



**LEGISLATION & PUBLIC
INFORMATION UNIT**

1029 J Street, Suite 150
Sacramento, CA 95814

Tel: (916) 497-0331

TTY: (916) 497-0835

Fax: (916) 497-0813

www.disabilityrightscalifornia.org

California's protection and advocacy system

**Disability Rights California Comments on FY 2010-11 State Budget
Medi-Cal and Healthy Families Program Proposals *
January 25, 2010**

The Governor's budget proposes deep and harmful cuts to the Medi-Cal and Healthy Families programs, which many low-income Californians with disabilities depend on as their only source of healthcare. These cuts come at a time when California's safety net programs have already been decimated as a result of last year's budget cuts. If enacted, the cuts will make it more difficult, if not impossible, for people with disabilities to live independent and productive lives in their communities. While we understand that there is an ongoing fiscal crisis in the state, the budget deficit cannot be solved with additional reductions. We urge the Legislature to consider the severe cuts that have already been enacted, and look to increased revenues as a budget solution and to sustain these vital programs.

Background:

Many of the proposed cuts hinge on the ability of the Governor to convince the federal government to increase the permanent federal matching funds rate by 7%, from 50% to 57%. This would be in addition to the temporary 11.59% increase that is already in effect. The Governor calculates that this would save the state an additional \$1.8 billion.

In the event the State is not able to secure the federal funds, the Governor's budget has a secondary list of proposals, "trigger cuts", which would be even more devastating to people with low income and people with disabilities.

· For further information contact: Brandon Tartaglia (916-497-0331).

The Governor proposes the reductions listed below whether or not the federal government agrees to increase federal matching funds to 57% - they are not “trigger cuts.”

Medi-Cal Cuts: Oppose

The Governor proposes to cut \$750 million out of Medi-Cal services by limiting services, increasing copayments and premiums, as well as other unspecified changes. Any cuts to services or increases in copayments would deny many seniors and people with disabilities access to *any* healthcare program, and may put Medi-Cal out of their financial reach. Inevitably, this results in declines in overall health, an increase in costly emergency room visits and, people being forced into institutions because they have no other means to access healthcare services.

He proposes to cut \$55 million by delaying payments to institutional providers. This proposal may create a lack of access to care, as hospitals will be required to care for more people with fewer dollars. With people losing eligibility for Medi-Cal, and people losing private health coverage through job loss, there will already be more people lining up for help at hospital emergency rooms. The brunt of this economic squeeze will fall on chronically underfunded county hospitals and county services and on rural communities, which already have few options for hospital services, negatively affecting the availability of services to the people who need them.

The Governor’s budget proposes savings of \$26.4 million through increased anti-fraud efforts. Reducing fraud is a valid endeavor, as long as procedures are designed to legitimately target fraud, and make no assumptions that fraud is occurring. Procedures should not place undue burdens on Medi-Cal recipients, and should not create hurdles for people that have a legitimate need for services.

Immigrant Healthcare Cuts: Oppose

The Governor’s budget proposes to eliminate full-scope Medi-Cal benefits for adult newly qualified immigrants (legal immigrants that have been

residing in the United States for less than five years), and those who are Permanently Residing in the United States Under Color of Law (PRUCOL), immigrants who are not citizens, but remain in the U.S. indefinitely with government permission. According to the Department of Health Care Services, this would affect nearly 49,000 newly qualified immigrants and about 17,000 PRUCOLs. Denying Medi-Cal to a large portion of the low-income population would cause additional suffering to individuals who critically need these services, put additional pressure on the already-strapped county health care system.

Healthy Families Cuts: Oppose

The Governor proposes to reduce Healthy Families program eligibility from 250 percent to 200 percent of the federal poverty level. This is a decrease of \$10.5 million in 2009-10 and \$63.9 million in 2010-11.

He proposes to reduce Healthy Families program benefits and increase premiums by eliminating vision coverage and increasing monthly premiums in families with incomes from 151 percent to 200 percent of the federal poverty level by an additional \$14 per child or \$42 maximum increase per family with three or more children. Current premiums are \$16 per child or \$48 maximum per family.

The Healthy Families program is important to many children who have disabilities. The program provides much needed healthcare services to children do not qualify for Medi-Cal but cannot otherwise afford to buy health care coverage.

Trigger Cuts

The Governor proposes these “trigger cuts” if the federal matching rate for Medi-Cal is not increased to 57%, and other federal funding increases are not forthcoming by July 15, 2010:

Medi-Cal Trigger Cuts: Oppose

The Governor proposes to eliminate all remaining state funding for Medi-Cal county mental health services and use Mental Health Services Act (Proposition 63) funds to replace general fund dollars. The proposal would

require a vote of the people to amend the Proposition 63 nonsupplantation requirement. Counties would be required to continue to provide mandated services while state financial support dwindles. The counties' budget constraints would undoubtedly lead to service cuts and poor quality care.

The Governor's plan would reduce Medi-Cal eligibility to the minimum allowed under current federal law. This would result in elimination of the following programs for people with low incomes who do not qualify for no-cost Medi-Cal:

- The Medically Needy (MN) program, which provides healthcare coverage to low-income individuals who have a disability and are under 65.
- The Medically Indigent (MI) program, which provides low-cost healthcare to former foster youth, nursing facility residents between the ages of 25 and 65, and pregnant women under the age of 25; and
- The 250% Working Disabled program, which provides affordable healthcare coverage to working individuals with a disability.

If eliminated, individuals who depend on these programs may find it impossible to work and afford their healthcare expenses at the same time. These cuts would discourage people with disabilities from working, leading to higher unemployment and more reliance on public services.

The plan would eliminate most Medi-Cal "optional" services. Optional services are services that the state provides under Medi-cal that are not required under federal law. These services include medical supplies such as diabetic test strips, prosthetic limbs, orthotics, wheelchairs and other durable medical equipment, hearing aids and other benefits.

Elimination of these Medi-Cal benefits would mean that seniors and people with disabilities would have to pay for them on their own, go without, or be forced in to institutional settings to receive necessary treatment. In some cases, such as the elimination of diabetes testing strips, individuals would not be able to monitor their blood levels properly and will use emergency room services in times of crisis. Elimination of durable medical equipment coverage would have a devastating impact on individuals who depend on it

to be able to live, work, and contribute to their communities.

Healthy Families Trigger Cuts: Oppose

The Governor's budget under the "trigger proposal" would completely eliminate the Healthy Families program. This safety net program is imperative for low-income families to keep their children, including children with disabilities, healthy. This proposal would keep children from receiving regular preventative care and result in greater instances of emergency room use and more frequent hospital stays.