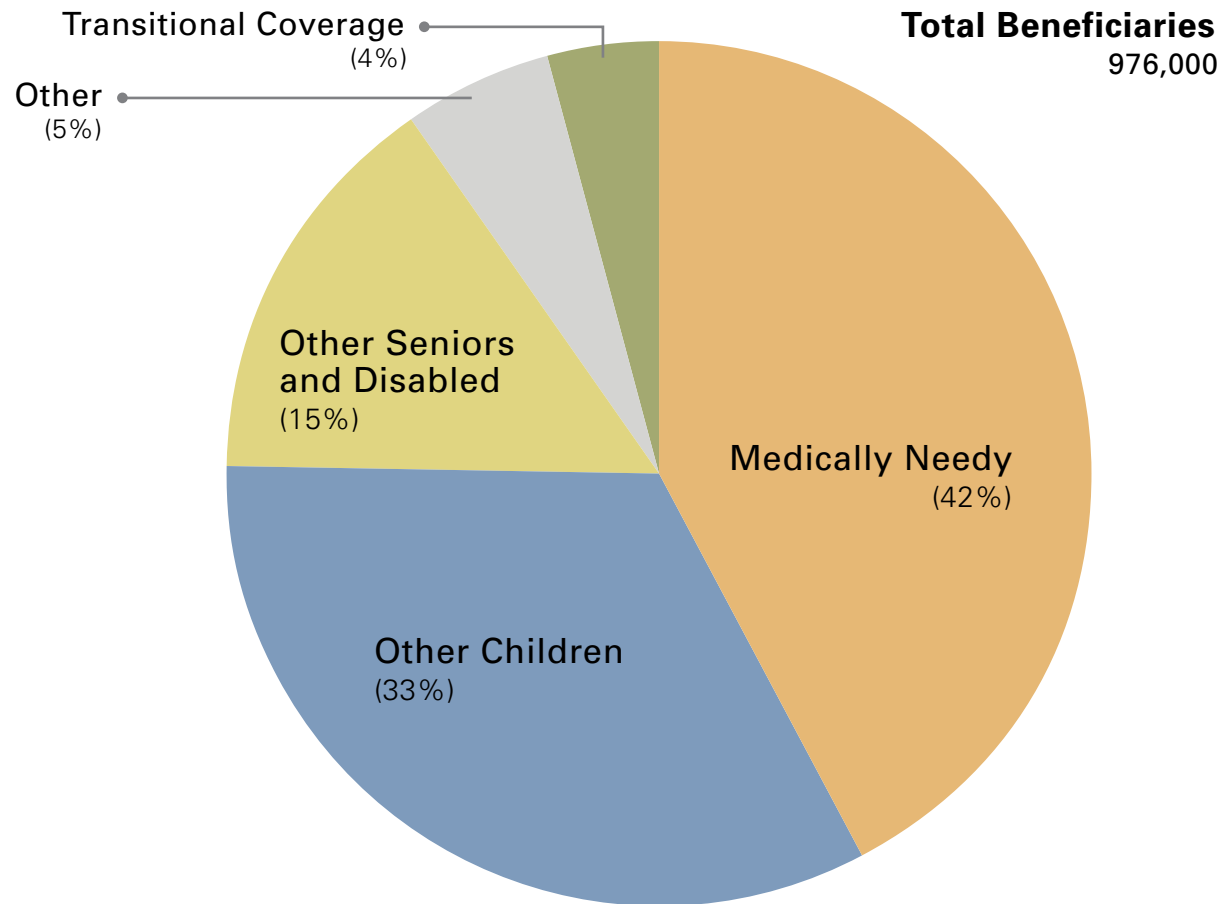
Medi-Cal Eligibility and Enrollment

Those eligible under the 1931(b) program account for the largest share of the mandatory Medi-Cal population.

Notes: "Section 1931(b)" includes parents and children with incomes below AFDC threshold in July 1996. "Pregnant Women and Children" includes children under 6 years old in families with incomes less than 133 percent FPL; children ages 6 to 19 in families with incomes less than 100 percent FPL; and pregnant women with incomes less than 133 percent FPL (\$16,090 for a family of three).

Source: Kaiser Commission on Medicaid and the Uninsured, *Medicaid's Optional Populations: Coverage and Benefits*, February 2005; and Medstat analysis of Medi-Cal MIS/DSS data as of August 2005 enrollment (updated through October 2005).

Optional Eligibility Categories Allowed by California



Medi-Cal Eligibility and Enrollment

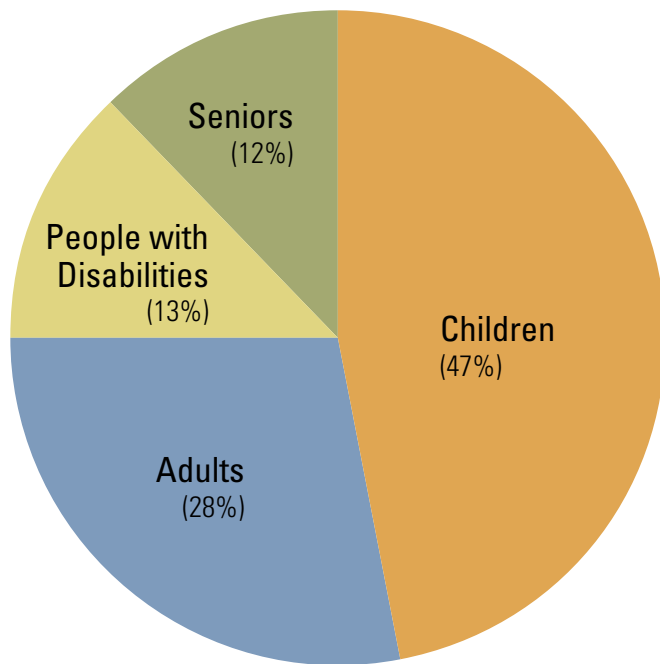
Those eligible through the Medically Needy program account for the largest share of the optional Medi-Cal population. They include many people with high health care expenses, including many nursing facility residents.

Notes: "Other Children" includes those children less than six years old with family incomes of 133 to 200 percent FPL; pre-enrollment mechanisms (includes Child Health and Disability Prevention (CHDP) Gateway and Accelerated Enrollment); and the medically indigent. "Other Seniors and Disabled" includes those with incomes above 74 percent FPL (\$16,090 for a family of three); under Home and Community-based Services (HCBS) waiver; and working disabled persons. "Other" includes the medically indigent and some In-Home Supportive Services (IHSS) recipients. Pie slices do not add up to 100 percent due to rounding.

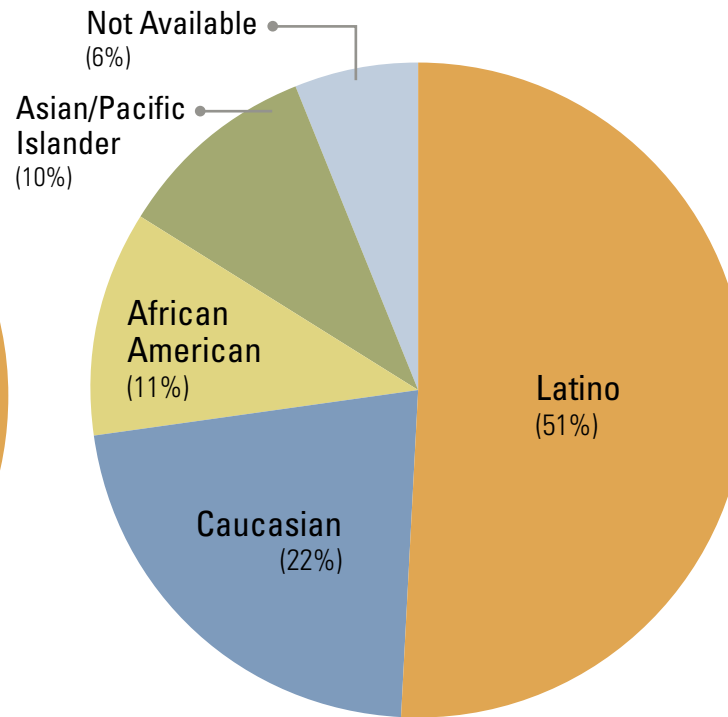
Source: Kaiser Commission on Medicaid and the Uninsured, *Medicaid's Optional Populations: Coverage and Benefits*, February 2005; and Medstat analysis of Medi-Cal MIS/DSS data as of August 2005 enrollment (updated through October 2005).

Beneficiary Profile

Age/Disability



Ethnicity



Medi-Cal Eligibility and Enrollment

Children account for nearly half of Medi-Cal beneficiaries, while Latinos represent a majority of those enrolled.

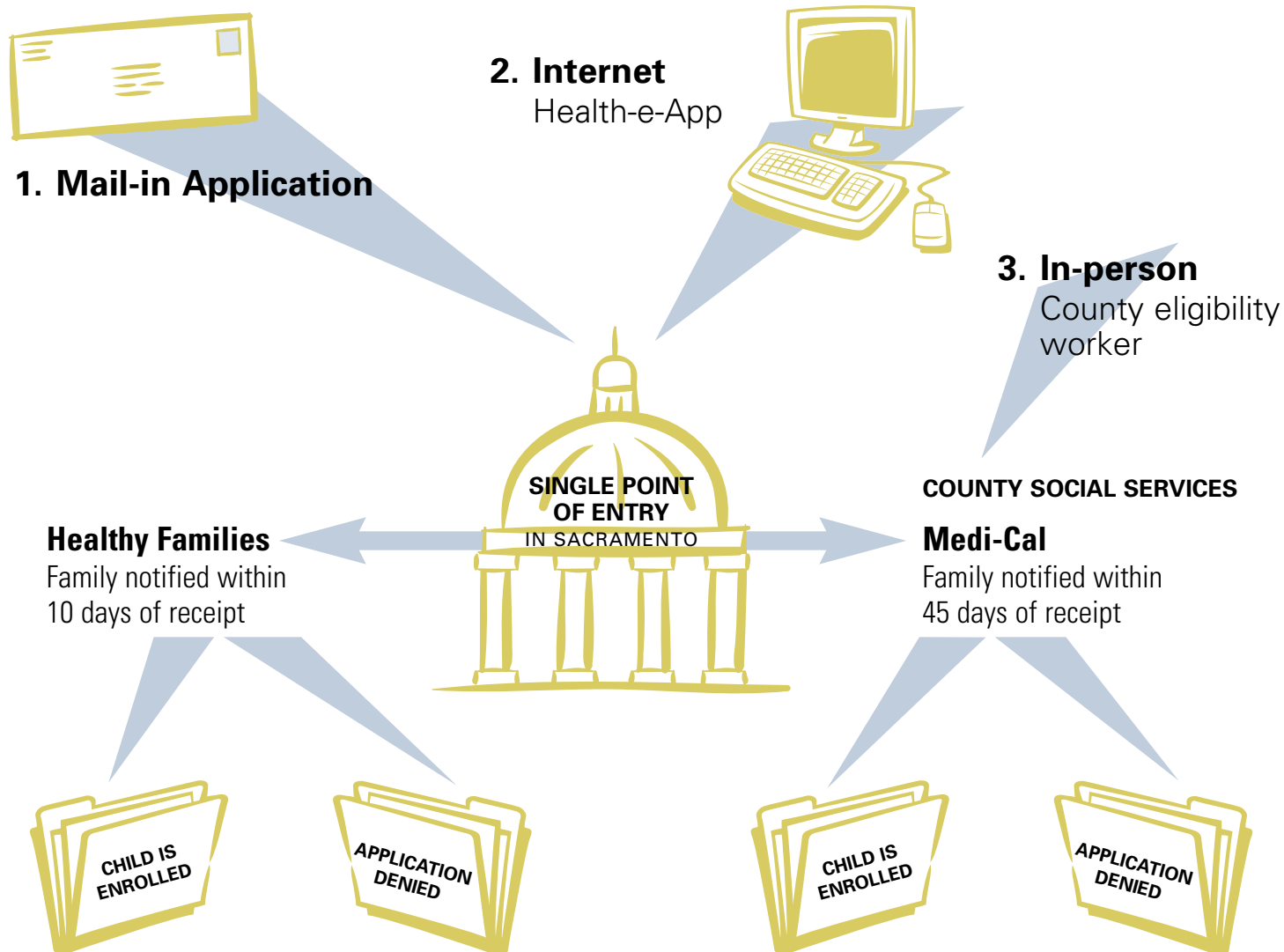
Source: Medstat analysis of MIS/DSS, updated through August 2005 (May 2005 data).

Individual Application Process

- For those receiving Supplemental Security Income (SSI) or CalWORKs, Medi-Cal coverage is automatic.
- Other individuals may apply for Medi-Cal at their local county social services office or at hospitals and clinics where county eligibility workers are located.
- Doctors can request immediate temporary coverage for pregnant women and children while they apply for the program.
- Pregnant women, children, and adults may also apply for Medi-Cal using a mail-in application. (See page 17.)
- Applicants can now submit Medi-Cal applications electronically using Health-e-App, an Internet-based system, with the help of certified application assisters. (See page 17.)

The application process varies based on the individual's circumstances.

Options for Child Enrollment



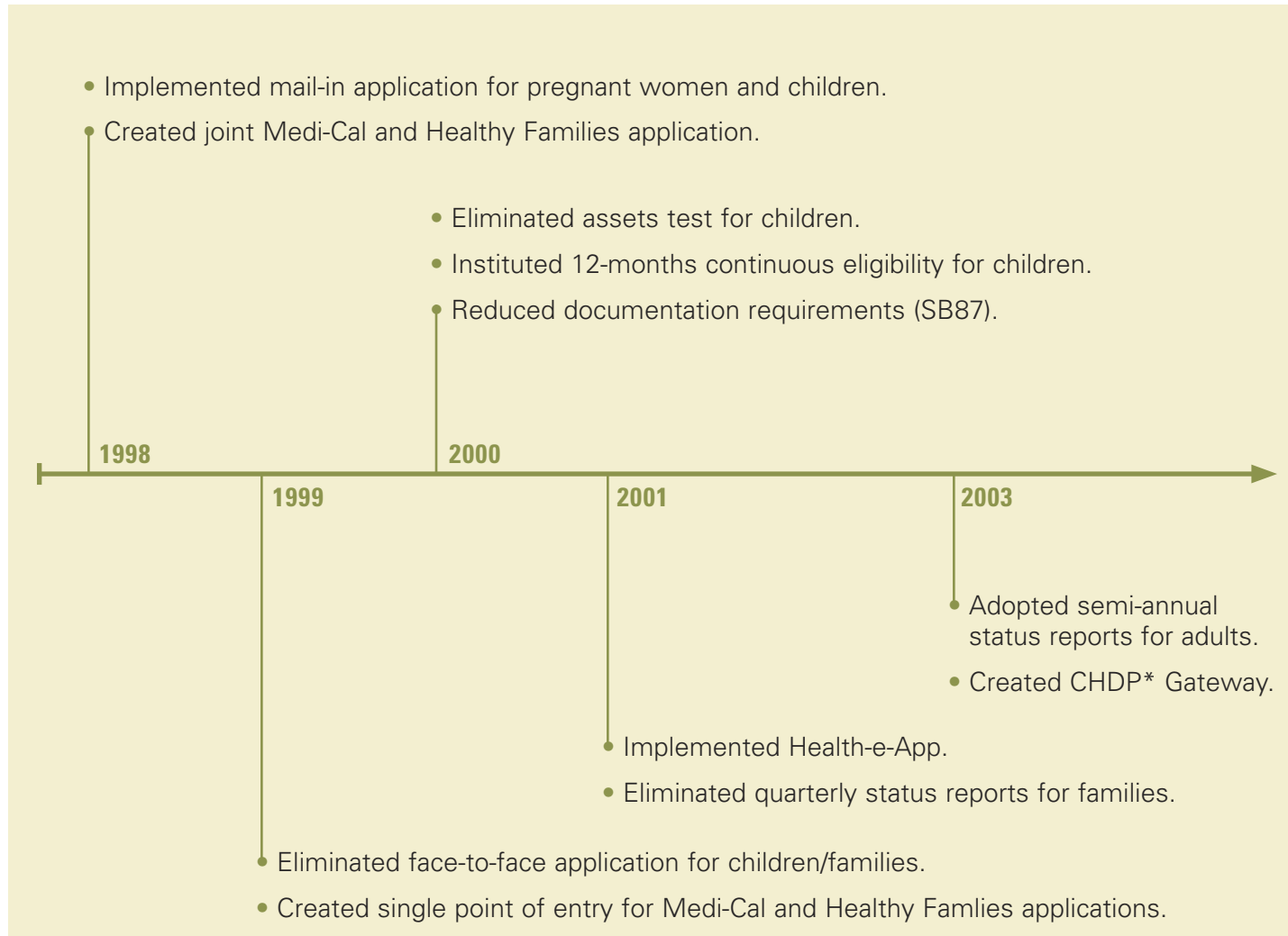
Medi-Cal Eligibility and Enrollment

There are several ways for parents to enroll their children in Medi-Cal.

Recent Enrollment Process Changes

Medi-Cal Eligibility and Enrollment

The enrollment process has evolved significantly in recent years.



*Child Health and Disability Prevention program.

Source: The Lewin Group, 2003.

Enrollment Practices for Children

Actions Taken by States to Streamline Enrollment

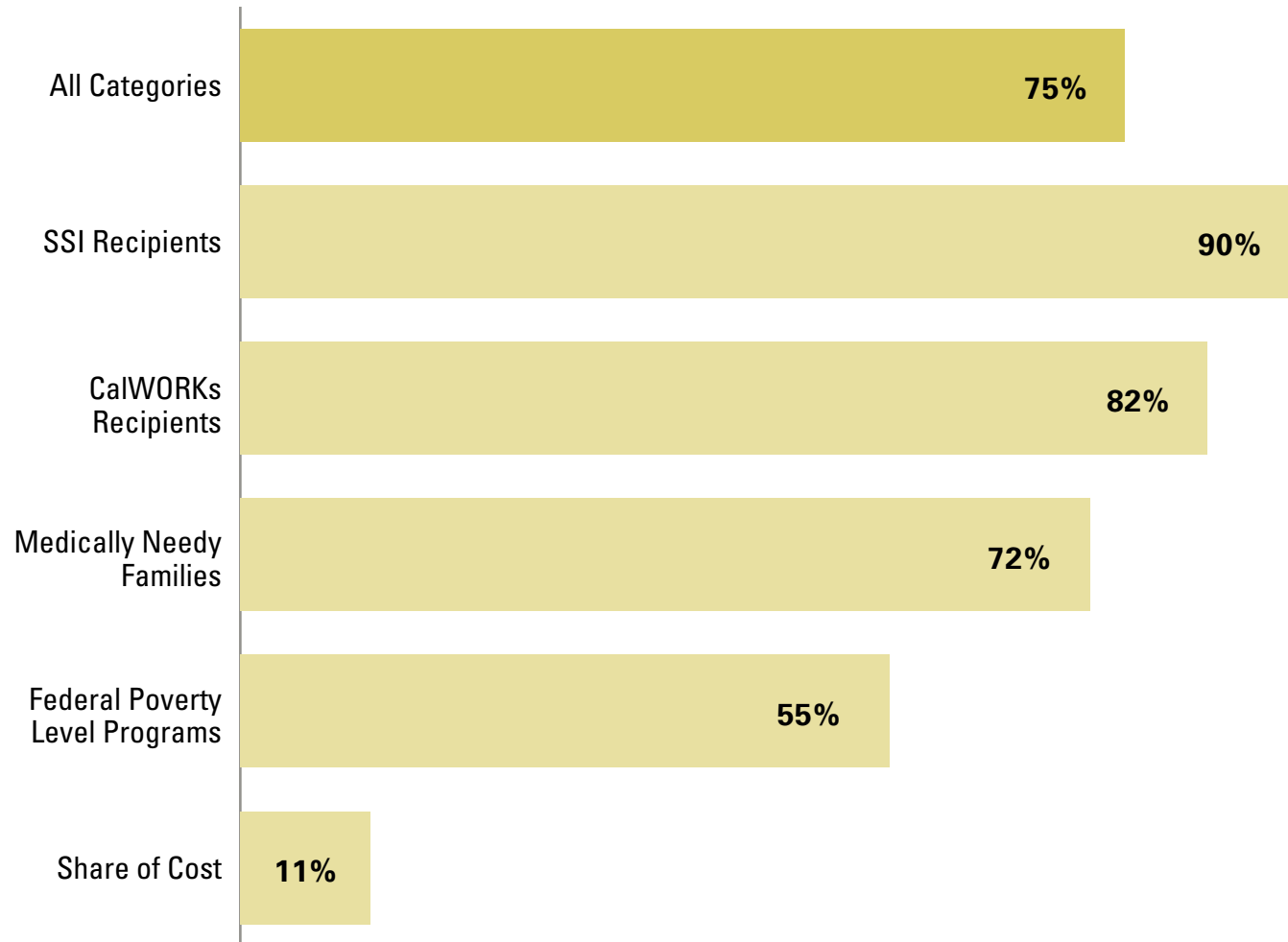
- Eliminated asset test
47 states, including California
- Eliminated requirement for face-to-face interview
45 states, including California
- Created joint application for Medicaid and SCHIP program
34 states, including California
- Provide 12-months of continuous eligibility
17 states, including California
- Adopted presumptive eligibility
9 states, including California
- Allow parents to self-declare their income
9 states, not including California

Medi-Cal Eligibility and Enrollment

California has taken several steps to streamline enrollment for children, but additional opportunities remain.

Source: Kaiser Family Foundation (www.statehealthfacts.org); accessed December 15, 2005.

Enrollment After One Year



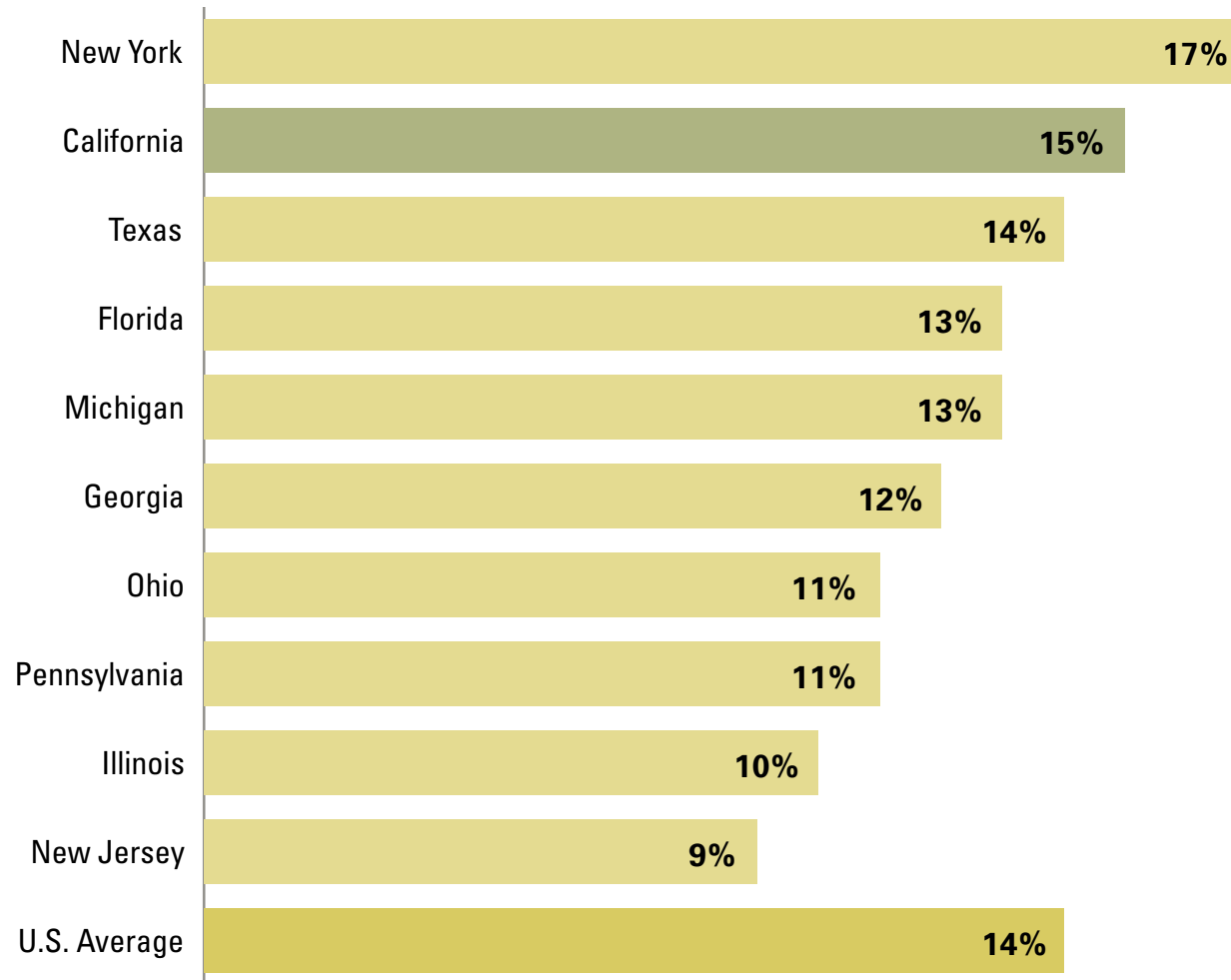
Medi-Cal Eligibility and Enrollment

- Seventy-five percent of all beneficiaries remain enrolled after one year.
- Nearly all disabled persons who qualify for Medi-Cal through SSI stay covered after 12 months.
- Individuals who are required to pay a share of their costs are much less likely to retain coverage.

Source: Medstat analysis of Medi-Cal MIS/DSS, updated through October 2005 (August 2005 data).

Enrollment in Other States

Non-elderly Population Covered by Medicaid



Source: Kaiser State Health Facts (2003 data).

Medi-Cal Eligibility and Enrollment

California ranks second among the ten largest states in percent of population enrolled in Medicaid and is just above the national average.

Medi-Cal Benefits

Required Services*

- In/outpatient hospital
- Physician visits
- Lab tests and x-rays
- Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21
- Family planning and supplies
- Clinic in Federally Qualified Health Centers (FQHC)
- Certified midwife
- Certified nurse practitioner
- Nursing home care for adults over 21

Optional Services*

- Prescription drugs
- Vision services and eyeglasses
- Dental care and dentures
- Medical equipment and supplies
- Targeted case management
- Adult day health
- Personal care services
- Physical therapy
- Intermediate Care Facilities for Mentally Retarded (ICF-MR)
- Inpatient psychiatric for children under 21
- Rehabilitation for mental health and substance abuse
- Home health care
- Hospice
- Occupational therapy
- Chiropractic

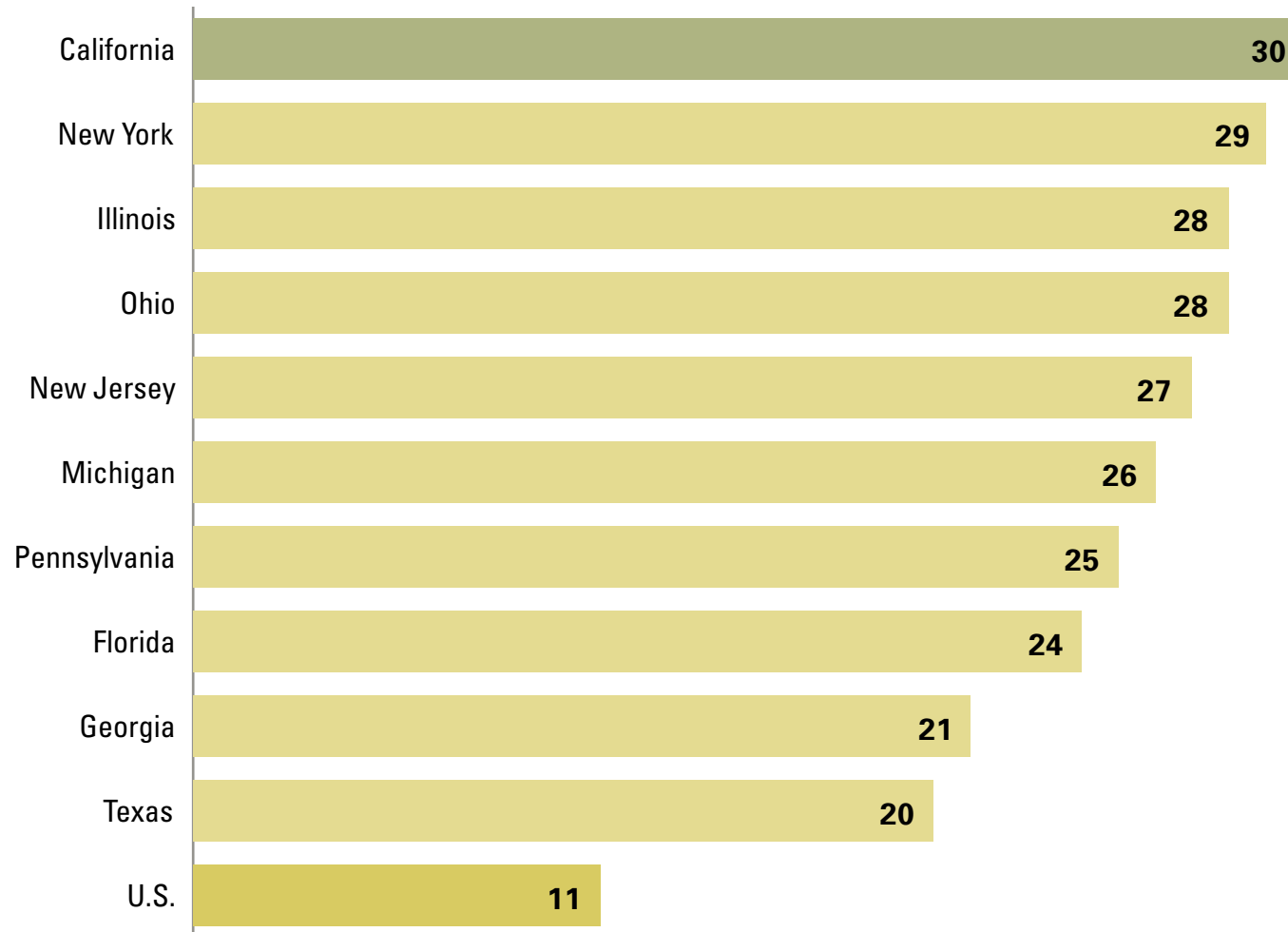
Medi-Cal Benefits

All states are federally required to provide certain benefits. California offers a number of additional benefits. Partial lists of both are shown here.

*Partial lists.

Source: Department of Health Services, 2003.

Major Optional Benefits Covered, by State (of 31 total)



Source: Medstat analysis using Kaiser Commission on Medicaid and the Uninsured, *Medicaid: An Overview of Spending on "Mandatory" vs. "Optional" Populations and Services*, June 2005 and Kaiser Commission on Medicaid and the Uninsured, *Medicaid: Medicaid Benefits Online Database*. California does not cover direct billing for Private Duty Nursing.

Medi-Cal Benefits

California covers more optional benefits than any other of the 10 largest states.

Services which account for the most Medi-Cal spending on optional benefits include:

- Adult day health
- Dental services
- ICF-MR/DD*
- Medical equipment and supplies
- Personal care services
- Prescription drugs
- Targeted case management

*Intermediate Care Facilities for the Mentally Retarded / Developmentally Disabled

Cost Sharing

- Beneficiaries are charged copayments for selected services; however, providers are not allowed to refuse service for lack of payment.

COMMON COPAYMENT AMOUNTS:

- Physician office visit: \$1
 - Inpatient hospital: \$1
 - Non-emergency services received in an emergency room: \$5
 - Drug prescription or refill: \$1
- Some beneficiaries are exempt from copayments, including children 18 years of age or under and women receiving perinatal care.
- There are generally no premiums in Medi-Cal.*

Medi-Cal Benefits

Providers are not allowed to refuse services for lack of payment of Medi-Cal copayments.

*There are exceptions, such as the 250 Percent Working Disabled Program. Also, individuals who qualify for cash assistance except on the basis of income may qualify for Medicaid by spending down their income to specified levels.

Source: WIC Code Sections 14132 and 14134.

Delivery Systems

AREA	FEE-FOR-SERVICE	MANAGED CARE
Availability	All 58 counties	22 large counties
Market Share	52% of all beneficiaries	48% of all beneficiaries
Population	<ul style="list-style-type: none"> • Most elderly and disabled IN COUNTIES WITHOUT MANAGED CARE: <ul style="list-style-type: none"> • Children • Pregnant women • Non-disabled parents 	MANDATORY ENROLLMENT <ul style="list-style-type: none"> • Children • Pregnant women • Non-disabled parents VOLUNTARY ENROLLMENT <ul style="list-style-type: none"> • Most elderly and disabled*
Expenditures†	74%	26%
Exclusions	N/A	<ul style="list-style-type: none"> • Mental health • Dental • Long-term care • California Children Services (CCS) for the seriously ill and disabled

Medi-Cal Service Delivery

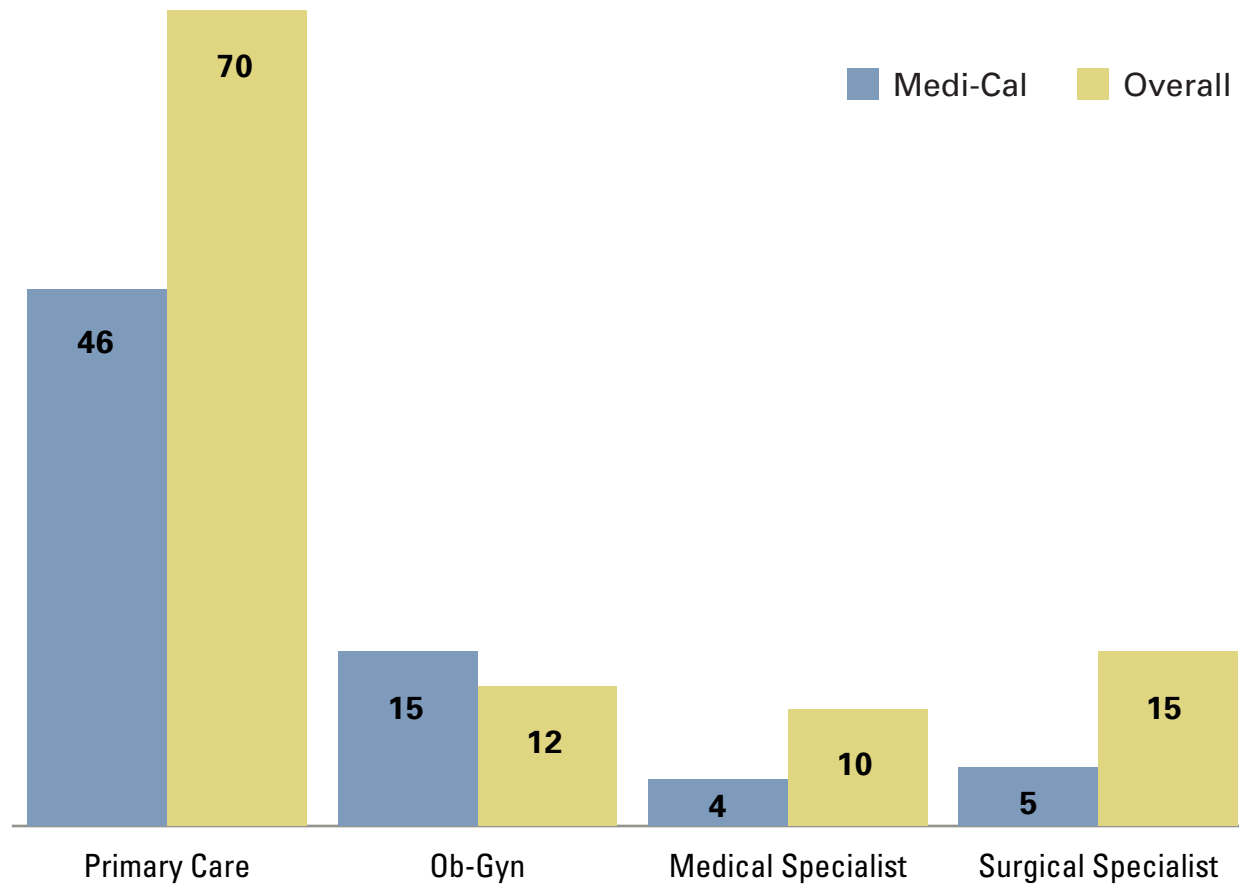
About half of Medi-Cal beneficiaries are in fee-for-service, including most seniors and people with disabilities.

*Managed care enrollment is mandatory for seniors and people with disabilities in counties with a County Organized Health System.

†Do not include services delivered in Disproportionate Share Hospitals (DSH).

Source: Department of Health Services; Medstat analysis of Medi-Cal MIS/DSS, updated through August 2005.

Physician Participation per 100,000 People

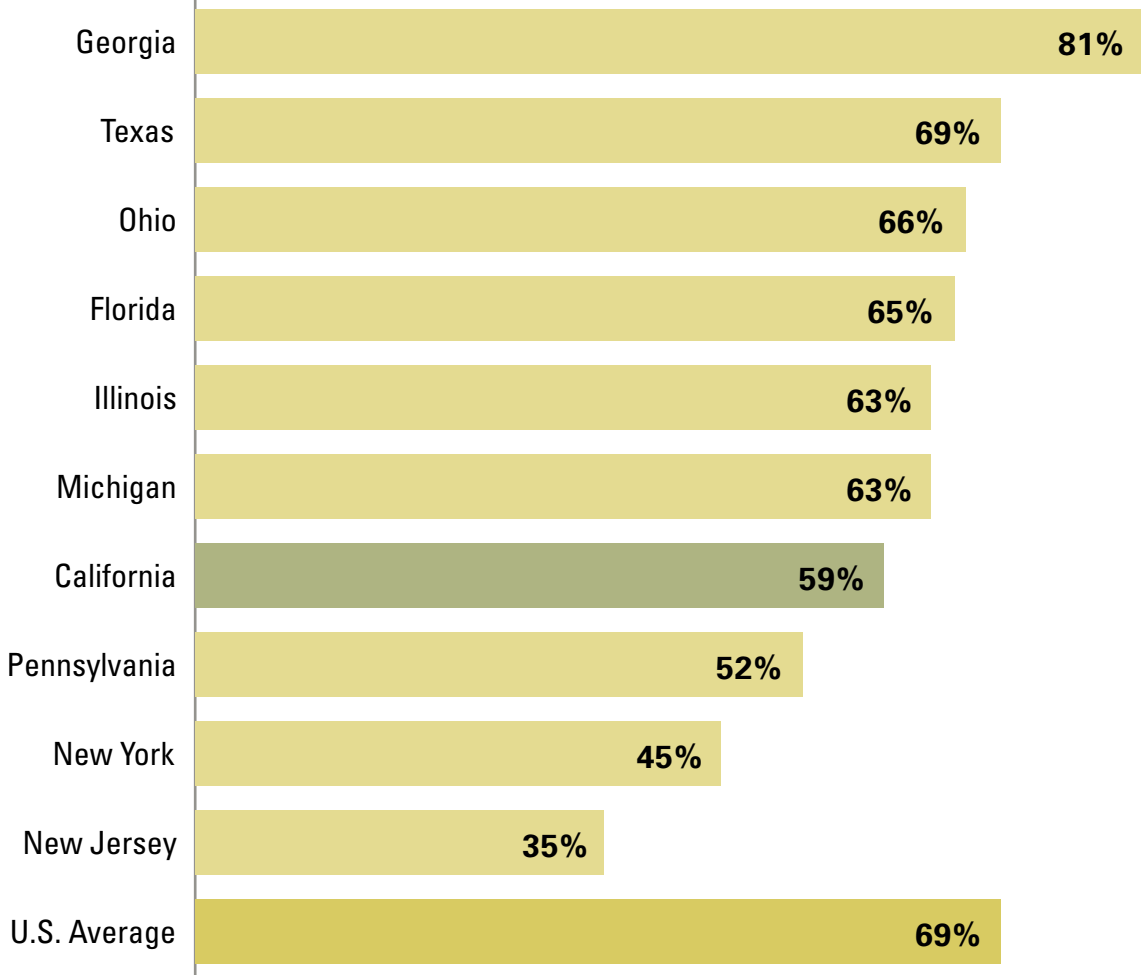


Source: Bindman A., *Physician Participation in Medi-Cal, 2001*, California HealthCare Foundation, Oakland, CA: May 2002.

Medi-Cal Service Delivery

- Physicians can choose whether or not to participate in Medi-Cal.
- There are only 46 primary care providers for every 100,000 beneficiaries in California, well below the federal minimum standard of 60 to 80.

Physician Payment Rates as Percentage of Medicare



Source: Urban Institute/Center for Studying Health System Change, 2003 Medicaid Physician Fee Survey.

Medi-Cal Service Delivery

Medi-Cal pays physicians 59 percent of Medicare rates for the same service, an amount less than the national average.

Managed Care Models by County

County Organized Health System (COHS)

- 559,587 beneficiaries in 8 counties
- 5 county organized health plans
- Implemented in 1983

Geographic Managed Care (GMC)

- 338,194 beneficiaries in 2 counties
- 8 commercial health plans
- Implemented in 1993

Two Plan

- 2.35 million beneficiaries in 12 counties
- 10 local initiatives and 3 commercial health plans
- Implemented in 1993

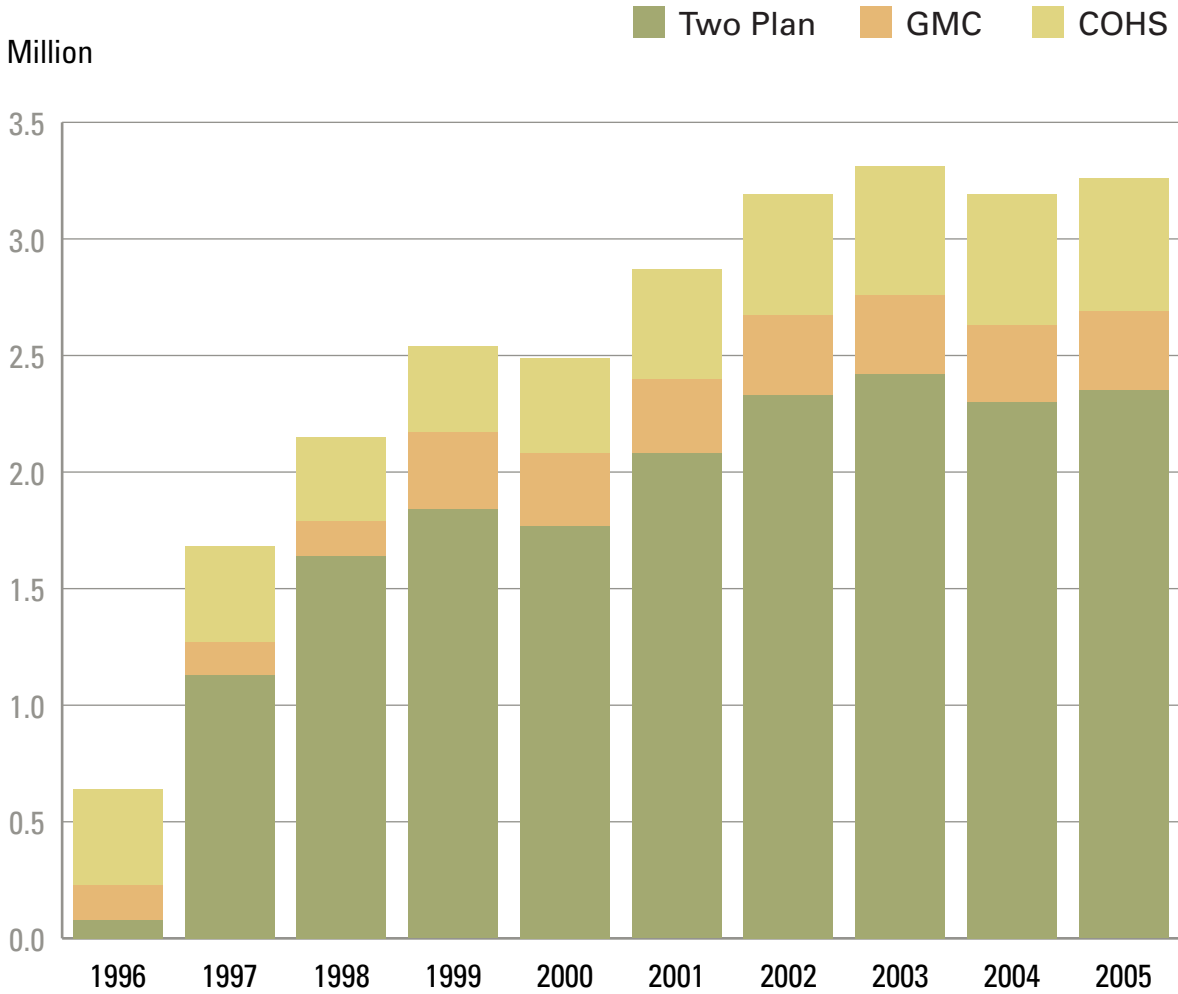


Medi-Cal Service Delivery

California has a unique system of managed care, with three different models operating across 22 counties.

Source: Medstat analysis of Medi-Cal MIS/DSS enrollment data for May 2005.

Managed Care Enrollment Trends

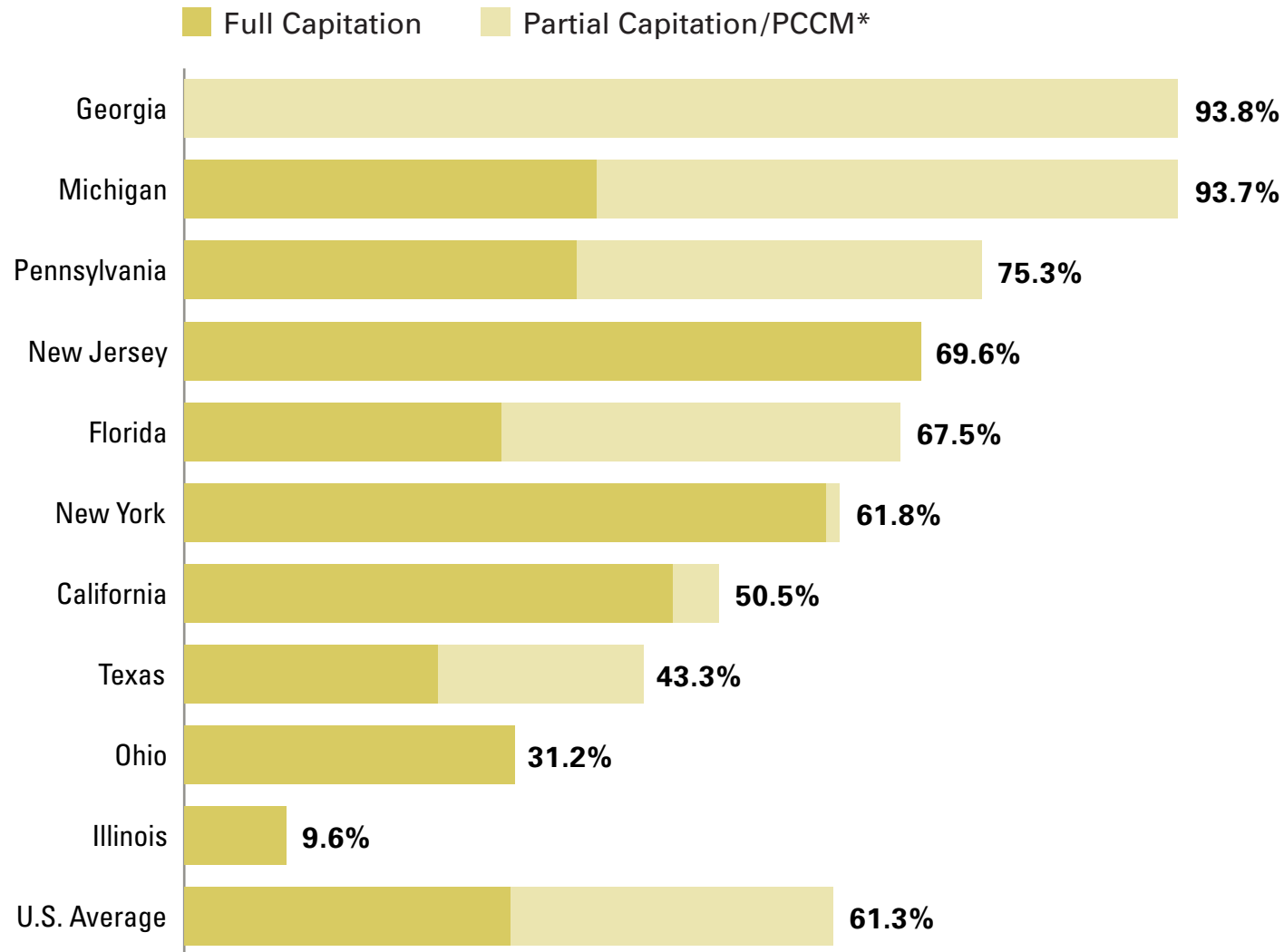


Medi-Cal Service Delivery

After many years of growth, managed care enrollment has changed little in recent years.

Source: DHS Medi-Cal Beneficiaries by Managed Care Plan Files (HCP0203 and HCP0505).

Managed Care Penetration



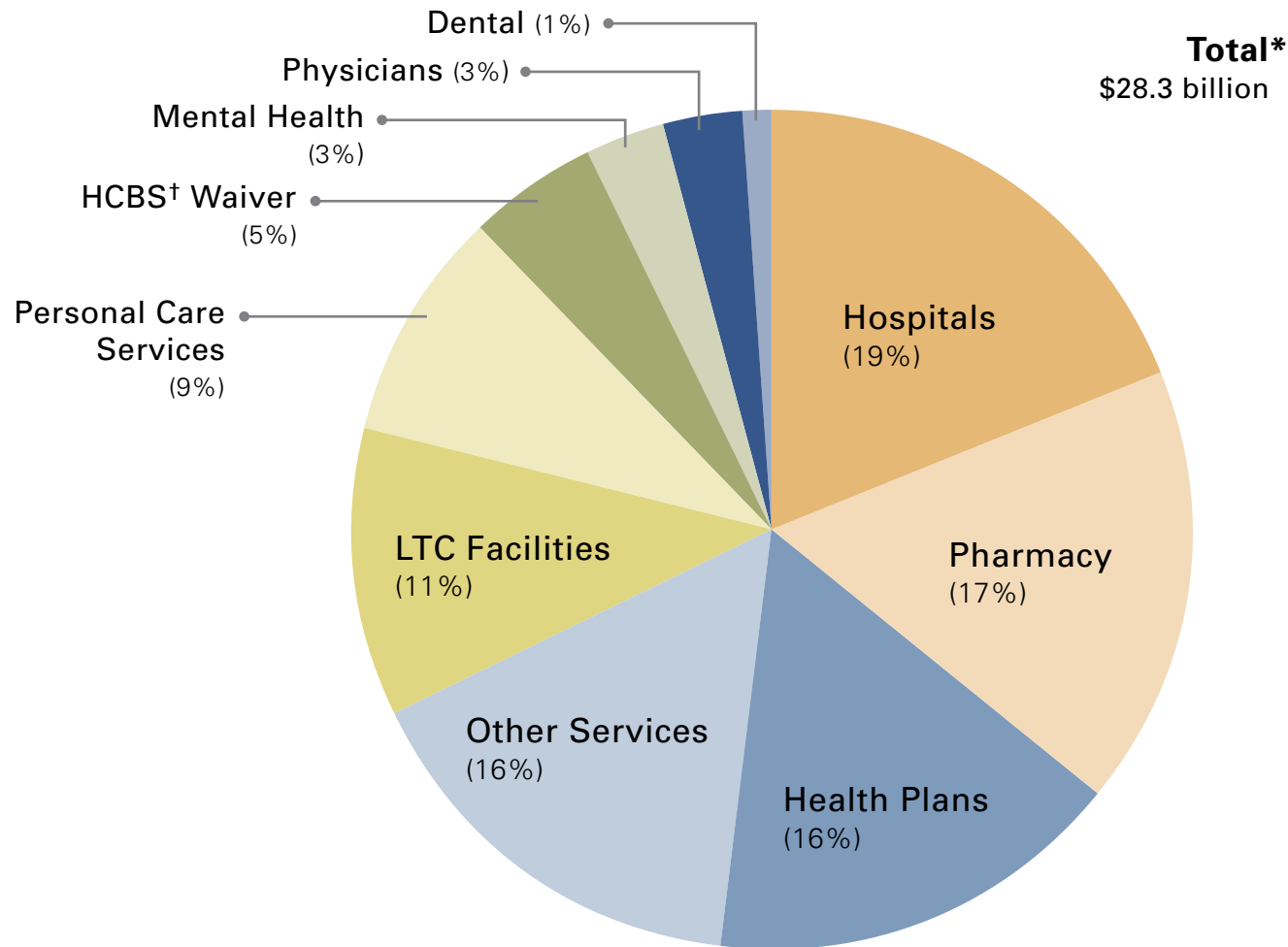
Medi-Cal Service Delivery

Compared to other state Medicaid programs, Medi-Cal has a smaller share of its members in managed care, but a higher share in fully capitated managed care.

*Primary Care Case Management.

Source: California HealthCare Foundation estimates using 2004 data from Kaiser Family Foundation (www.statehealthfacts.org).

Expenditure Distribution



Medi-Cal Expenditures

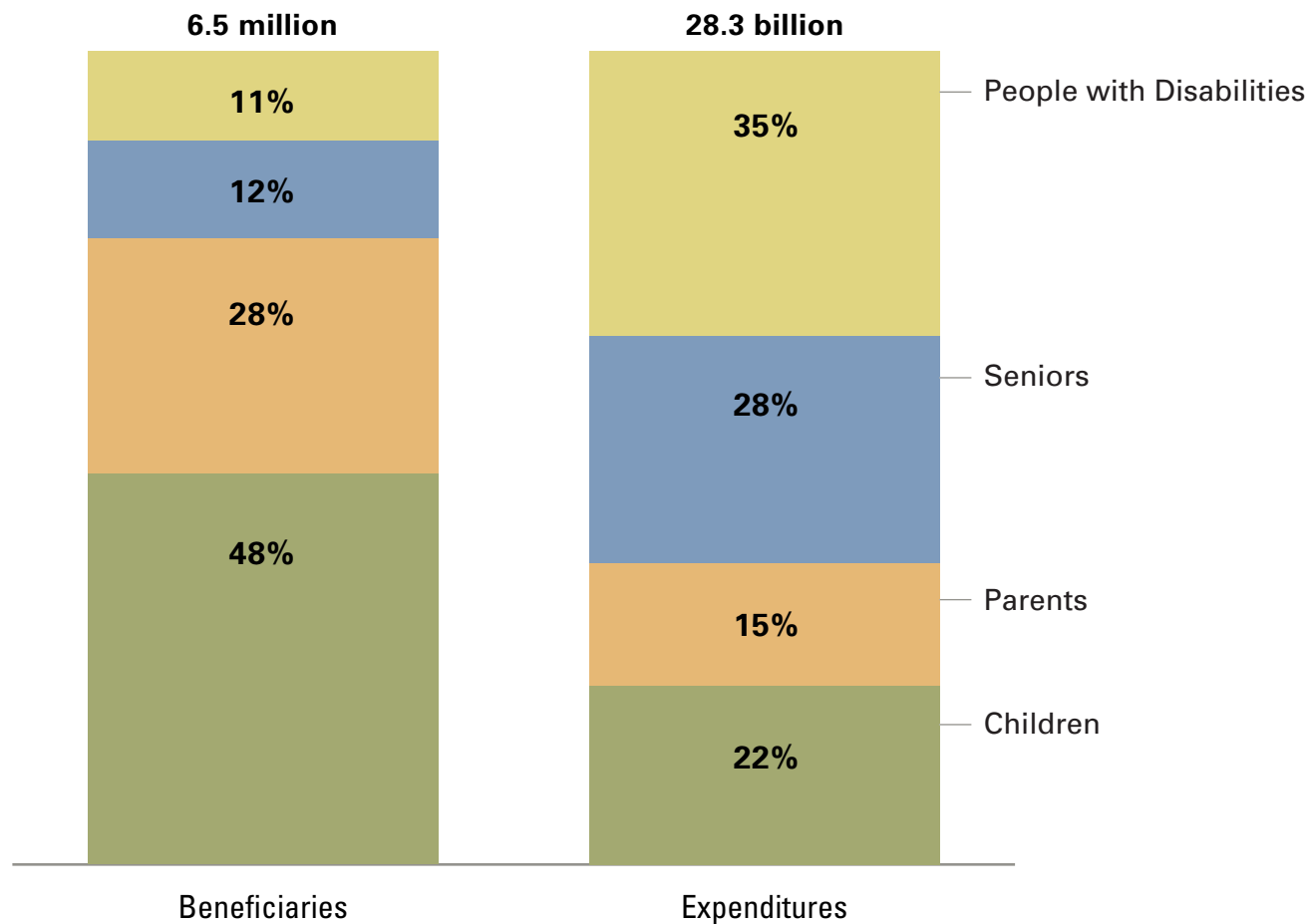
Hospitals account for the largest share of Medi-Cal payments, followed closely by pharmacies and health plan capitation payments.

*With the exception of capitation payments, all expenditures represent fee-for-service payments. Includes only claims data, e.g. excludes administrative expenses and DSH payments.

†Home and Community Based Services

Source: Medstat analysis of Medi-Cal MIS/DSS data August 2005 (updated through October 2005). Includes only claims data, e.g. excludes administrative expenses.

Beneficiaries and Cost

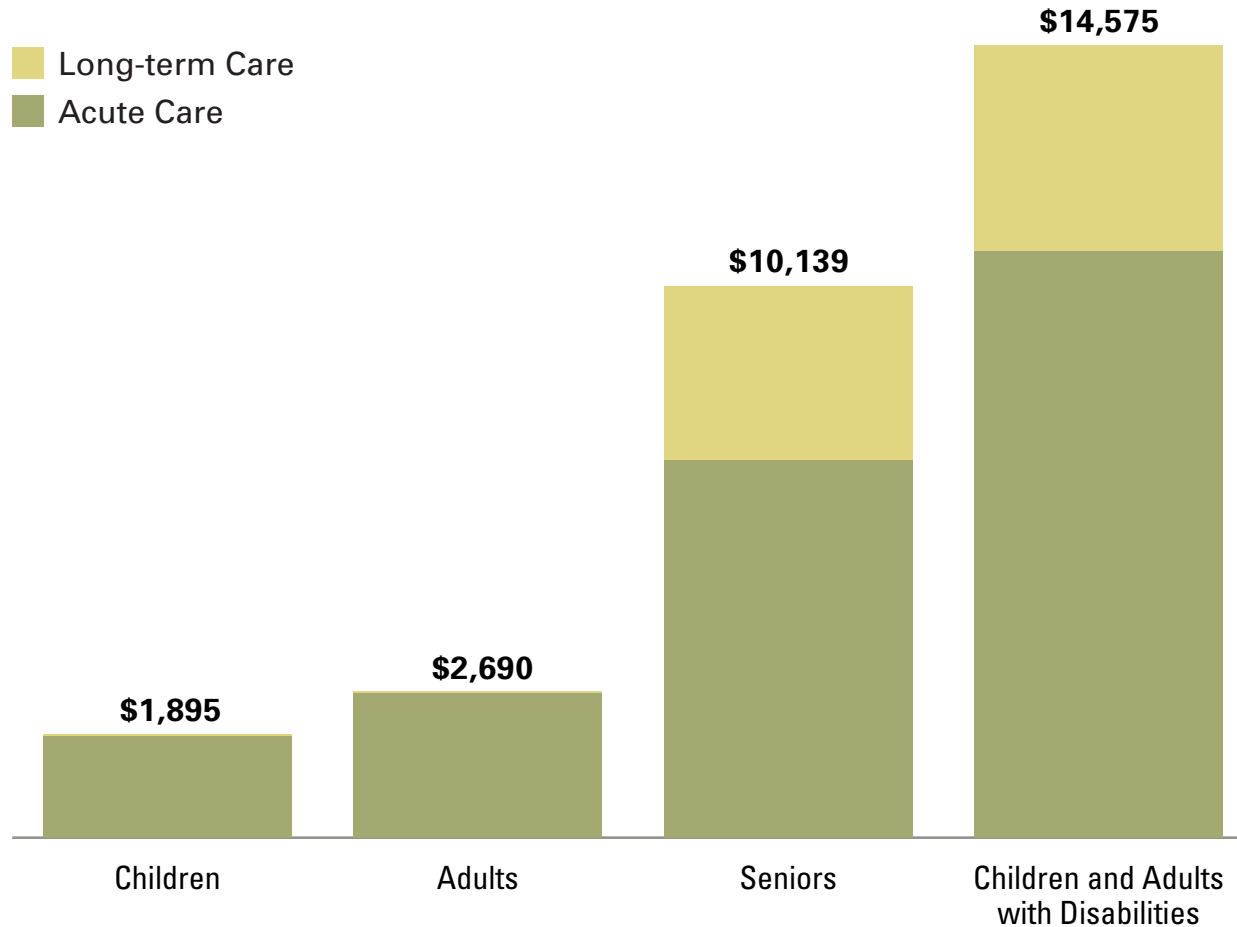


Medi-Cal Expenditures

Seniors and people with disabilities account for only 23 percent of beneficiaries, but 63 percent of expenditures.

Source: Medstat analysis of Medi-Cal MIS/DSS, updated through October 2005 (May 2005 data).

Annual Cost Per Beneficiary



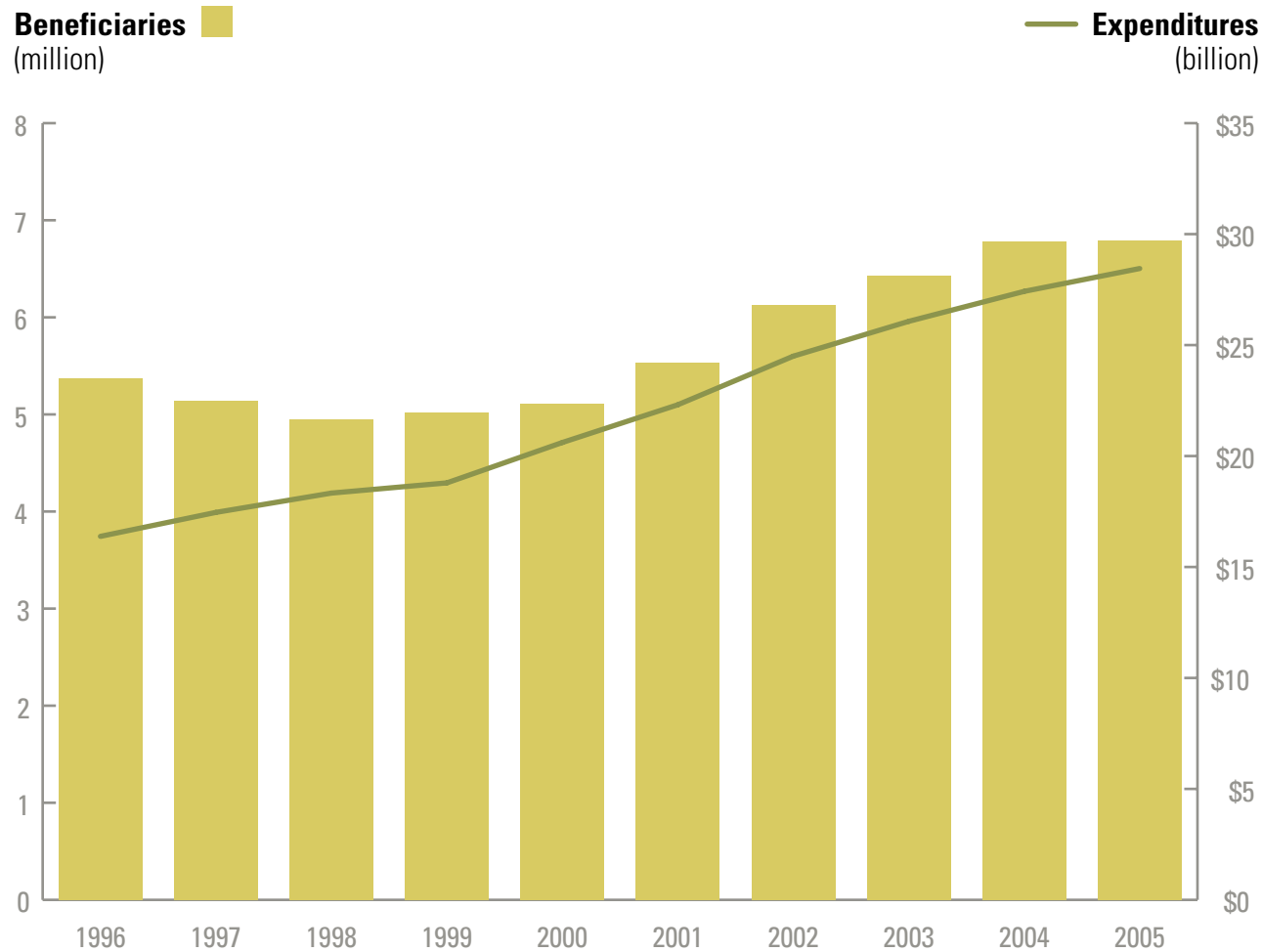
Note: Fee-for-service population only. Long-term care includes nursing facilities, intermediate care facilities, and home and community based services.

Source: Medstat analysis of Medi-Cal MIS/DSS, updated through October 2005 (August 2005 data).

Medi-Cal Expenditures

Due to intensive use of both acute and long-term care services, Medi-Cal expenditures are substantially greater for seniors and people with disabilities than for other beneficiaries.

Enrollment and Expenditure Trends



Notes: Includes claim expenditures only; administrative expenditures and DSH payments are excluded. Enrollment figures are based on the calendar year while the expenditure figures are based on the fiscal year.

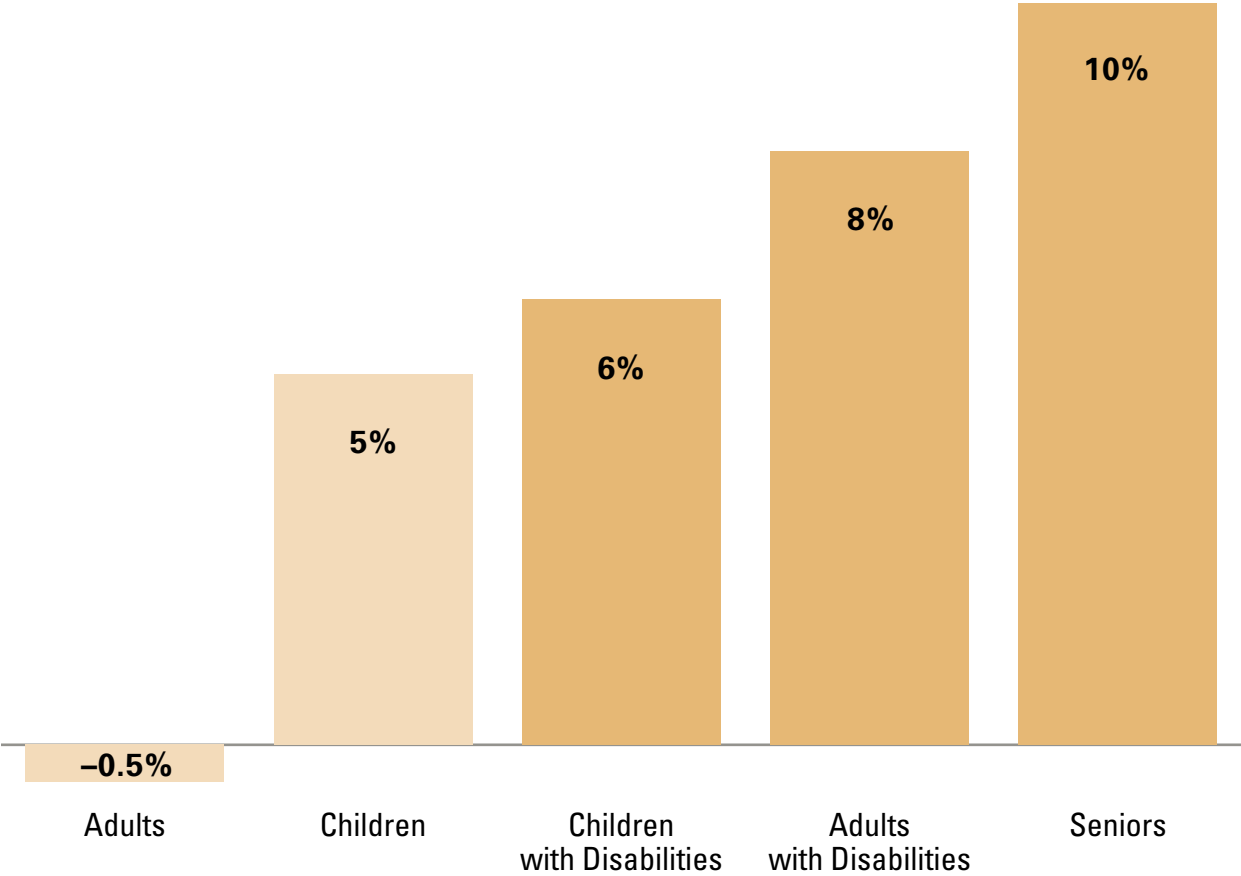
Source: DHS Medical Care Statistics Section (1996 to 2003) and Medstat analysis of Medi-Cal MIS/DSS data (2004 and 2005).

Medi-Cal Expenditures

Over the past decade, Medi-Cal expenditures increased by nearly 75 percent due to enrollment growth and rising costs per beneficiary.

Spending Trends

Average Annual Growth, 2000–2005



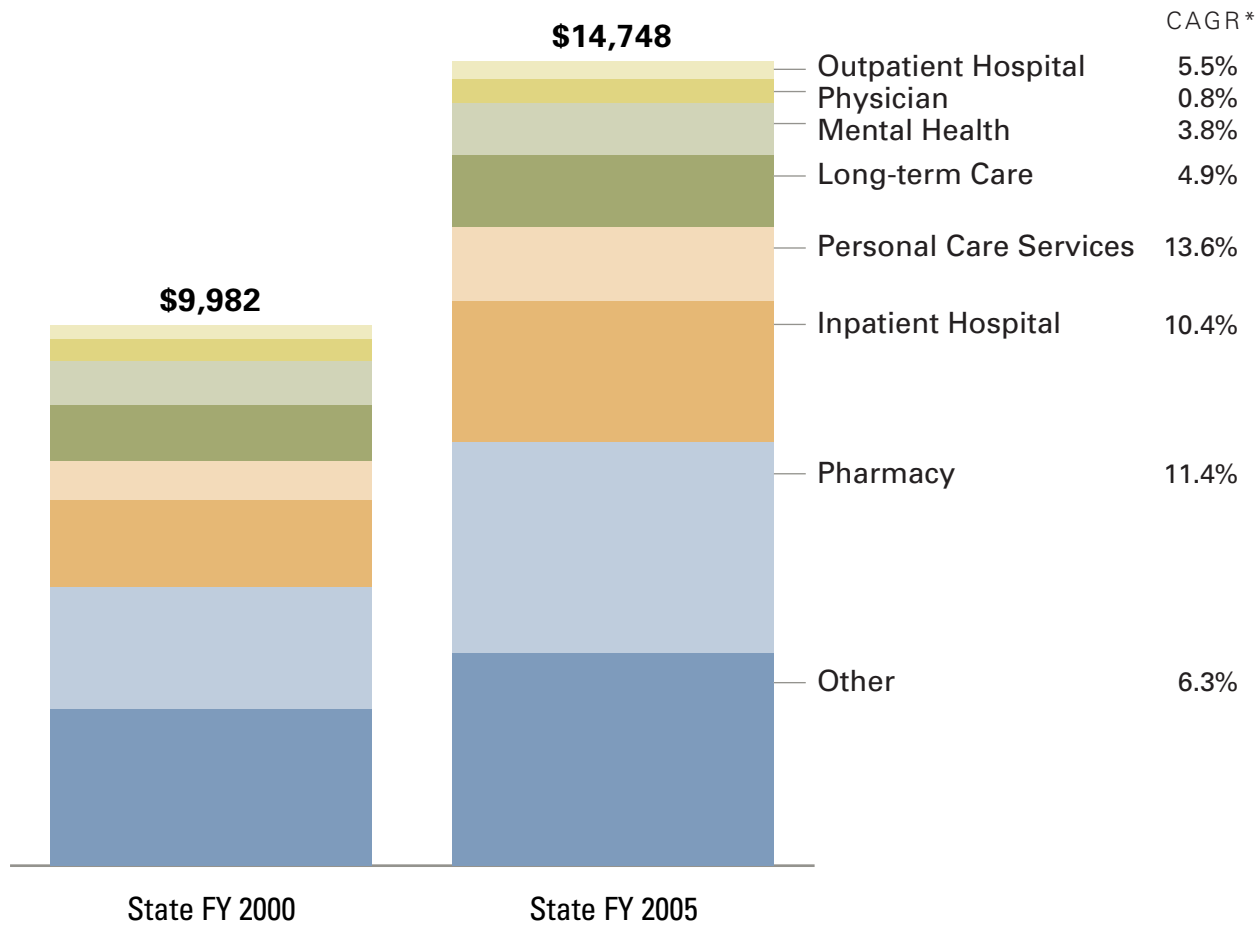
Medi-Cal Expenditures

The cost per person for seniors and persons with disabilities has increased the most rapidly since 2000.

Source: Medstat analysis of Medi-Cal MIS/DSS data, update through August, 2005. Based on analysis of fee-for-service population and payments in state fiscal years 1999–2000 and 2004–2005.

Spending Trends by Service

Adults with Disabilities



*Compound annual growth rate.

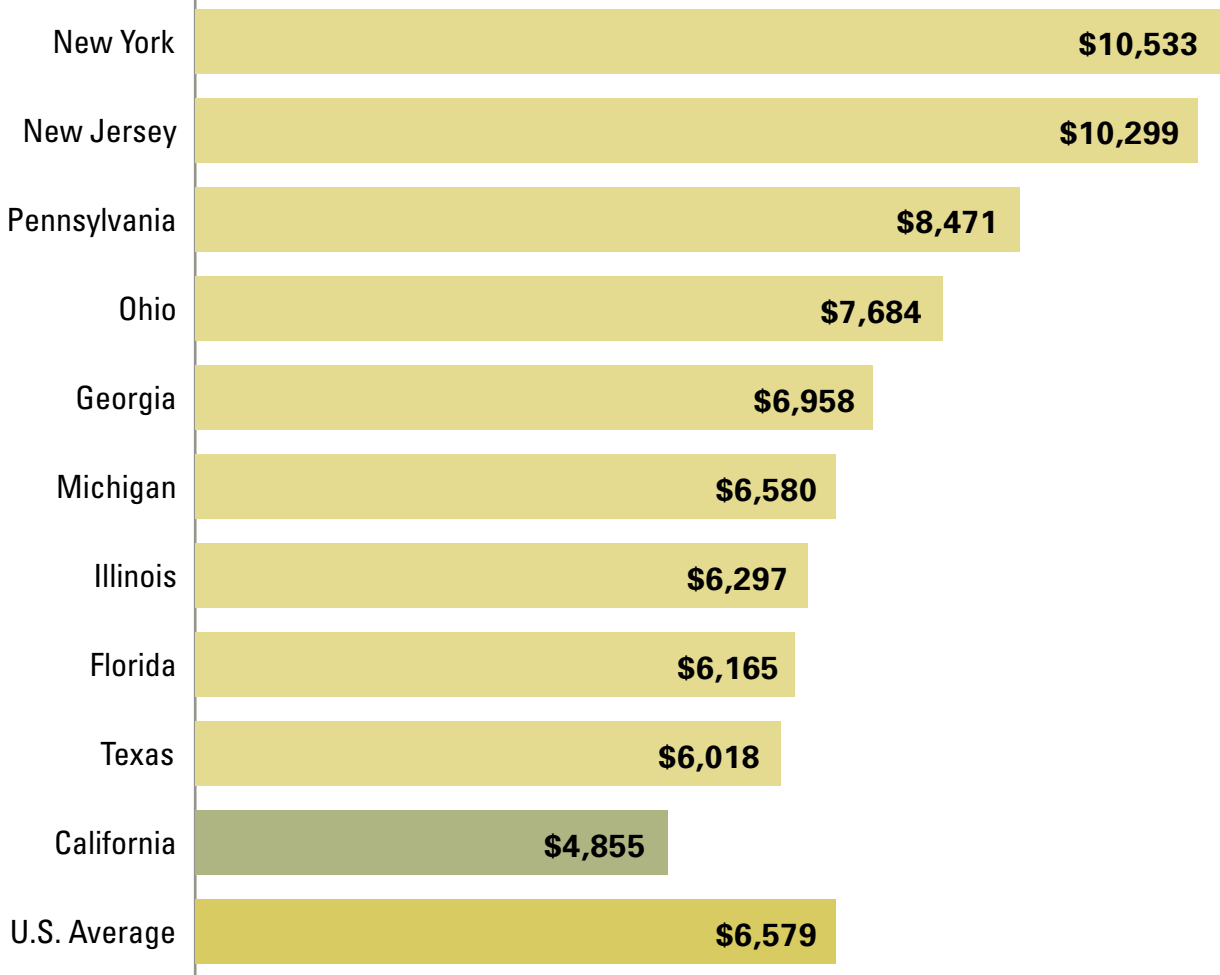
Source: Medstat analysis of Medi-Cal MIS/DSS, updated through October 2005 (August 2005 data). Fee-for-service only.

Medi-Cal Expenditures

Spending for personal care, drugs, and inpatient hospital services have each grown more than 10 percent annually.

State Spending

Average Per Beneficiary



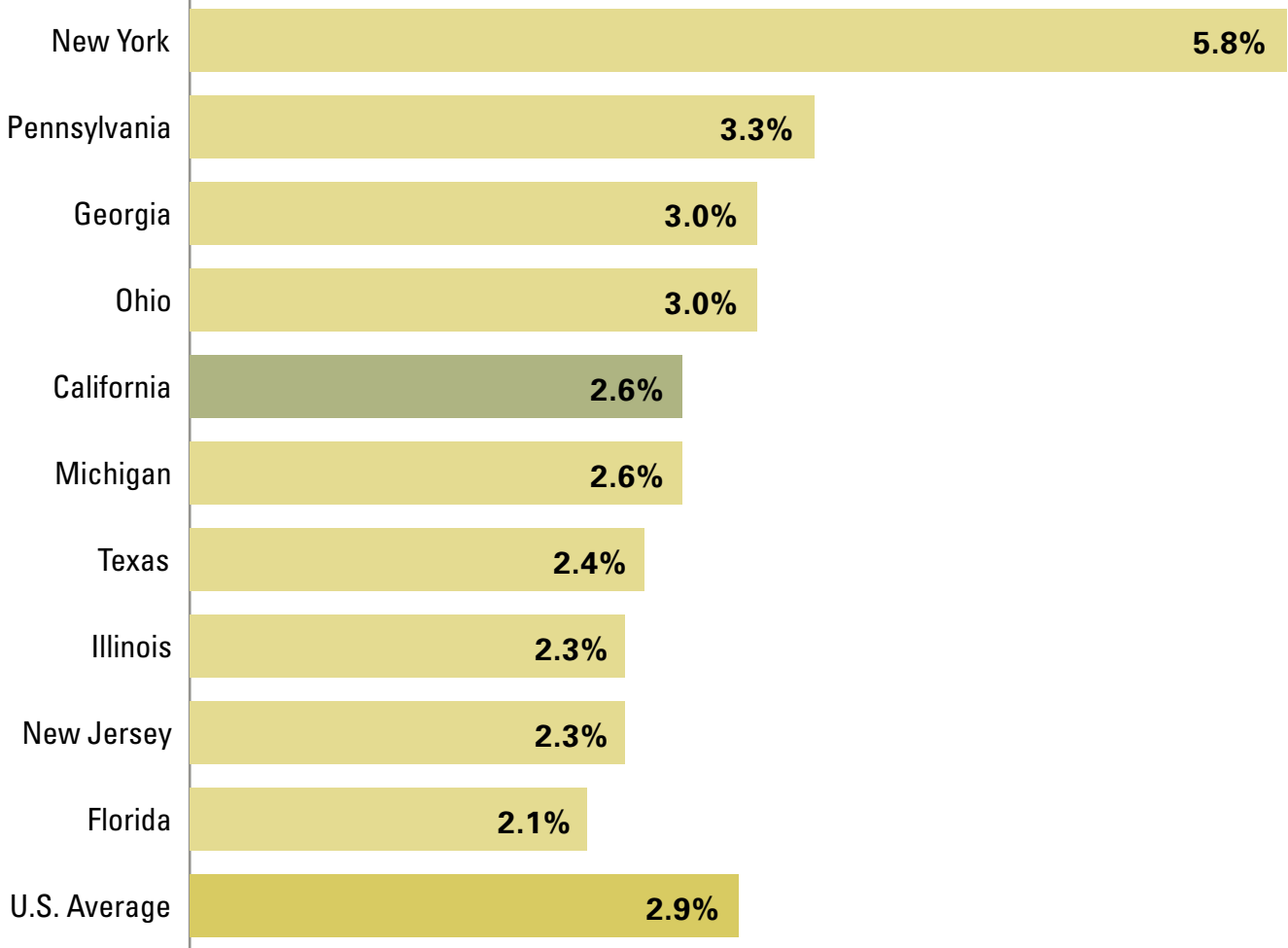
Medi-Cal Expenditures

California spends less per beneficiary than every other state due to a variety of factors, including low provider payment levels and its lower percentage of elderly and disabled beneficiaries.

Source: Kaiser State Health Facts. (Federal FY 2004 expenditures; June 2004 enrollment).

State Spending

Share of Personal Income



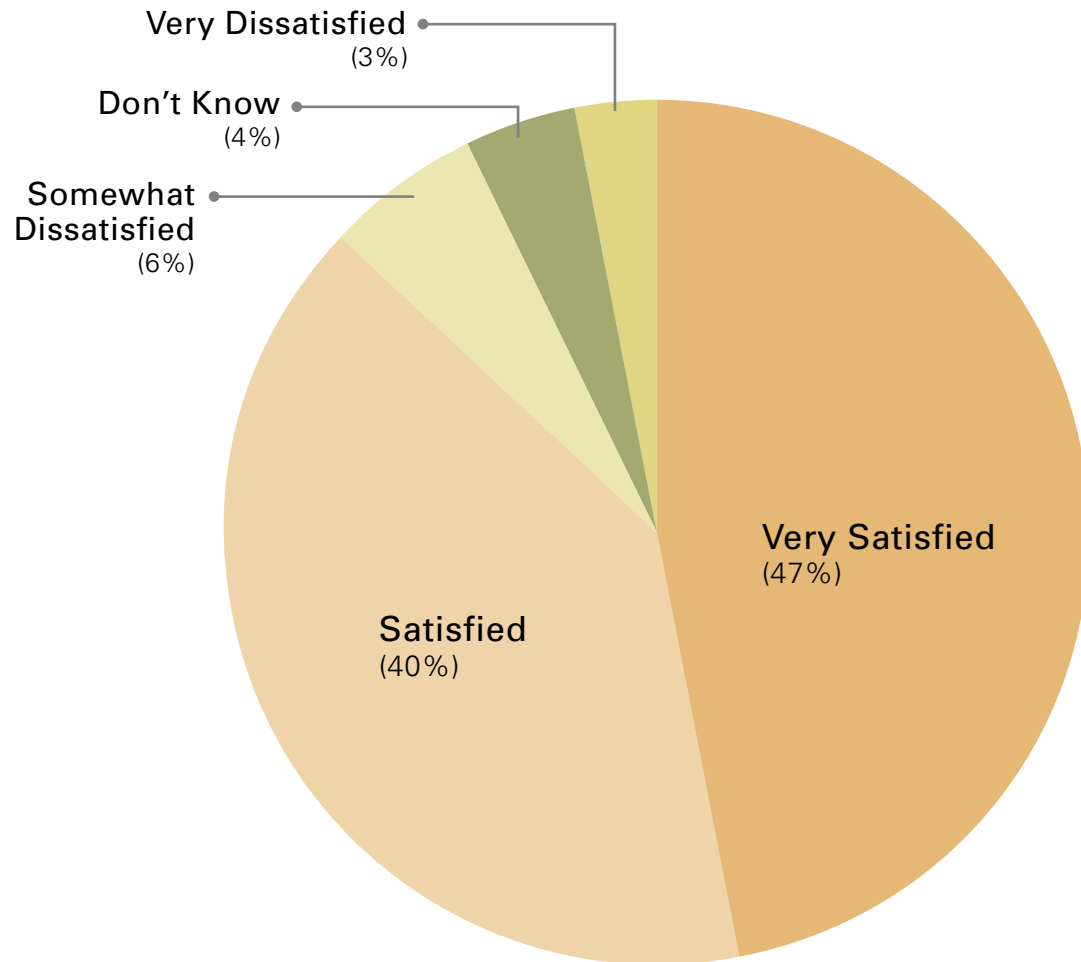
Note: Includes federal and state funds.
 Source: Medstat analysis of Medi-Cal MIS/DSS data through October 2005. Expenditures reflect fee-for-service payments only for state fiscal year 2004–05.

Medi-Cal Expenditures

California spends 2.6 percent of total personal income on Medi-Cal, comparable to many large states and slightly less than the national average.

Overall Program Experience

“Overall, how satisfied are you with Medi-Cal?”



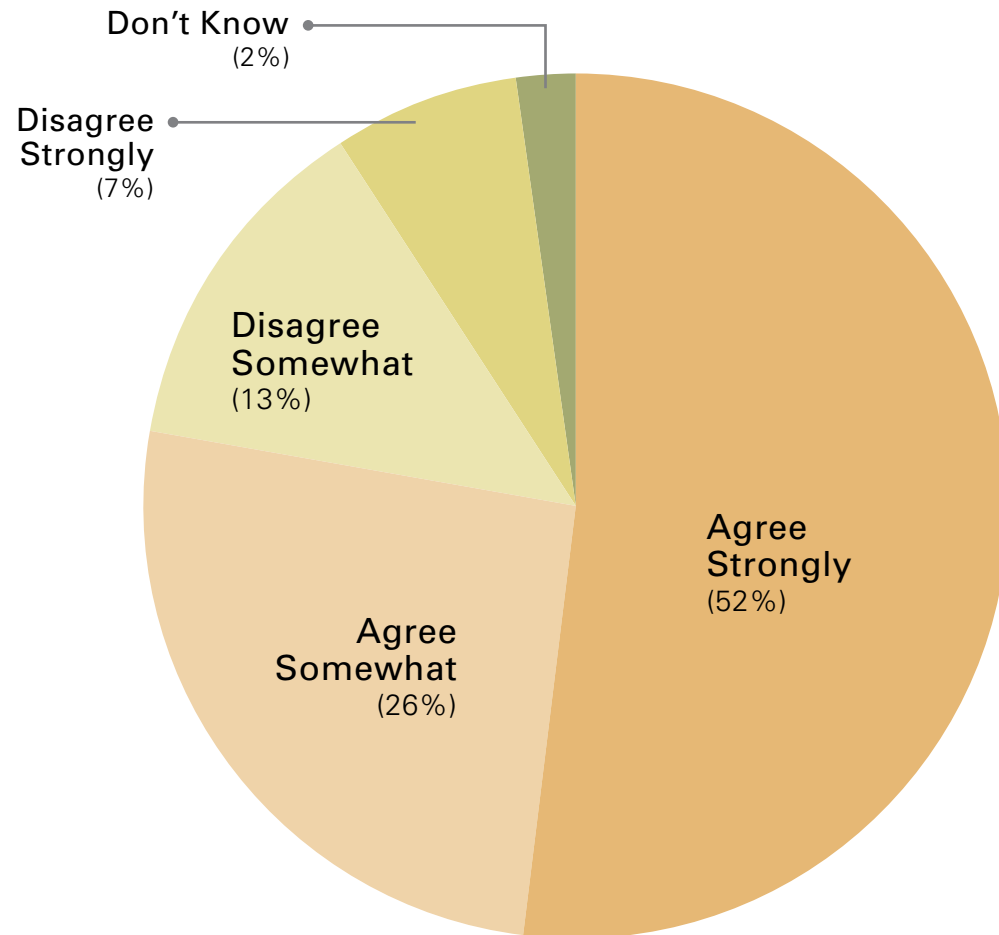
Source: Medi-Cal Policy Institute, *Medi-Cal Beneficiary Survey, 1999*.

Medi-Cal Beneficiary Experience

- Eighty-seven percent of Medi-Cal beneficiaries report that they are satisfied with the program.
- Satisfaction levels are comparable to employer-sponsored coverage.
- “Medi-Cal is worth the hassle because of what you get in return.”

Enrollment Process Experience

“Signing up for Medi-Cal requires too much paperwork.”



Source: Medi-Cal Policy Institute, *Medi-Cal Beneficiary Survey, 1999*.

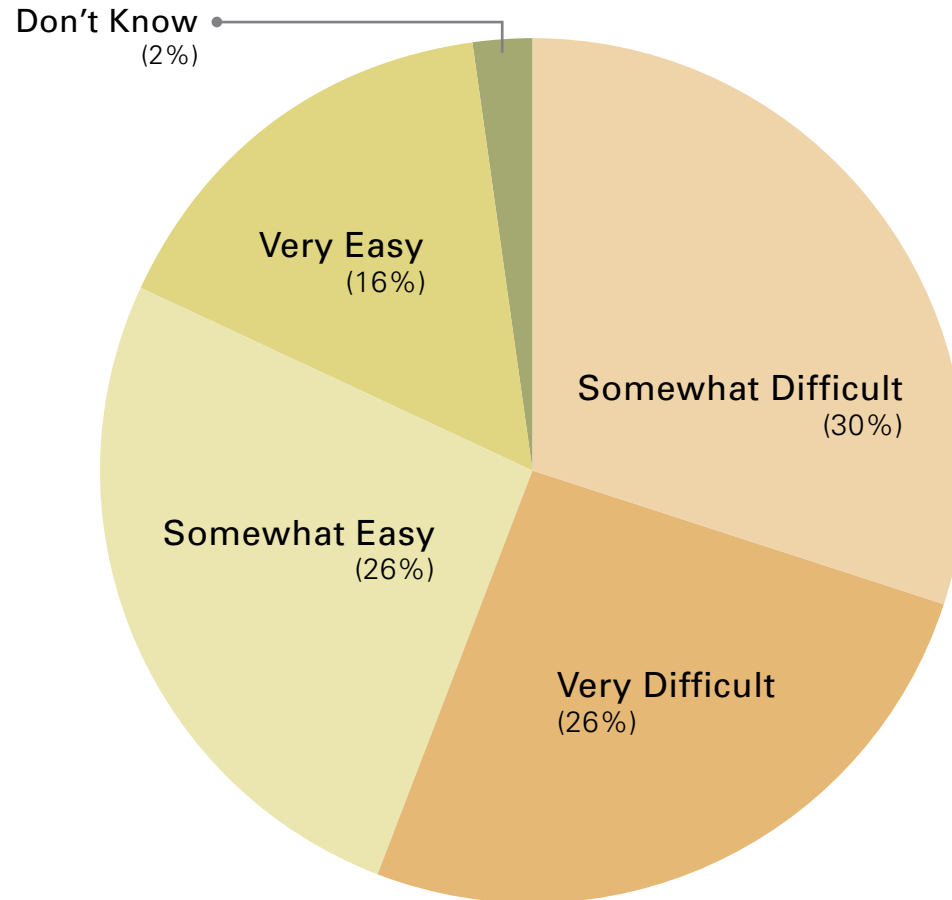
Medi-Cal Beneficiary Experience

There are barriers to enrollment, including:

- Complexity of application process
- Difficulty obtaining required documentation such as income verification
- Lack of knowledge about the program
- Stigma associated with Medi-Cal because of its historic links to welfare
- Fear that enrollment in Medi-Cal will adversely affect future opportunities for citizenship for immigrant families

Experience Locating a Doctor

“Finding a doctor nearby is...”



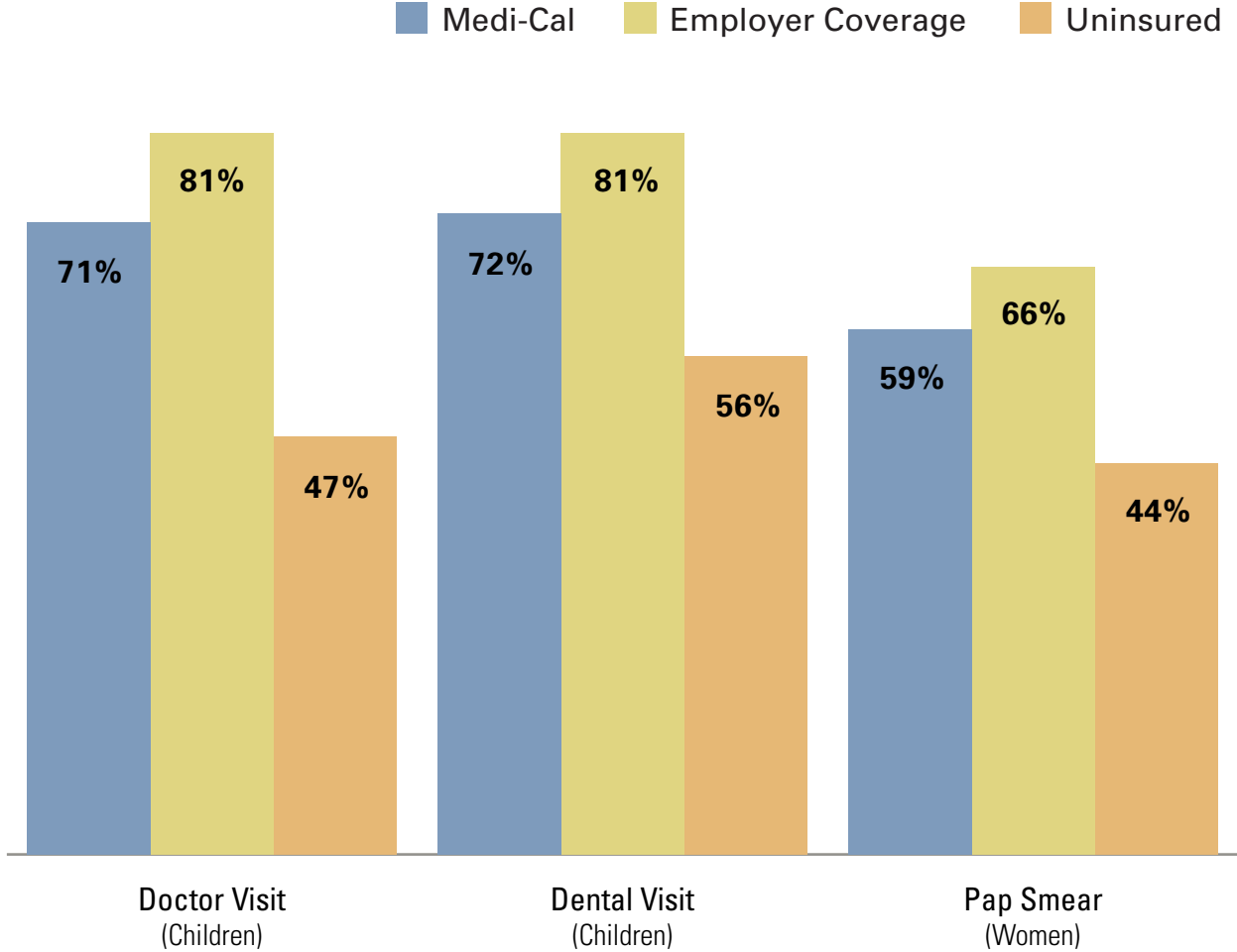
Source: Medi-Cal Policy Institute, *Medi-Cal Beneficiary Survey, 1999*.

Medi-Cal Beneficiary Experience

- More than half of beneficiaries reported some difficulty in finding a doctor.
- “Medi-Cal is good until you actually go and try to find a doctor. That’s the hardest part.”
- State and counties provide limited help in this area.

Access to Care Experience

Rates of Use for Primary Care Services



Source: Urban Institute, *National Survey of America's Families 2002*.

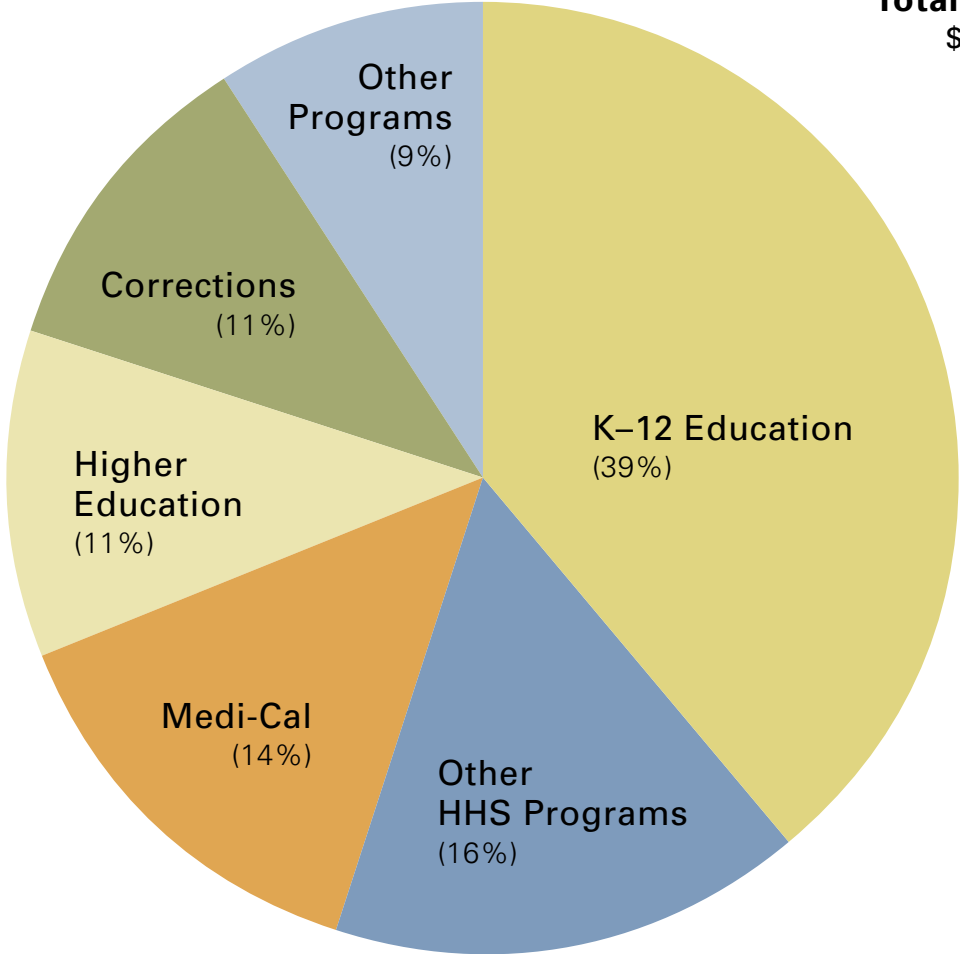
Medi-Cal Beneficiary Experience

Children and women enrolled in Medi-Cal report use rates for primary care services that are comparable to those for people enrolled in employer coverage and much greater than for those who are uninsured.

State Budget Distribution

State FY 2005–2006

Total Budget
\$90 billion

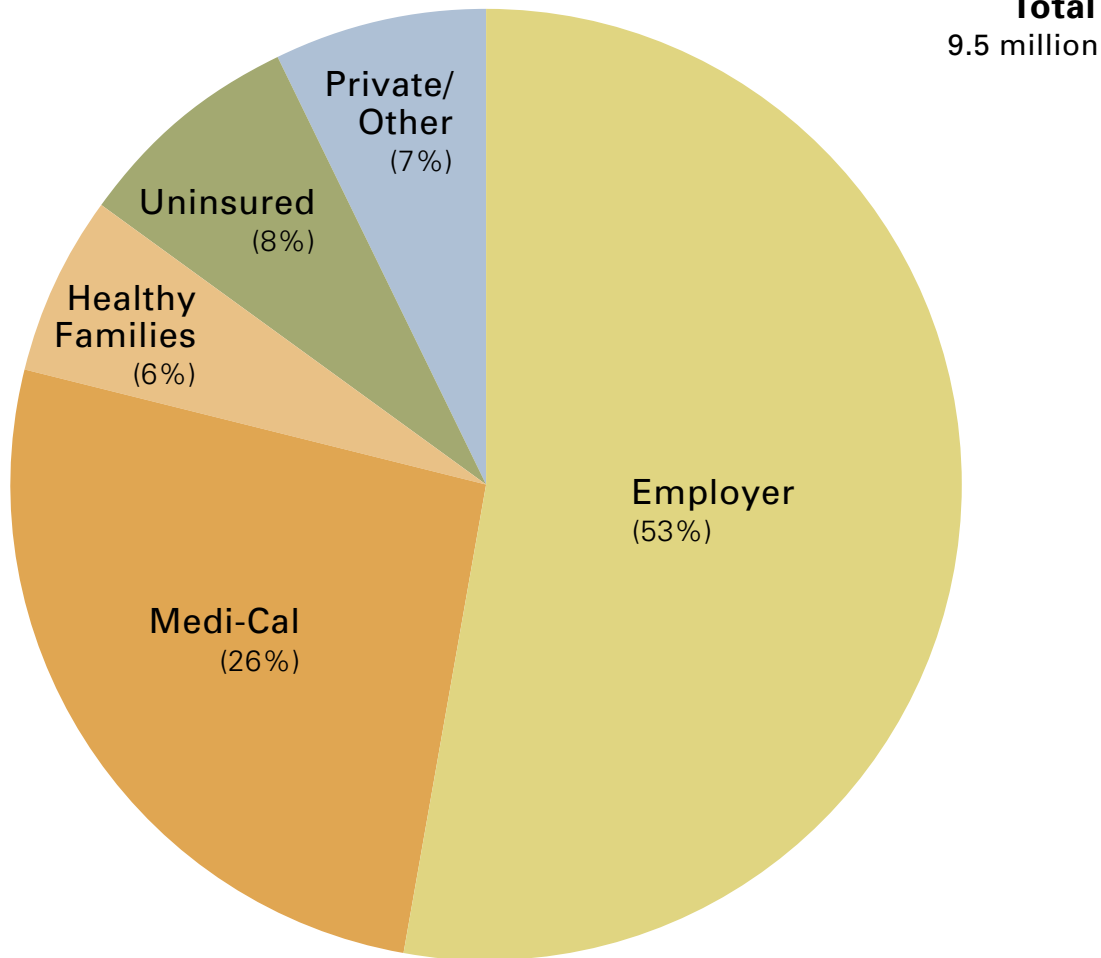


Medi-Cal Importance

- Medi-Cal accounts for the third largest share of the state’s General Fund behind primary education and all other health and human service programs combined.
- California generally receives one dollar from the federal government for every dollar that it spends on Medi-Cal.
- Medi-Cal expenditures are growing faster than other programs.

Source: Legislative Analyst’s Office 2005–2006 Budget Analysis (February 2005) www.lao.ca.gov/analysis_2005/Health_ss/hss_05_4260_anl05.htm.

Child Coverage



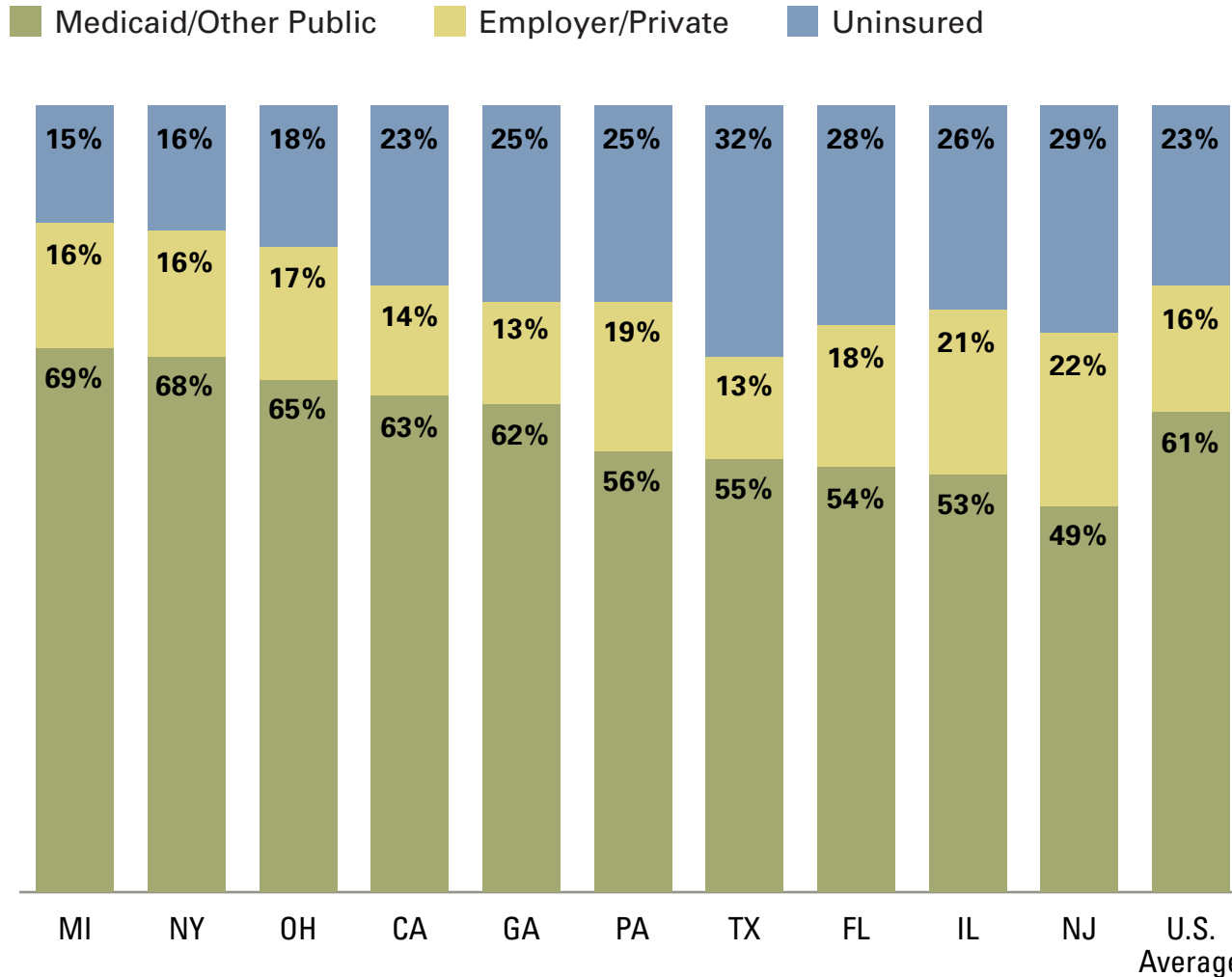
Note: Insurance status at time of survey. Includes children under age 18.

Source: *California Health Interview Survey* (2003 data).

Medi-Cal Importance

- Nearly one third of California's children are insured by Medi-Cal and Healthy Families.
- Among uninsured children, about one-half may be eligible for Medi-Cal or Healthy Families.

Low-Income Child Coverage



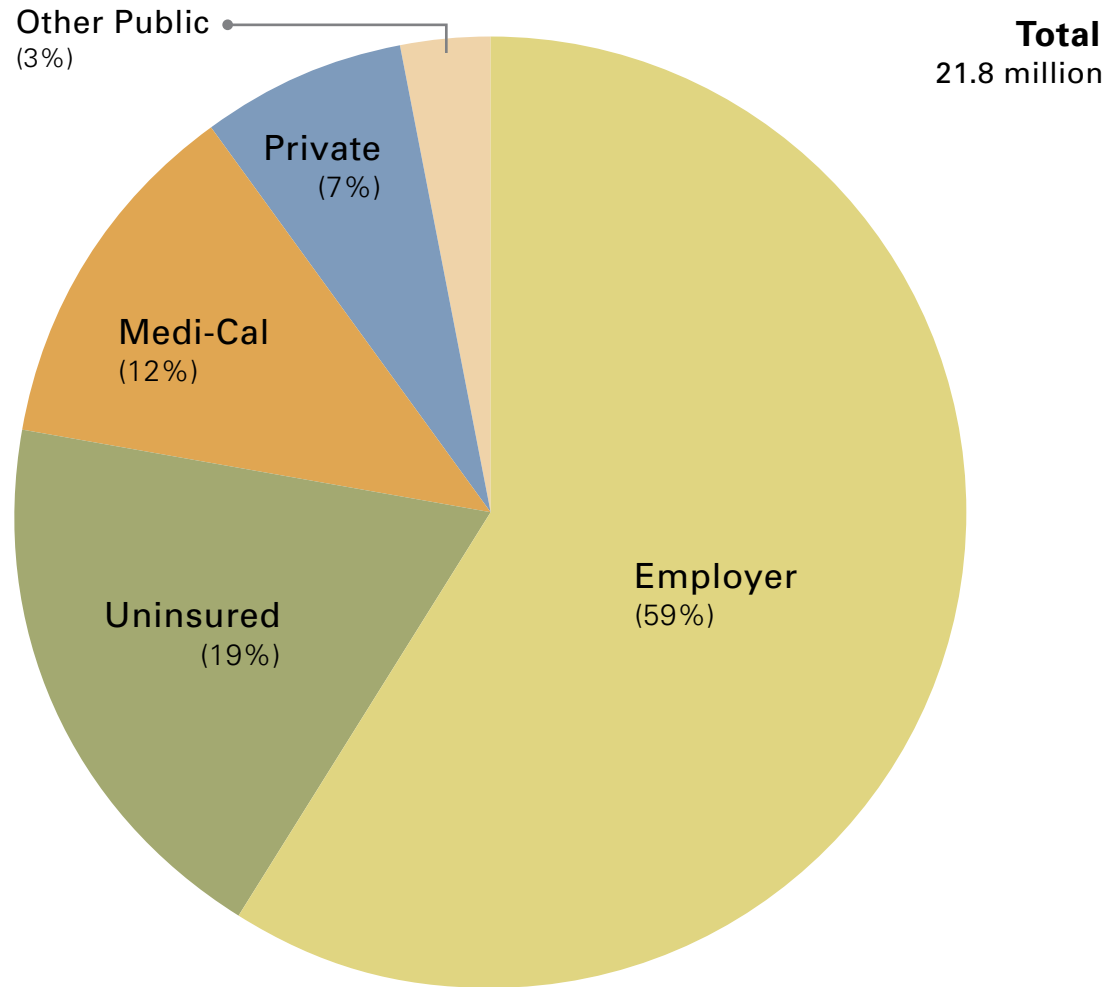
Medi-Cal Importance

Compared to the national average, California has a lower rate of employer/private coverage for children, which is offset by a higher rate of coverage through Medi-Cal and other public sources.

Note: Children ages 0–18 living in poverty (incomes below 100 percent FPL).

Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured. Estimates based on the U.S. Census Bureau and Current Population Surveys (March 2004 and 2005).

Non-Elderly Adult Coverage



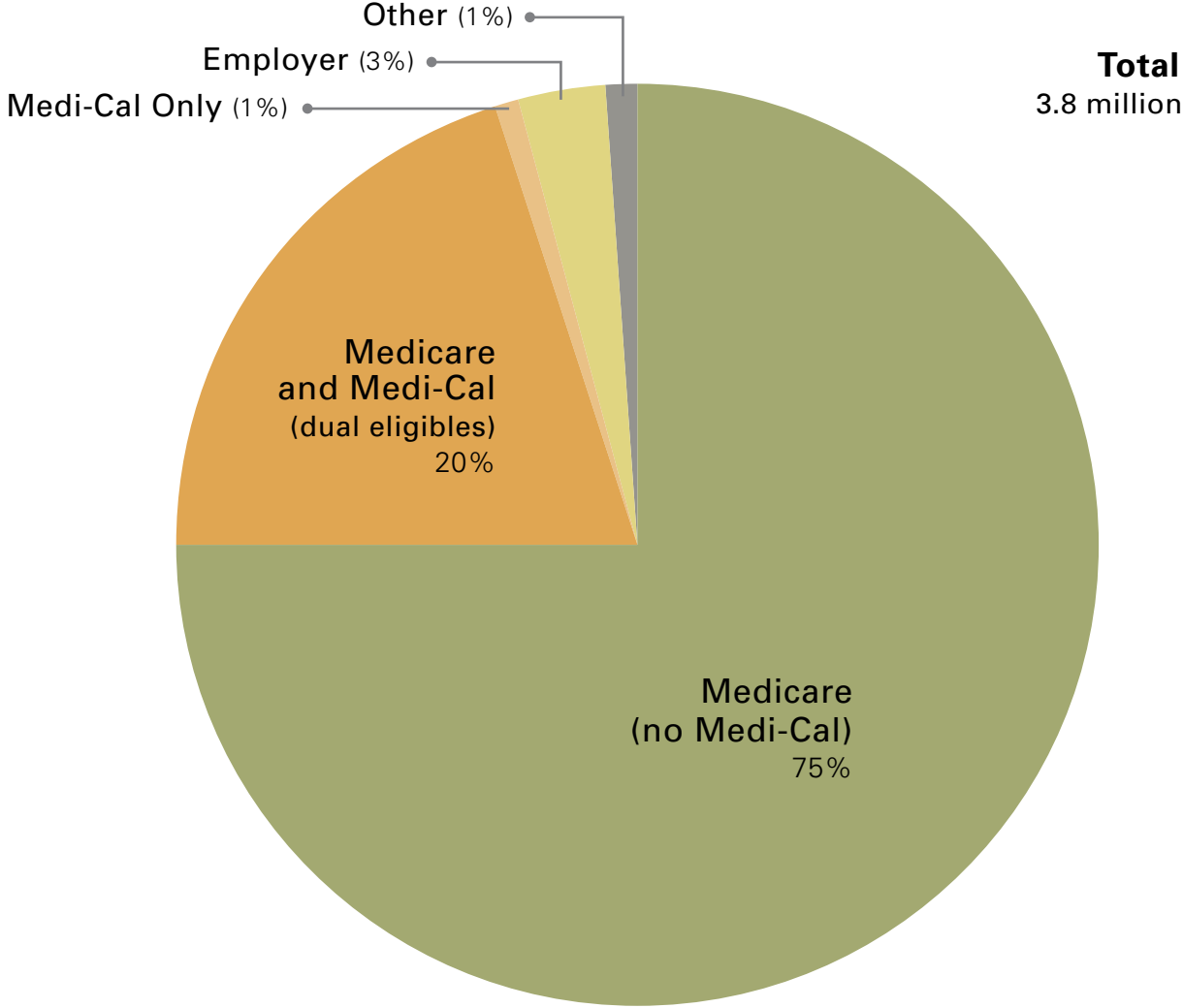
Note: Non-elderly includes ages 18 to 64. Insurance status at time of survey.

Source: *California Health Interview Survey* (2003 data).

Medi-Cal Importance

About one in eight adults
in California under age 65
is covered by Medi-Cal.

Elderly Coverage

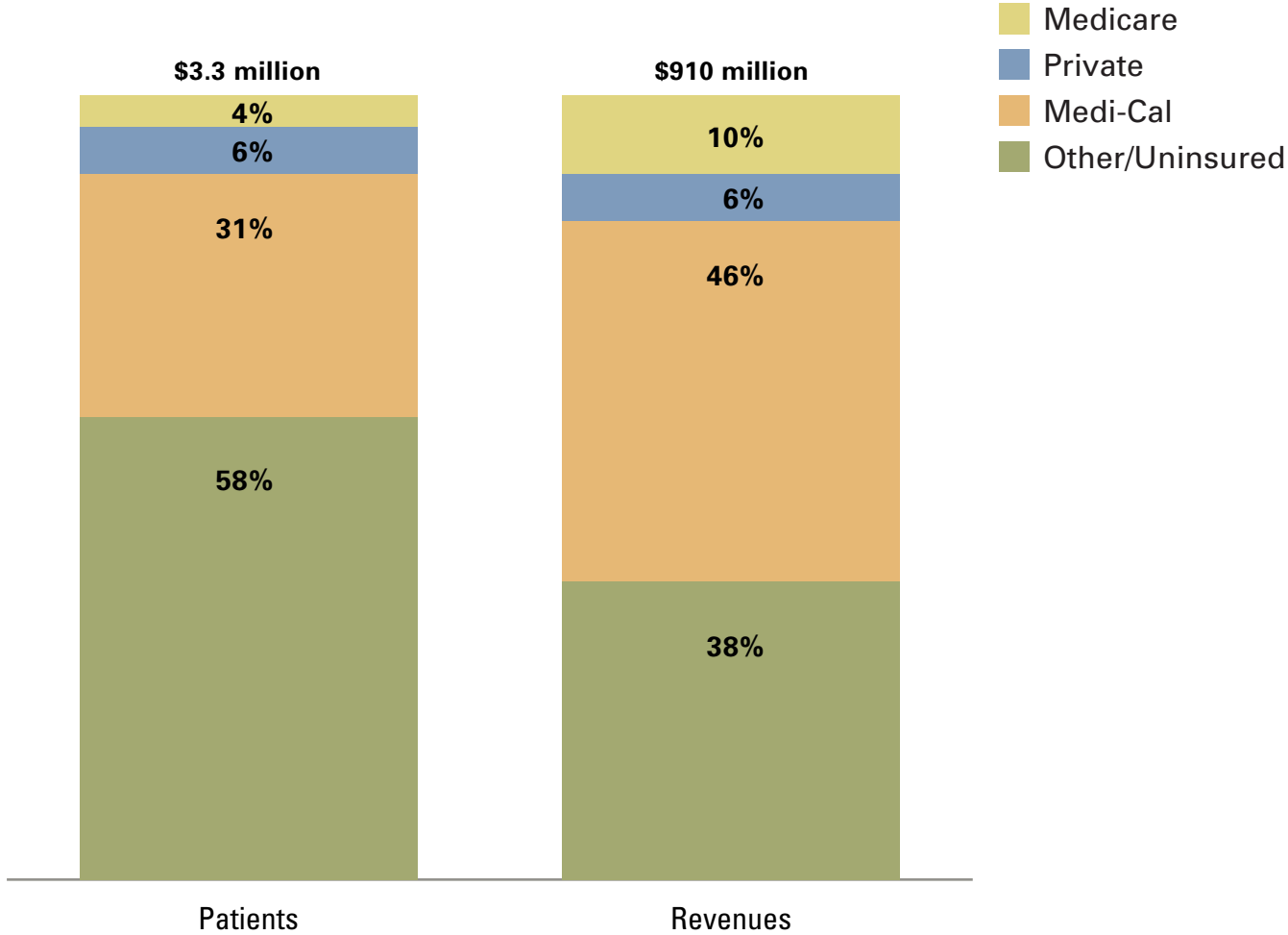


Medi-Cal Importance

Medi-Cal provides coverage to one in five seniors in California.

Notes: Elderly includes ages 65 and older. "Other" includes other public, private and uninsured. Insurance status at time of survey.
Source: California Health Interview Survey (2003 data).

Community Health Centers



Medi-Cal Importance

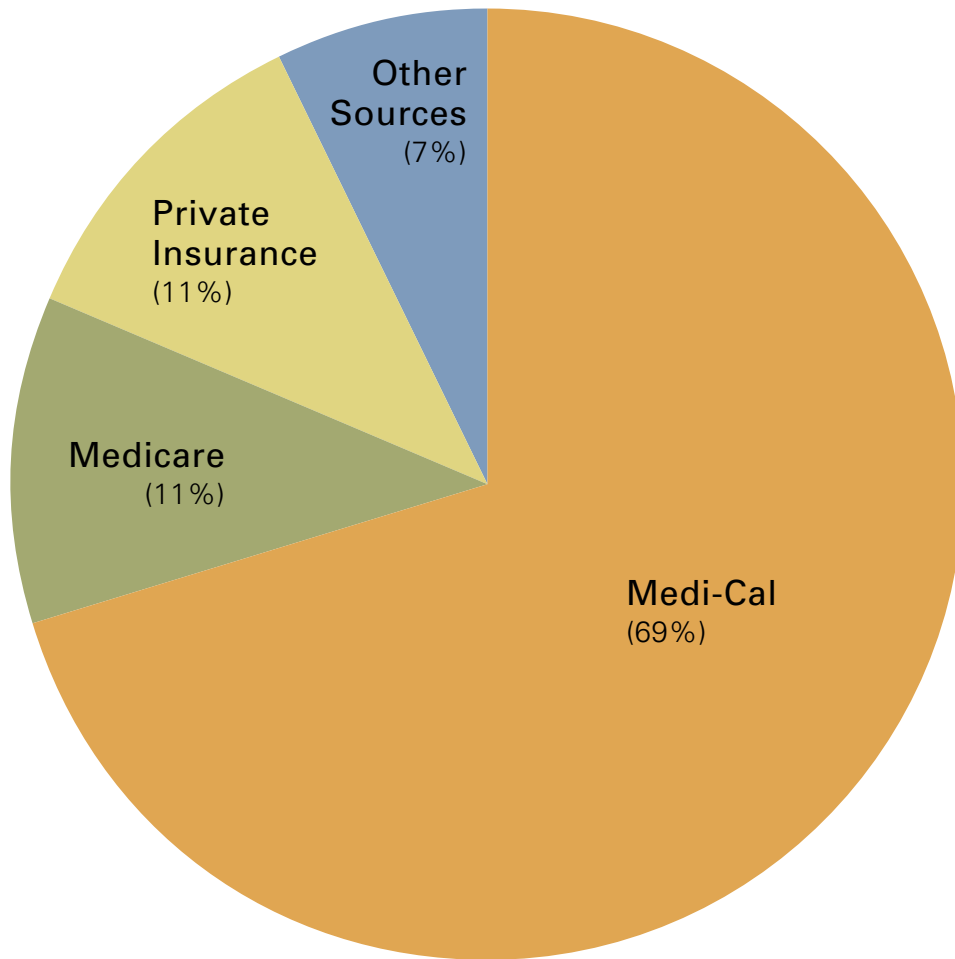
Medi-Cal accounts for one-third of patients and nearly one-half of revenues at community health centers in California.

Percentages don't add up to 100 percent due to rounding.

Source: California Office of Statewide Health Planning and Development, Medstat analysis of 2003 Community and Free Clinic data. Revenues shown are net revenues from all sources. "Other/Uninsured" includes Healthy Families, CHDP, FPACT, county medically indigent programs, and all others.

Public Hospitals

Total Net Patient Revenue
\$4.1 billion



Medi-Cal Importance

- Medi-Cal accounts for 69 percent of net revenue at California's public hospitals.
- Public and some non-profit hospitals receive supplemental payments to reimburse them for treating Medi-Cal patients and the uninsured.

Note: Net patient revenue includes transfer of disproportionate share hospital (DSH) payments out of the hospitals (total net revenue is \$5.4 billion excluding DSH transfers out of the hospital). Percentages don't add up to 100 percent due to rounding.

Source: California Office of Statewide Health Planning and Development; Legislative Analyst Office, Analysis of the 2005-2006 Budget Bill.

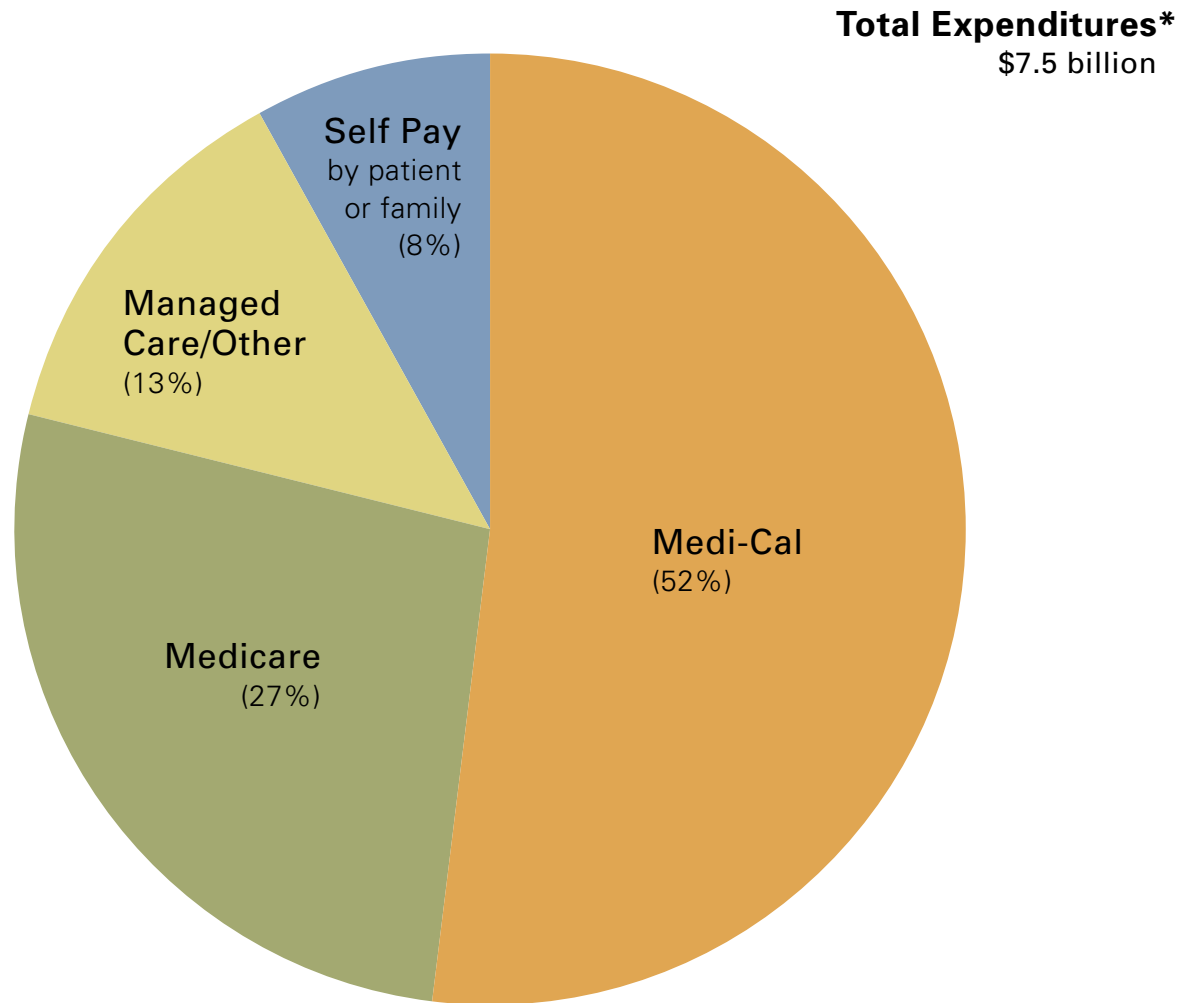
Supplemental Hospital Payments

- Medi-Cal pays additional (or supplemental) reimbursement to safety-net hospitals that care for a disproportionate share of Medi-Cal and uninsured patients.
- In September 2005, California negotiated a new 5-year waiver agreement with the federal government on financing safety-net hospitals, which affects both the total amount and distribution of supplemental funding across public and private hospitals.
- The sources of supplemental funds include:
 - For public hospitals, from the state's fixed allotment of federal DSH funding, as well as a fixed amount of federal funds through a new Safety Net Care Pool. Counties and public hospitals provide the state's share of funding for these supplemental payments through a combination of Certified Public Expenditures (CPE) and limited Intergovernmental Transfers (IGT).
 - For private hospitals, from DSH-replacement dollars and other supplemental payments. The non-federal match will likely come from the state General Fund.

Medi-Cal Importance

Major changes were made to hospital financing for the uninsured in 2005.

Nursing Facilities



*In 2003, the California nursing home population was comprised of 205 hospital-based and 1,202 freestanding (non-hospital-based) homes.

Source: Janis O'Meara and Charlene Harrington, University of California, San Francisco. Calculations provided using Office of Statewide Planning and Development, 2004; long-term care annual financial data, January 1, 2002 to December 31, 2002 and hospital financial data, June 30, 2002 to June 29, 2004.

Medi-Cal Importance

Medi-Cal paid more than half of the cost of care in California's freestanding nursing facilities in 2003. Medicare will only pay for approved short-term care up to 100 days. After Medicare and private insurance benefits are used, individuals and their families must pay for nursing home care out of pocket. Once individuals spend their income and assets, they may become eligible for Medi-Cal.

State Policy Options to Limit Medicaid Expenditures

- Improve efficiency
- Reduce provider fraud and abuse
- Reduce enrollment in the program
- Reduce spending on benefits and services
- Reduce payments to providers and suppliers

Important Challenges in Medi-Cal's Future

- Make better use of technology to simplify the enrollment process
- Sustain enrollment gains of the past decade while also controlling Medi-Cal spending
- Monitor the impact of the Hospital Financing Waiver and the Medicare Drug Benefit
- Maintain adequate provider participation to ensure access to care
- Provide appropriate community-based long-term care per the *Olmstead* decision.
- Measure and monitor the effectiveness of the fee-for-service and managed-care delivery systems
- Respond to policy changes at federal level

Acknowledgment

Much of the information and data for this presentation was provided by Robert Joy and Lisa Maiuro of Medstat/Thomson, and their colleagues Asha Gilson, Dean Scourtes, Paul Schneider, and Suzanne Snyder, and by Peter Harbage. Medstat provides market intelligence, decision support solutions, and research services for managing healthcare costs and quality, and currently provides the Management Information System and Decision Support System (MIS/DSS) for the Department of Health Services. Harbage, a former assistant secretary with the California Health and Human Services Agency, is an independent consultant based in Sacramento, California.

Medi-Cal Appendix

GIVE US YOUR FEEDBACK

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