Medicaid and the Children’s Health Insurance Program (CHIP) provide health and long-term care coverage to more than 12.2 million low-income children, pregnant women, adults, seniors, and people with disabilities in California. Medicaid is a major source of funding for safety-net hospitals and nursing homes. Federal policy proposals could fundamentally change the scope and financing of the program.

### Snapshot of the California’s population

- **33%** of CA’s population is low-income
- **39.1 million** people live in CA
- **205%** of CA expanded Medicaid
- **322%** of children have insurance
- **266%** of people in CA were covered by Medicaid/CHIP
- **39.1 million** people live in CA
- **33%** of CA’s population is low-income
- **2015** uninsured rate: **15%**
- **2016** uninsured rate: **13%**

### How has Medicaid affected coverage and access?

- **In 2015, 26% of people in CA were covered by Medicaid/CHIP.**
- **Since implementation of the Affordable Care Act (ACA), Medicaid/CHIP enrollment has increased in CA.**
- **Did CA expand Medicaid through the ACA?** Yes
- **The uninsured rate in CA has decreased.**

### In CA, Medicaid/CHIP covers:

- 1 in 5 adults <65
- 1 in 2 low-income individuals
- 2 in 5 children
- 3 in 5 nursing home residents
- 1 in 2 people with disabilities

### Nationally, Medicaid is comparable to private insurance for access and satisfaction – the uninsured fare far less well.

- **Percent reporting in the last year:**
  - Medicaid: 80%
  - CHIP: 86%
  - Medicare: 93%
  - EI: 74%
  - Uninsured: 69%

### Medicaid coverage contributes to positive outcomes:

- Declines in infant and child mortality rates
- Long-term health and educational gains
- Improvements in health and financial security

### How does Medicaid work and who is eligible?

- **Eligibility:** All states have taken up options to expand coverage for children; many have opted to expand coverage for other groups.
- **Benefits:** All states offer optional benefits, including prescription drugs and long-term care in the community.
- **Delivery system & provider payment:** States choose what type of delivery system to use and how they will pay providers; many are testing new payment models to better integrate and coordinate care to improve health outcomes.
- **Long-term care:** States have expanded eligibility for people who need long-term care and are increasingly shifting funding away from institutions and towards community-based care.
- **State health priorities:** States can use Medicaid to address issues such as the opioid epidemic, HIV, Zika, autism, dementia, environmental health emergencies, etc.

### Medicaid/CHIP eligibility levels are highest for children and pregnant women.

- **Eligibility Level as a Percent of FPL, as of January 1, 2017**
  - **Children:** 155% (CA), 144% (US)
  - **Pregnant Women:** 138% (CA), 127% (US)
  - **Parents:** 113% (CA), 100% (US)
  - **Childless Adults:** 95% (CA), 69% (US)
  - **Seniors & People w/ Disabilities:** 100% (CA), 74% (US)

Eligibility levels are based on the FPL for a family of three, including a child for children and pregnant women, and for an individual for adults, and reflects income and insurance eligibility as of January 1, 2017.
How are Medicaid funds spent and how is the program financed?

Medicaid plays a key role in the U.S. health care system, accounting for:

- $1 in $6 dollars spent overall in the health care system
- More than $1 in $3 dollars provided to safety-net hospitals and health centers
- $1 in $2 dollars spent on long-term care

On a per enrollee basis, Medicaid spending growth is slower than private health care spending, in part due to lower provider payments.

In FY 2015, Medicaid spending in CA was $85.4 billion.

- Hospital* 27%
- Physician & Outpatient* 8%
- Rx Drugs* 3%
- Other* 4%
- Long-term Care* 14%
- Managed Care 0%
- Disproportionate Share Hospital Payments 3%
- Payments to Medicare 9%

*Fee-for-service

In 2011, most Medicaid beneficiaries in CA were children and adults, but most spending was for the elderly and people with disabilities.

- Adults & Children 82%
- Elderly & Disabled 18%
- Adults & Children 30%
- Elderly & Disabled 70%

Federal funding to states is guaranteed with no cap and fluctuates depending on program needs.

- In CA the federal share (FMAP) is 50%. For every $1 spent by the state, the Federal government matches $1.
- Expansion states receive an increased FMAP for the expansion population. CA received $28.0 billion in federal funds for expansion adults from Jan 2014 – Sept 2015.

0.52 is the Medicaid-to-Medicare physician fee ratio in CA.

- 64% of long-term care spending in CA is for home and community-based care.
- 85% of beneficiaries in CA are in managed care plans.

1.3 million Medicare beneficiaries (27%) in CA rely on Medicaid for assistance with Medicare premiums and cost-sharing and services not covered by Medicare, particularly long-term care.

- 34% of Medicaid spending in CA is for Medicare beneficiaries.

What are the implications of reduced federal financing in a Medicaid block grant or a per capita cap?

Congress may soon debate proposals to reduce federal Medicaid funding through ACA repeal and federal caps.

The March 2016 Budget Resolution would reduce federal Medicaid spending by 41% nationally over the 2017-2026 period.

Total reduction in federal funds: $2.1 trillion

The impact of a block grant or per capita cap will depend on funding levels, but could include:

- Decreased economic activity
- Increased pressure on state budgets
- Decreased economic activity
- Incentives in the number of uninsured
- Reduced access and service utilization, decreased provider revenues (to hospitals, nursing homes, etc.), and increased uncompensated care costs

A per capita cap could lock in historical state differences or redistribute federal funds across states.

<table>
<thead>
<tr>
<th>Enrollment Group</th>
<th>Per Capita Spending (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>$5,214 (VT)</td>
</tr>
<tr>
<td>Adults</td>
<td>$6,928 (NM)</td>
</tr>
<tr>
<td>Individuals with Disabilities</td>
<td>$10,142 (AL)</td>
</tr>
<tr>
<td>Aged</td>
<td>$10,518 (NC)</td>
</tr>
</tbody>
</table>

Per capita spending by enrollment group:

- $10,518 (NC) Children
- $10,142 (AL) Adults
- $10,518 (NC) Individuals with Disabilities
- $10,518 (NC) Aged

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