



HEALTH ACCESS

California's Health Consumer Advocacy Coalition

"Governor Newsom's Health Care Budget!"

Nancy M. Gomez

Senior Consumer Advocate/Community Organizer

ngomez@health-access.org

Maternal and Child Health Access Monthly Meeting

January 17, 2019

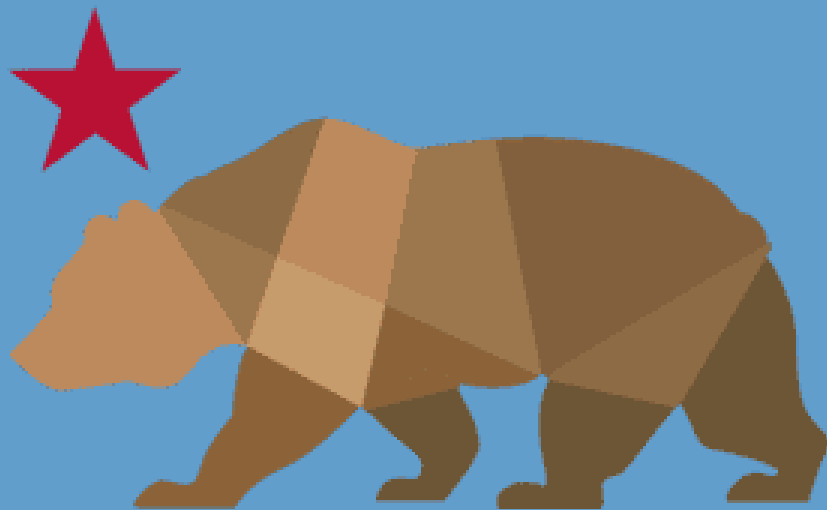
Who We Are

- For more than 30 years, Health Access California has been the lead consumer advocacy coalition in California, advocating for **quality, affordable health care for all Californians.**
- **Our core mission:**
 - Preserving access to care
 - Protecting consumers
 - Expanding coverage and winning comprehensive health reform

California's New First Family



Photo Credit: Los Angeles Times 01-10-2019



CALIFORNIA FOR ALL

What's in the State Budget

Governor Newsom unveiled a \$209 billion budget that boosts funding for public schools and health care programs and includes significant one-time spending to combat the state's homelessness epidemic and prepare for future natural disasters. He outlined new spending and policies on a wide array of issues in his first week, from additional funding for emergency response to expanded tax breaks for low-income families, including:

- Additional funding for [health care](#) for undocumented immigrants.
- Nearly \$2 billion for [early childhood](#) programs.
- Millions of dollars to spur [housing construction](#).

Still, the governor announced his first goal in drafting the budget was paying debts, adding to the state's reserves and reducing the state's unfunded [retirement liabilities](#).

“All of the ambitious, bold, groundbreaking elements of that budget have to be built on a rock-solid foundation of fiscal responsibility.”



Daniel Zingale,
Senior Adviser
on Strategy and
Communications

Rainy Day Fund / Safety Net Reserves

Governor Newsom's budget would add more money to the state's **“rainy day” reserve fund**. The governor seeks to stock away up to almost \$20 billion in the fund by the end of his four-year term. The balance is projected to hit \$15 billion by next summer.



The Governor has also announced his intention to augment the **Safety Net Reserve** to \$900 Million in his proposed budget.



What the Budget Proposes

The 2019-20 Governor's Budget proposes spending of **\$209 billion in total state funds**, consisting of **\$144.2 billion from the General Fund**, **\$59.5 billion from special funds**, and **\$5.3 billion from bond funds**. The Budget strikes a responsible balance between building budget resiliency and making strategic investments, most of them one-time, that expand opportunity, address affordability, and strengthen the state's readiness and emergency capabilities.

- **Building the Foundation for the California Dream**
- **Confronting the Cost Crisis**
- **Focus on Early Childhood**
- **Funds Investments in Health Care**
- **Largest K-12 Education Per-Pupil Expenditure in History**
- **Free Two Years Community College & Long-Term Investments in Higher Education**
- **Invests in Emergency Readiness, Response and Recovery**
- **Promotes Justice and Dignity For All Our Communities**
- **Much more...**

A little Bit of This ... A Little Bit of That

Newsom's budget proposes a **\$1 billion “working families tax credit”** more than double the size of the state's existing tax break for low-income workers. The budget would noticeably expand eligibility for the tax break to those who earn up to \$15 an hour, estimated by the administration to add up to 400,000 additional families.

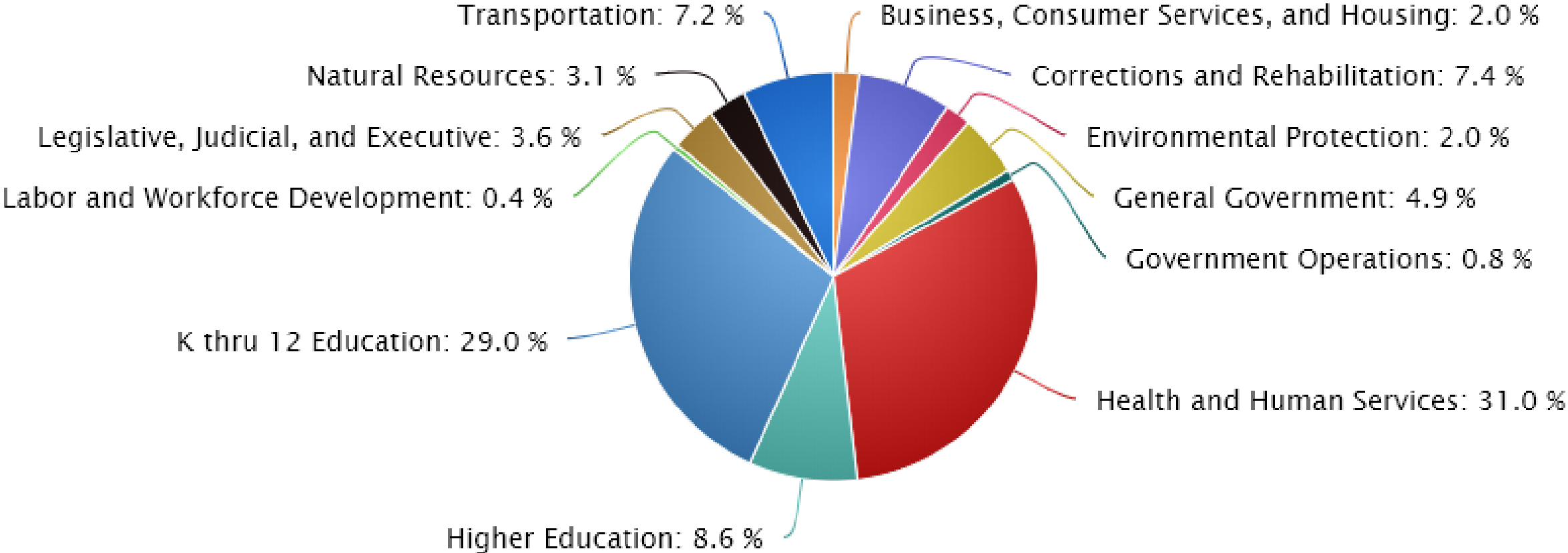
The governor also will ask lawmakers to increase monthly welfare assistance grants under the state's **CaIWORKS** program, building on an effort led by lawmakers over the past two years.

Efforts to help ease **California's housing and homelessness crises** would be bolstered with \$500 million to be set aside to help local governments build shelters and add services to help the homeless.

The Governor is expected to enact a sweeping expansion of **California's Paid Family Leave** for new parents to six months.

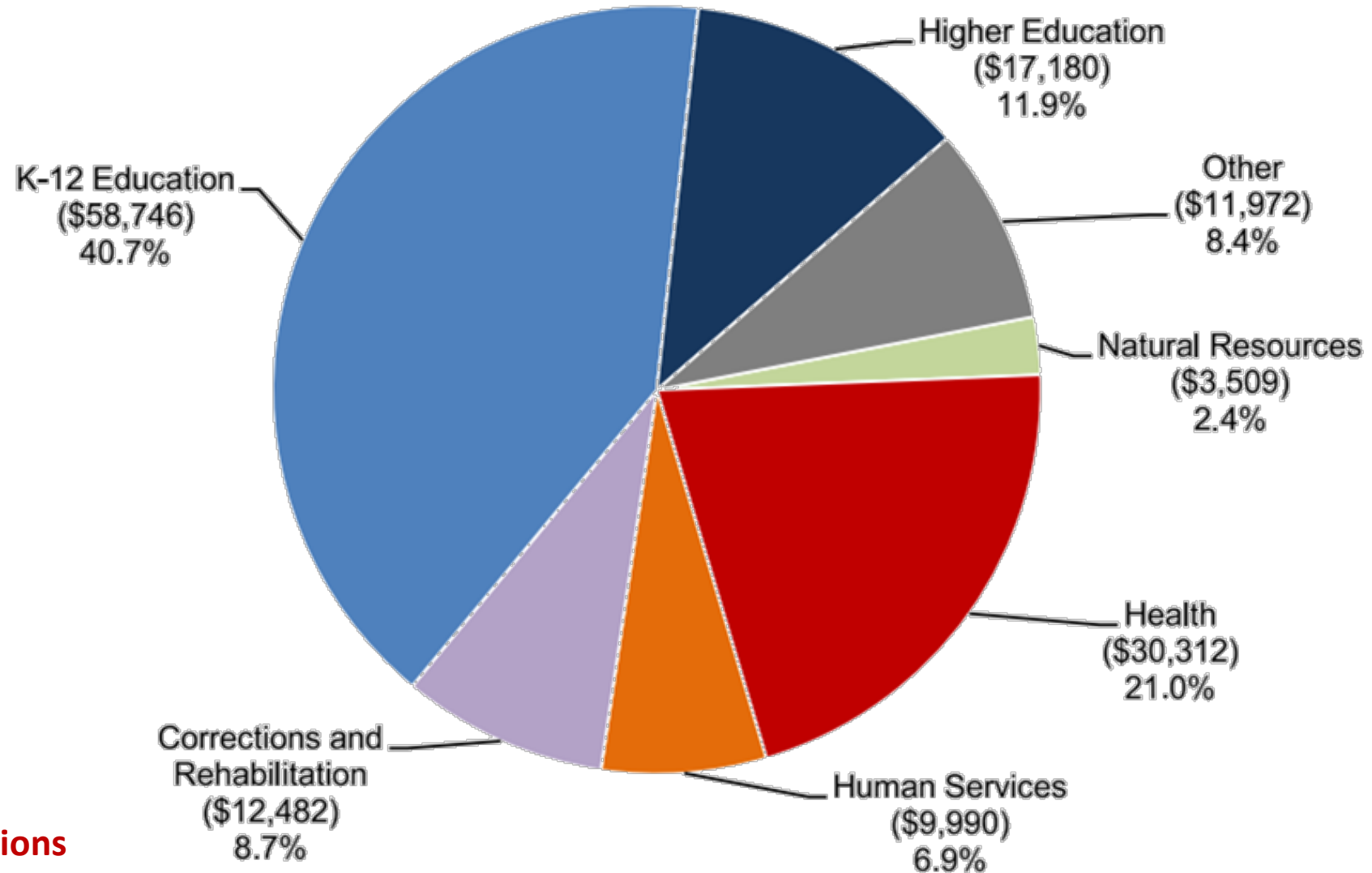
Governor Newsome has called for a **second year of tuition-free community college** for any student who wants it, a \$40-million proposal that builds on existing law that covers costs for the first year.

Total State Funds Total \$209 Billion



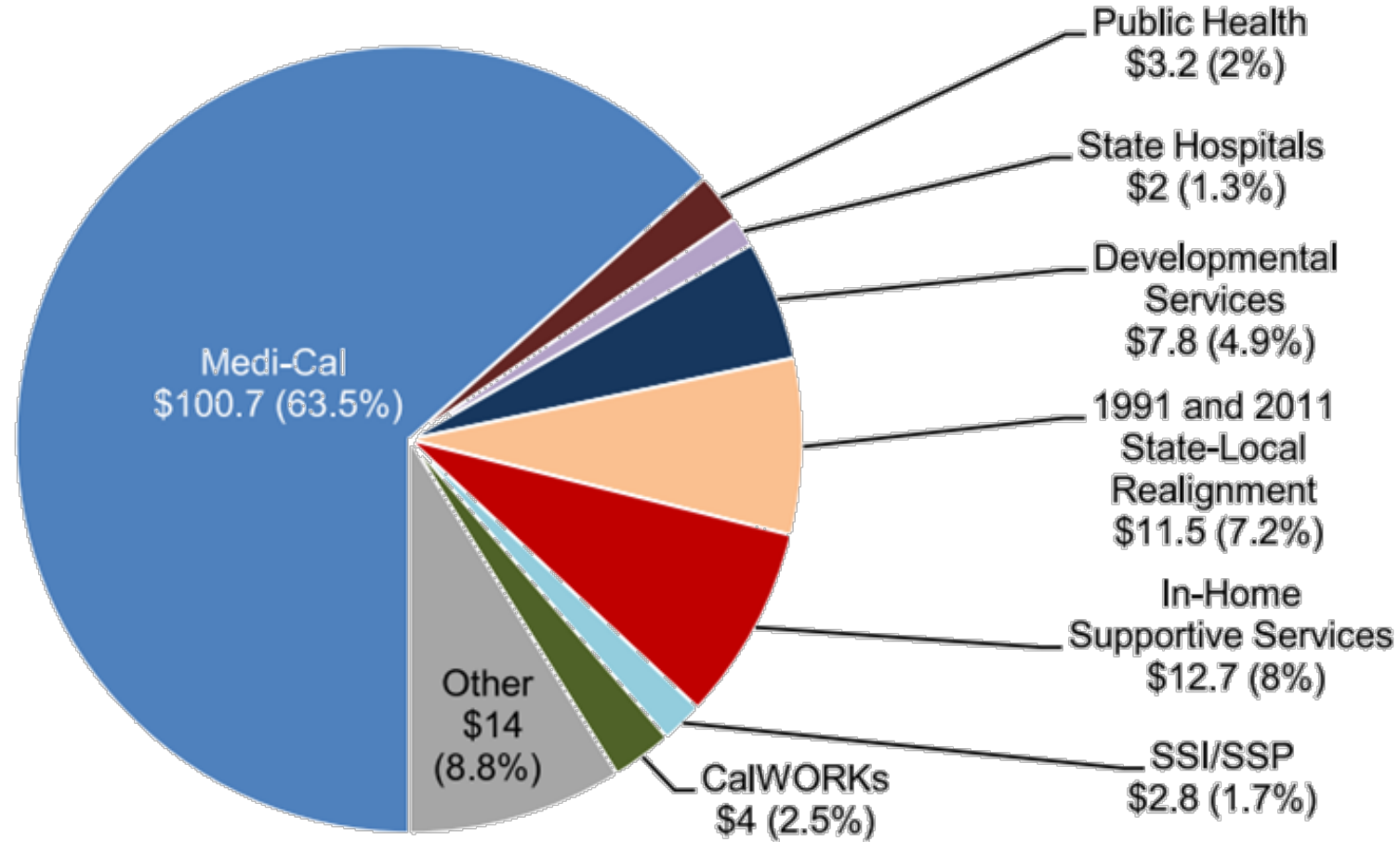
SOURCE: <http://www.ebudget.ca.gov/budget/2019-20/#/Home>

2019-20 General Fund Expenditures



*Dollar amounts in millions

Health and Human Services Proposed 2019-20 Funding



^{1/}Totals \$158.6 billion for support, local assistance, and capital outlay. This figure includes reimbursements of \$14 billion and excludes \$2.5 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.
Note: Numbers may not add due to rounding.

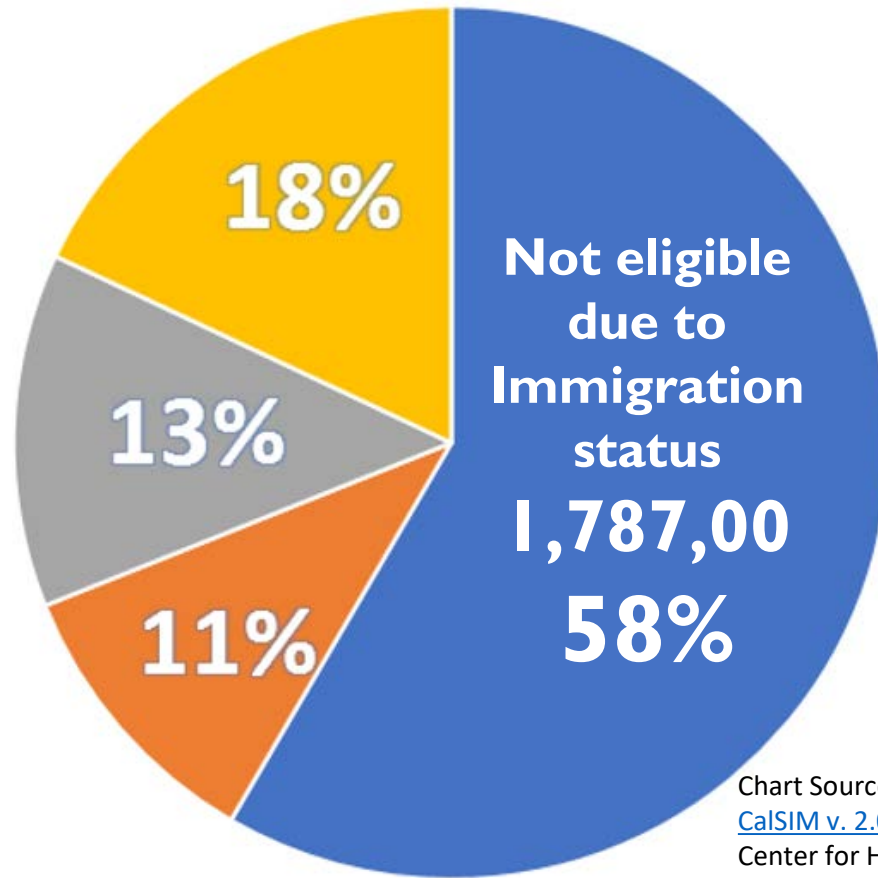
***Dollar amounts
in billions**

SOURCE: <http://www.ebudget.ca.gov/2019-20/pdf/BudgetSummary/HealthandHumanServices.pdf>

Covering the Remaining Uninsured

California Projected Uninsured Ages 0-64, 2017

**Non-subsidy eligible
citizens and lawfully
present immigrants,
550,000, 18%**



**Eligible for subsidies
through Covered CA
401,000, 13%**

**Eligible for Medi-Cal,
322,000, 11%**

Take-Up and Affordability Matter:

MEDI-CAL:

- Enrollment today: 13.8 million
- 322,000 eligible but not enrolled
- Less than 3% eligible not enrolled

COVERED CALIFORNIA:

- Enrollment today: 1.2 million
- 401,000 eligible but not enrolled
- Around 1/4 of those eligible for Covered California subsidies are not enrolled

Chart Source: Dietz M, Graham-Squire D, Becker T, Chen X, Lucia L, and Jacobs K, [Preliminary CalSIM v. 2.0 Regional Remaining Uninsured Projections](#), UC Berkeley Labor Center and UCLA Center for Health Policy Research, August 2016.

Health Care Priorities in Governor's Budget

California Leads on Getting to Universal Care

Last week was a big week for health care in California!

On Monday, January 7th, Gavin Newsom was sworn in as the 40th Governor of California, and quickly announced his first actions and commitments on health care.

On Thursday, January 10th, Governor Newsom unveiled a state budget that put those actions into motion with first-in-the-nation investments to help Californians access health care and coverage. From removing exclusions in Medi-Cal to increasing affordability assistance for middle-income Californians to pay for health care, these steps can bring California closer than ever to universal coverage.

“Newsom’s proposed new state investments offer a ray of hope and an important recognition of our values of compassion and common humanity.”

Cynthia Buiza, Director
of the California
Immigrant Policy
Center

Health Care Priorities in Governor's Budget: Funding

- Invest \$200 million to **expand Medi-Cal** to all income eligible young adults up to age 26, regardless of immigration status.
- **Increase and expand additional affordability assistance** to low- and middle-income individuals and families purchasing insurance in Covered California.
 - The additional funding would help individuals making \$30,350 - \$48,560 and create new subsidies for individuals making \$48,560 - \$72,840.
 - Newsom's budget will propose that the income cap be raised so that individuals earning up to \$72,840 and families of four earning up to \$150,600 could qualify for lower premiums.
 - The proposal would be funded by re-instituting the ACA's individual mandate to have coverage at the state level, as other states have done, which has helped to lower premiums.
- Use **Proposition 56** tobacco tax dollars to allow for additional investments in access, screenings, and other health care system improvements

Health Care Priorities in Governor's Budget: Other Health Reforms

- Issued an Executive Order establishing a **California Surgeon General** to better inform public health options and opportunities.
- Issued an Executive Order creating a **large-scale single-purchaser system** for prescription drugs to help drive down costs. Under the current system, Medi-Cal and state agencies separately negotiate prescription drug prices. Under the order, the state would become the largest single purchaser of prescription drugs.
- Sent a letter to Congress and the President, asking them to empower states to transform their health care systems – **a first step towards establishing a Medicare-For-All model.**

Without the individual mandate, all consumers will experience rate increases this year, said officials for Covered California, the state's official health insurance marketplace. Covered California Executive Director Peter Lee said Newsom's proposal would bring stability to the market and is a critical step toward reaching universal healthcare.

SOURCE: Los Angeles Times January 7, 2019

Health4All Young Adults

Governor Newsom's Proposal

Governor Newsom's proposal would provide full-scope Medi-Cal coverage to all eligible young adults between ages **19 and 25** regardless of their immigration status. The plan would cost **\$260 million** in the first year, serving an estimated **138,000** undocumented adults.

Covering all adults age 19 to 64 could cost \$3 billion a year, according to early estimates.

“Every person should have access to quality, affordable healthcare...“Far-away judges and politicians may try to turn back our progress. But we will never waver in our pursuit of guaranteed healthcare for all Californians”

Governor Newsom

Health4All Bills Introduced on Dec. 3, 2018

SB 29 Health4All *(By Senators Ricardo Lara and Maria Elena Durazo)* **Full-Scope Medi-Cal for Income-Qualified Undocumented Adults**



AB 4 Health4All *(By Assembly Members Joaquin Arambula, Rob Bonta, and David Chiu)* **Full-Scope Medi-Cal for Income-Qualified Undocumented Adults**



Senator Durazo's Stand



Photo courtesy Town Hall-Los Angeles

**Senator Maria
Elena Durazo**
Author of SB
Health4All

"We are going to work with the governor, we are going to work with the Assembly ... we're going to work hard so that older adults, above 26, are covered by health care," Durazo said in an interview with POLITICO after Newsom unveiled his proposal. Growing up in a family of farm workers — some undocumented and some born in California — she said health for all is critical.

"We had a member of our family die because he couldn't get health insurance," Durazo said. "So it's personal, but it's also just based on facts...that they are working very hard and they're paying taxes into the system."

Assembly Member Arambula' Stance



Photo Credit: <https://twitter.com/drarambulaad31>

Assembly Member Joaquin Arambula Author of AB4 Health4All

“I am pleased to see our new Governor’s commitment to strengthening the economic and medical health of our state. Far too many people in our state base their health care on whether they can afford to pay for it, despite having access to health insurance. I am optimistic that we can build on the Governor’s proposals to expand coverage, increase access, address workforce capacity issues, improve accountability and transparency and make health care more affordable for all”

"California has long had a history of incorporating those who are new to America." And it's in our DNA, as a state and a country, to recognize the importance that immigrants play in our community.“

Assembly Member Joaquin Arambula

AB 4 Health4All (By Assembly Members Joaquin Arambula, Rob Bonta, and David Chiu)

Health4All Eligible Population

Eligible Population for the Coverage Expansion

We estimate that the total population of undocumented adults that would be income-eligible for full-scope Medi-Cal is around **1.2 million individuals**. (Income eligibility for full-scope Medi-Cal is generally a household income at or below 138 percent of the federal poverty level.)

According to data from the Department of Health Care Services, roughly 1 million undocumented adults (more than 80 percent of the total income-eligible population) are already enrolled in restricted-scope Medi-Cal coverage.

Therefore, the number of individuals who are income-eligible for Medi-Cal, but are not currently enrolled in restricted-scope Medi-Cal, is relatively small—about 200,000 individuals.

SOURCE: <https://lao.ca.gov/Publications/Report/3827>

Estimated Number of Undocumented Adults Eligible for Full-Scope Medi-Cal Coverage

Ages	Currently Enrolled in Restricted-Scope Medi-Cal	Currently Eligible but Not Enrolled in Restricted-Scope Medi-Cal	Total
19-25	92,000	19,000	111,000
26-35	310,000	64,000	374,000
36-49	440,000	91,000	531,000
50-54	61,000	13,000	74,000
55-64	56,000	12,000	68,000
65+	30,000	6,000	36,000
Totals	989,000	205,000	1,194,000

SOURCE: <https://lao.ca.gov/Publications/Report/3827>

Estimated Net Cost of Expanding Full-Scope Medi-Cal Coverage to Undocumented Adults

In 2018-19, Approximately \$3 Billion in State Funds to Expand Full-Scope Medi-Cal Coverage to All Undocumented Adults.

Our estimate first calculates the total costs of providing full-scope Medi-Cal coverage to each of the identified age bands of undocumented adults. We note that the federal government will continue to share in the cost of providing restricted-scope services to undocumented adults even if the state opts to provide full-scope services to these individuals.

Some key variables that we considered in calculating these costs include:

- (1) The distribution of enrollees across different categories of aid such as disabled and family
- (2) The distribution of enrollment in fee-for-service and managed care delivery systems; and
- (3) Differences in enrollment and spending by age band.

The total state cost of providing full-scope coverage—not accounting for costs already covered for those enrolled in restricted-scope Medi-Cal—is estimated to be about \$4.7 billion in 2018-19. We then calculated the costs associated with emergency and pregnancy-related services already provided to restricted-scope Medi-Cal enrollees, which are estimated to be roughly \$1.7 billion in 2018-19. The net cost, then, of the coverage expansion in 2018-19 is approximately \$3 billion.

SOURCE: <https://lao.ca.gov/Publications/Report/3827>

Estimated Cost of Providing Full-Scope Medi-Cal Coverage to Undocumented Adults

Ages	Total Costs	Offset for Cost Already Covered ^a	Net Cost
19-25	\$330	\$190	\$140
26-35	1,210	570	640
36-49	1,800	560	1,240
50-54	360	120	240
55-64	580	180	400
65+	460	130	330
Totals	\$4,740	\$1,750	\$2,990

Of the \$3 billion in new net state costs, \$2.7 billion of the costs would be for undocumented adults already enrolled in restricted-scope Medi-Cal and the remaining \$300 million would be for adults currently eligible for restricted-scope Medi-Cal but not enrolled.

^aEstimated costs primarily for emergency- and pregnancy-related services already covered for undocumented adults enrolled in restricted-scope Medi-Cal.

SOURCE: <https://lao.ca.gov/Publications/Report/3827>

Sign On and Become an Official Member



How Can You Help?

These budget investments align with those that the State Assembly proposed last year and championed by the over 60 consumer and community groups of the #Care4AllCA campaign which seeks to move California towards a universal health care system without the need for federal approvals.

The proposed 2019-2020 budget lays out a viable path to universal coverage. We will need your help to secure these vital expansions to access to care and affordability of coverage and take next steps. With additional ideas and investments, we can see how much further California can go down the path towards 100% coverage.

RESOURCES

California Budget & Policy Center Webinar on the 2019/2020 State Budget

Thursday, January 17 from 1:00 PM to 2:00 PM



California Budget
& Policy Center

Independent Analysis. Shared Prosperity.

Note: Go to CBPC's website and register on their main page on the top right

A New Website for Californians

Governor Newsom also launched an innovative new website called **“All In California”** to engage Californians in the transition, “including:

- 1) Ranking policy priorities.
- 2) Recommending specific policy solutions.
- 3) Signing up for regular updates from Governor Newsom.
- 4) Getting involved in community service efforts.
- 5) Applying for official jobs in the Newsom Administration,”

<https://gavinnewsom.com/>

“I know it’s rote and cliché to say it’s a reflection of our values, but it is a reflection of our values.” It is demonstrable that these dollars attach to real people and real people’s lives.”

Governor Newsom

Your Ideas and Questions



For More Information

Website: <http://www.health-access.org>

Blog: <http://blog.health-access.org>

Facebook: www.facebook.com/healthaccess

Twitter: www.twitter.com/healthaccess

CAPITOL OFFICE

1127 11th Street
Suite 925
Sacramento, CA 95814
Phone: 916-497-0923

NORTHERN CALIFORNIA OFFICE

2000 Franklin Street
3rd Floor
Oakland, CA 94612
Phone: 510-400-4460

SOUTHERN CALIFORNIA OFFICE

121 West Lexington Drive
Suite 246
Glendale, CA 91203
Phone: 818-480-3262