Medi-Cal Expansion in California under the Affordable Care Act

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California Simulation of Insurance Markets (CalSIM)

- Developed by UC Berkeley Center for Labor Research and Education and UCLA Center for Health Policy Research with support from The California Endowment
- Enrollment estimates produced for Covered California
- Predicts the impact of the Affordable Care Act (ACA) on employer decisions to offer coverage and individual decisions to obtain coverage in California
- Uses public data sources—mostly state-specific, including California Health Interview Survey
Adults under age 65 with income below 138% Federal Poverty Level (~$15,000 single individual, ~$32,000 for a family of four)

More than 1.4 million eligible in 2014-2019

Roughly 75% adults without children living at home

750,000-910,000 expected to enroll by 2019
1.46 million Californians Will Be Newly Eligible for Medi-Cal

Newly Eligible for Medi-Cal by Source of Insurance without the ACA, 2019

- Employer Sponsored Insurance: 330,000 (23%)
- Individual Market: 250,000 (17%)
- Uninsured: 880,000 (60%)

Total Eligible: 1,460,000

Source: UC Berkeley-UCLA CalSIM model, version 1.8
Californians under Age 65 Newly Eligible for Medi-Cal, Base Scenario, 2019

Race/Ethnicity
- Latino: 710,000 (49%)
- White: 490,000 (34%)
- African American: 110,000 (7%)
- Other: 50,000 (3%)

English Proficiency
- 18+ Limited English: 520,000 (35%)
- 18+ Speaks English Very Well: 950,000 (65%)

Source: UC Berkeley-UCLA CalSIM model, version 1.8
The Majority of Those Eligible for Medi-Cal, but Not Enrolled, Have Another Source of Coverage

Eligible for Medi-Cal but Not Enrolled by Source of Insurance without the ACA, 2019

- **Employer Sponsored Insurance**: 1,360,000 (54%)
- **Uninsured**: 880,000 (35%)
- **Individual Market**: 290,000 (11%)

Total Eligible: 2,530,000

Source: UC Berkeley-UCLA CalSIM model, version 1.8
Medi-Cal Enrollment Increase Among Those Already Eligible

- 240,000-510,000 expected to enroll by 2019
- 71% of those eligible are children, remainder are parents
- Most of increase will happen regardless of the Expansion due to mandatory provisions of ACA:
  - minimum coverage requirement for individuals;
  - simplified eligibility, enrollment & renewal processes; and
  - improved awareness of coverage.
In total Medi-Cal predicted to grow by 1 million or more by 2019.

Californians under Age 65 Predicted to Take Up in the Subsidized Exchange and Medi-Cal, 2014-2019 (in millions)

Source: UC Berkeley-UCLA CalSIM model, version 1.8
Expanding Medi-Cal will Benefit Economy

- 100,000 new jobs per year in California due to ACA provisions including the Medi-Cal Expansion, according to Bay Area Council Economic Institute
- Research suggests that health insurance coverage can improve educational outcomes and worker productivity

Expanding Medi-Cal Improves Health Outcomes

- Previous Medicaid expansions associated with reduced mortality
- Adults with Medicaid in Oregon were more likely to have regular place of care, usual doctor and use preventive care

Sources: Sommers, Baicker and Epstein 2012; Baicker and Finkelstein 2011.
Federal Government will Pay:

- 100% of health care costs for newly eligible in 2014 through 2016, phasing down to 90% in 2020 and future years;
- 50% for parents and children who are already eligible for Medi-Cal;
- 88% for Healthy Families children in 2015 to 2019, and 65% in 2014; and
- 50% of administrative costs for all Medi-Cal enrollees and 65% for those eligible under Healthy Families.
Federal Government Will Pay for At Least 85% of New Medi-Cal Spending

Share of New Medi-Cal Spending Federally-Paid with Expansion

Most New State Spending Not Due to Expansion in 2014-2016

New State General Fund Spending with Expansion ($ millions)

New Federal Medi-Cal Spending will Generate New State Tax Revenue

$3.5 billion
Federal Medi-Cal spending

Federal dollars cycle through California’s health care industry, suppliers, and other businesses multiple times

$190 million
State General Fund tax revenue (income, sales, corporate, etc.)

Equals 42% of the $453 million increase in State General Fund spending on Medi-Cal

Movement of some individuals from partial- to full-scope Medi-Cal with higher match rate

State prison costs
- Higher reimbursement for hospital services outside of the correctional system
- Increased mental health and substance use coverage could reduce incarceration over time

County savings harder to quantify
3-4 Million Californians are Predicted to Remain Uninsured in 2019

Uninsured Californians under age 65, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Base</th>
<th>Enhanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>1,070,000</td>
<td>1,030,000</td>
</tr>
<tr>
<td>Other (has an affordable coverage offer from Exchange or Employer)</td>
<td>830,000</td>
<td>710,000</td>
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<tr>
<td>Eligible for Medi-Cal</td>
<td>1,180,000</td>
<td>790,000</td>
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<tr>
<td>No offer of affordable coverage (&gt;8% income)</td>
<td>930,000</td>
<td>580,000</td>
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<tr>
<td>Not eligible due to immigration status</td>
<td>4,010,000</td>
<td>3,110,000</td>
</tr>
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Source: UC Berkeley-UCLA CalSIM model, v1.8
For More Information

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