

UCLA CENTER FOR  
HEALTH POLICY RESEARCH

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**LABOR  
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**CalSIM**  
California  
Simulation of  
Insurance  
Markets

# Medi-Cal Expansion in California under the Affordable Care Act

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# California Simulation of Insurance Markets (CalSIM)

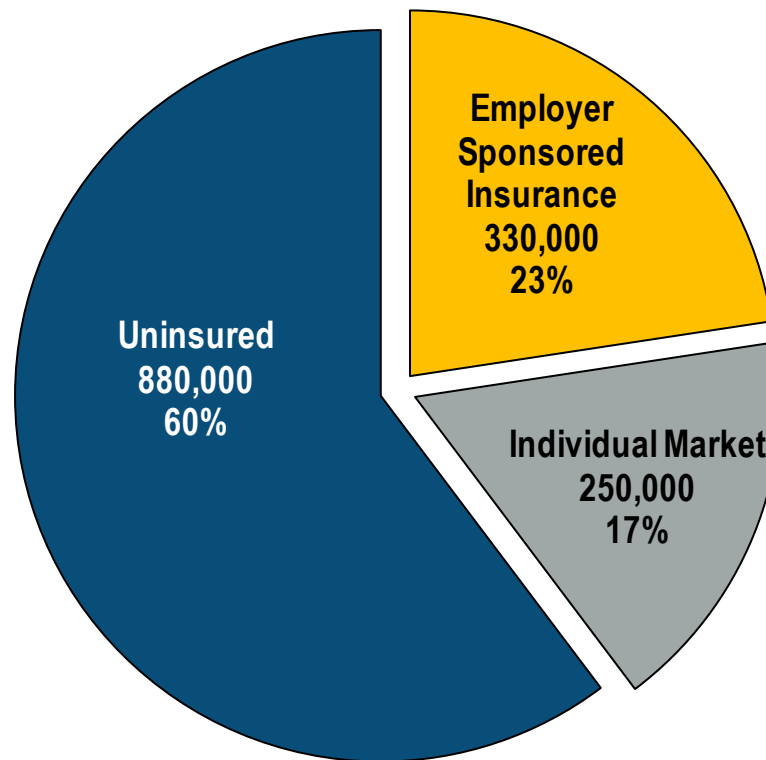
- Developed by UC Berkeley Center for Labor Research and Education and UCLA Center for Health Policy Research with support from The California Endowment
- Enrollment estimates produced for Covered California
- Predicts the impact of the Affordable Care Act (ACA) on employer decisions to offer coverage and individual decisions to obtain coverage in California
- Uses public data sources—mostly state-specific, including California Health Interview Survey

# Medi-Cal Expansion (Newly Eligible)

- 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

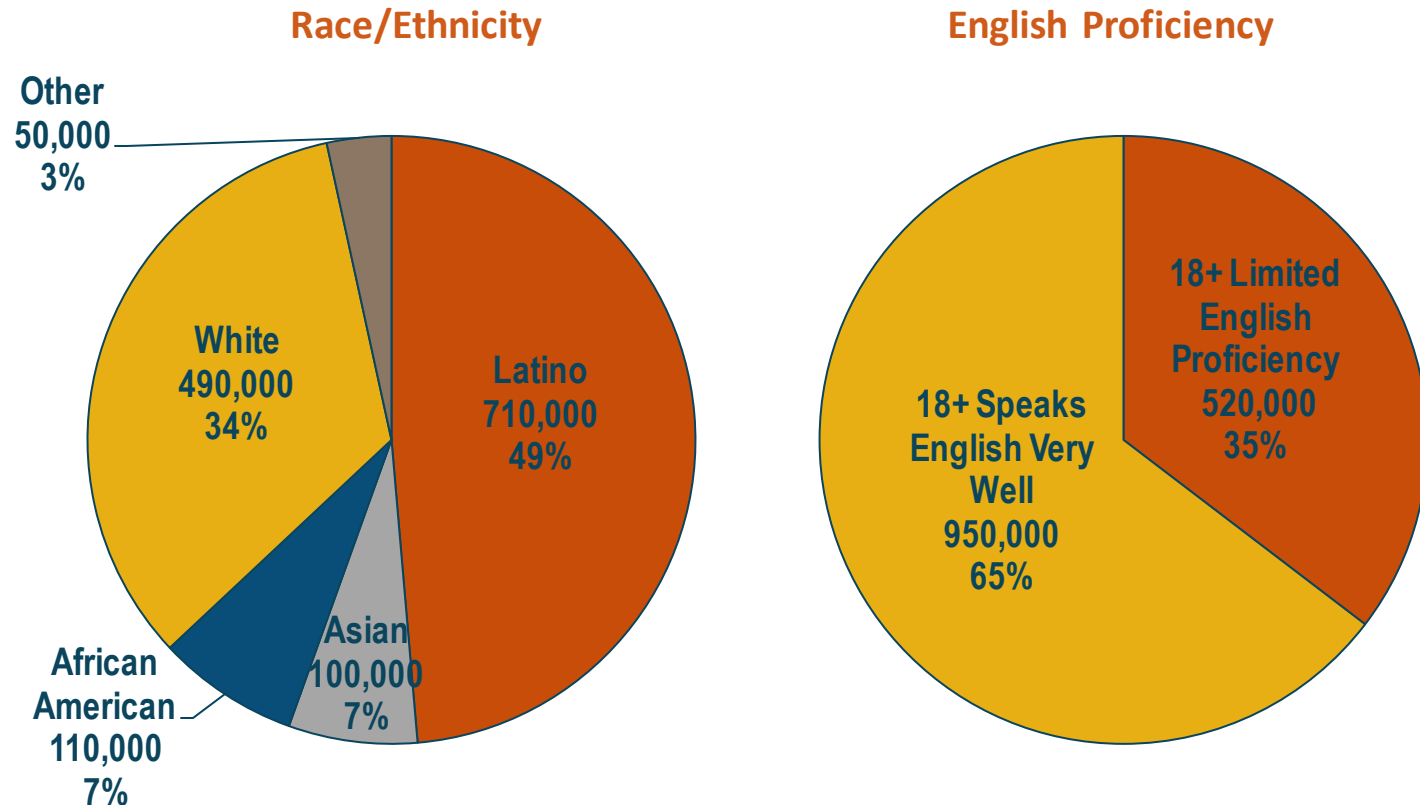


Total Eligible: 1,460,000

Source: UC Berkeley-UCLA CalSIM model, version 1.8

# Nearly half of the newly eligible will be Latino

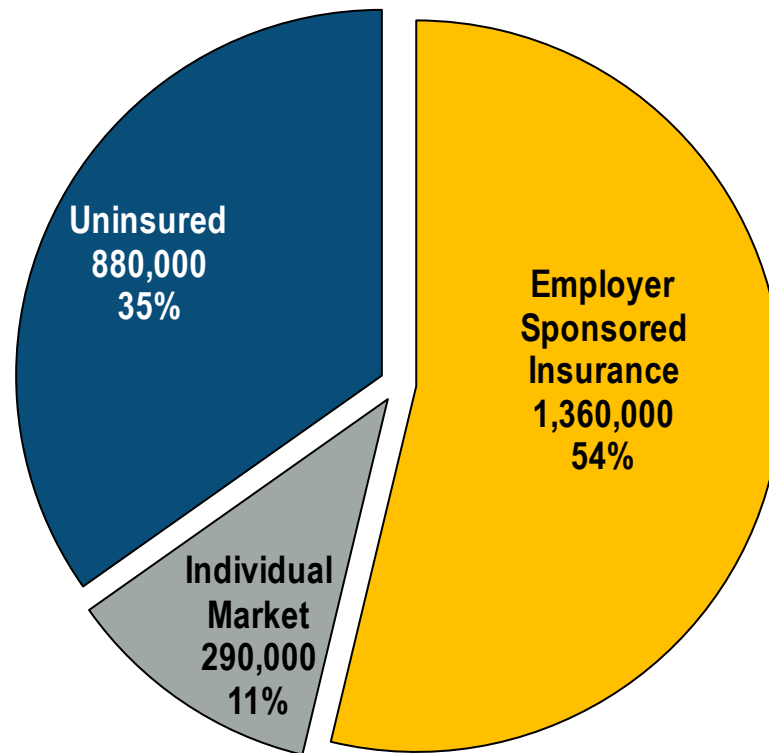
Californians under Age 65 Newly Eligible for Medi-Cal, Base Scenario, 2019



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



**Total Eligible: 2,530,000**

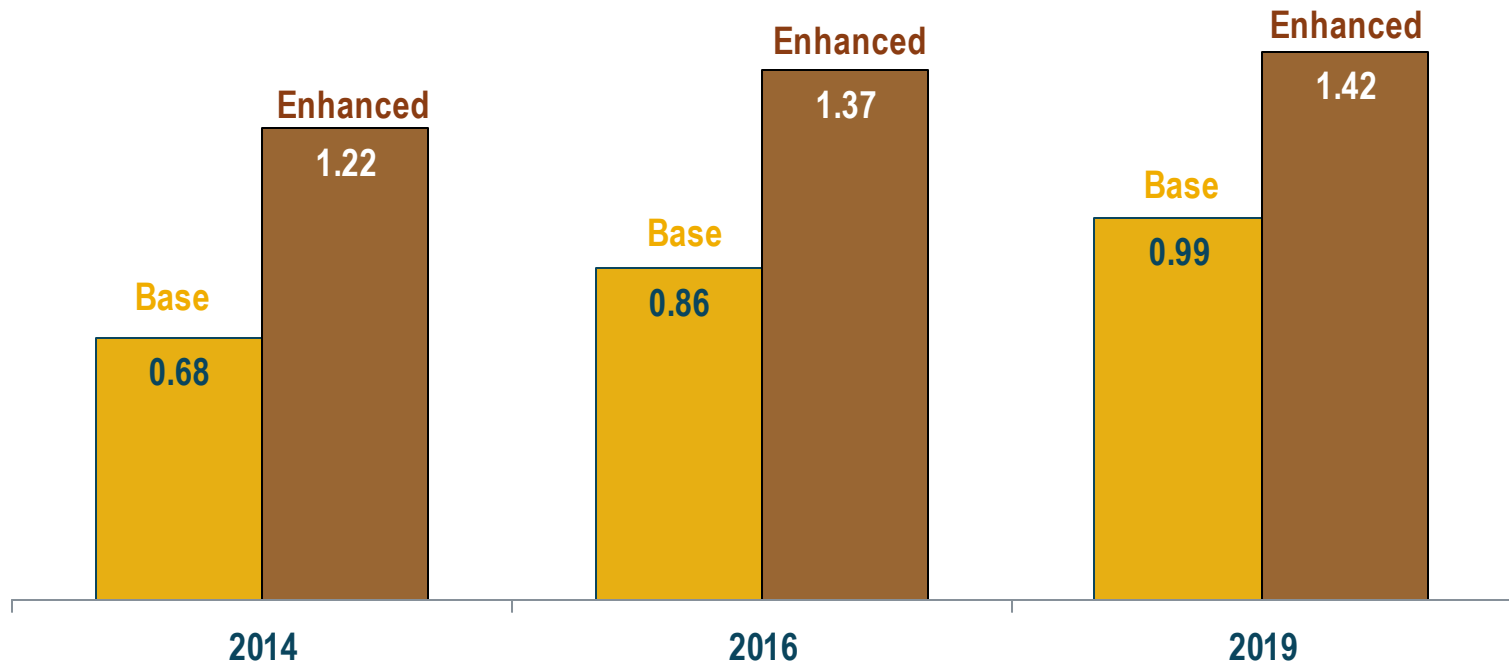
Source: UC Berkeley-UCLA CalSIM model, version 1.8

# 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

Sources: Haveman and Weinberg 2012; Levine and Schanzenbach 2009; Pitard, Hulse, Laditka and Laditka 2009; Dizioli and Pinheiro 2012; Nguyen and Zawacki 2009.

# 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

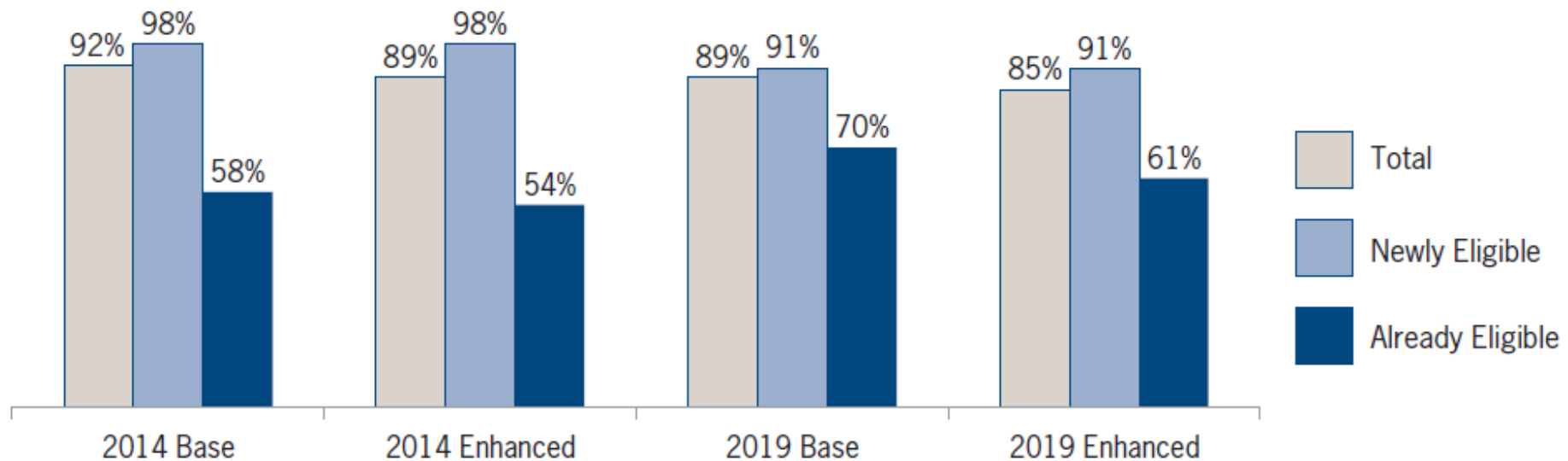
Sources: Sommers, Baicker and Epstein 2012; Baicker and Finkelstein 2011.

# 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

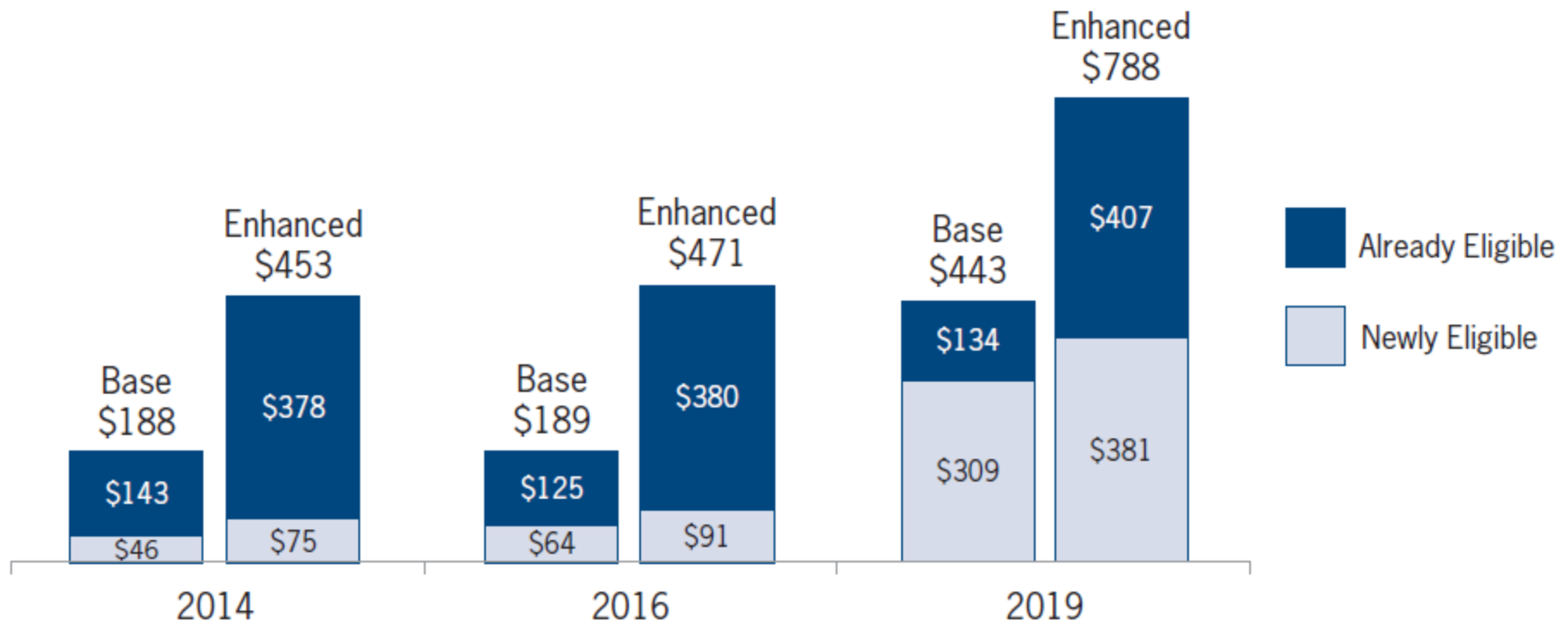
## Share of New Medi-Cal Spending Federally-Paid with Expansion



Source: Lucia L, Jacobs K, Watson G, Dietz M and Roby DH. Medi-Cal Expansion under the ACA: Significant Increase in Coverage with Minimal Cost to the State. January 2013.

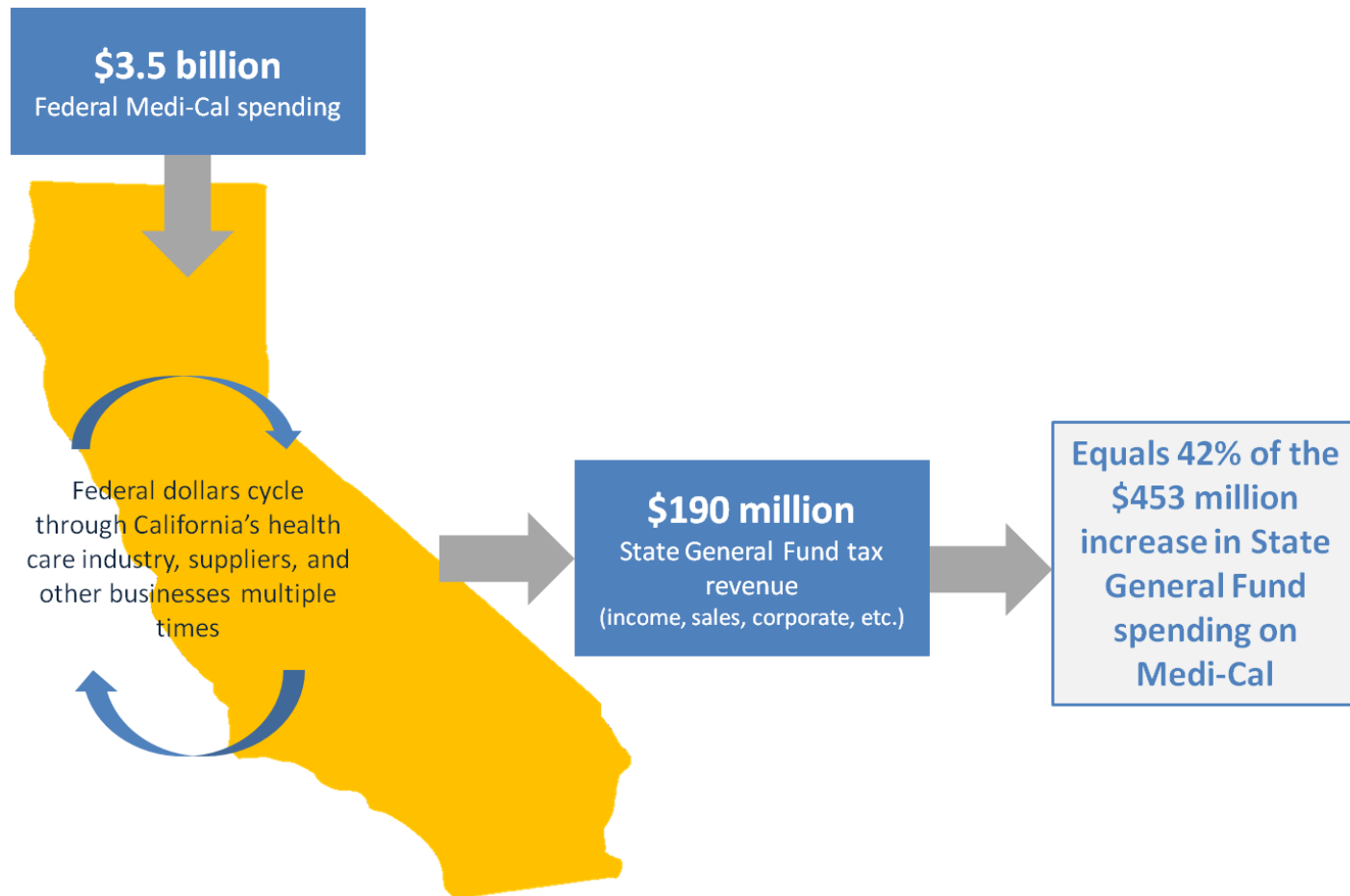
# Most New State Spending Not Due to Expansion in 2014-2016

## New State General Fund Spending with Expansion (\$ millions)



Source: Lucia L, Jacobs K, Watson G, Dietz M and Roby DH. Medi-Cal Expansion under the ACA: Significant Increase in Coverage with Minimal Cost to the State. January 2013.

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



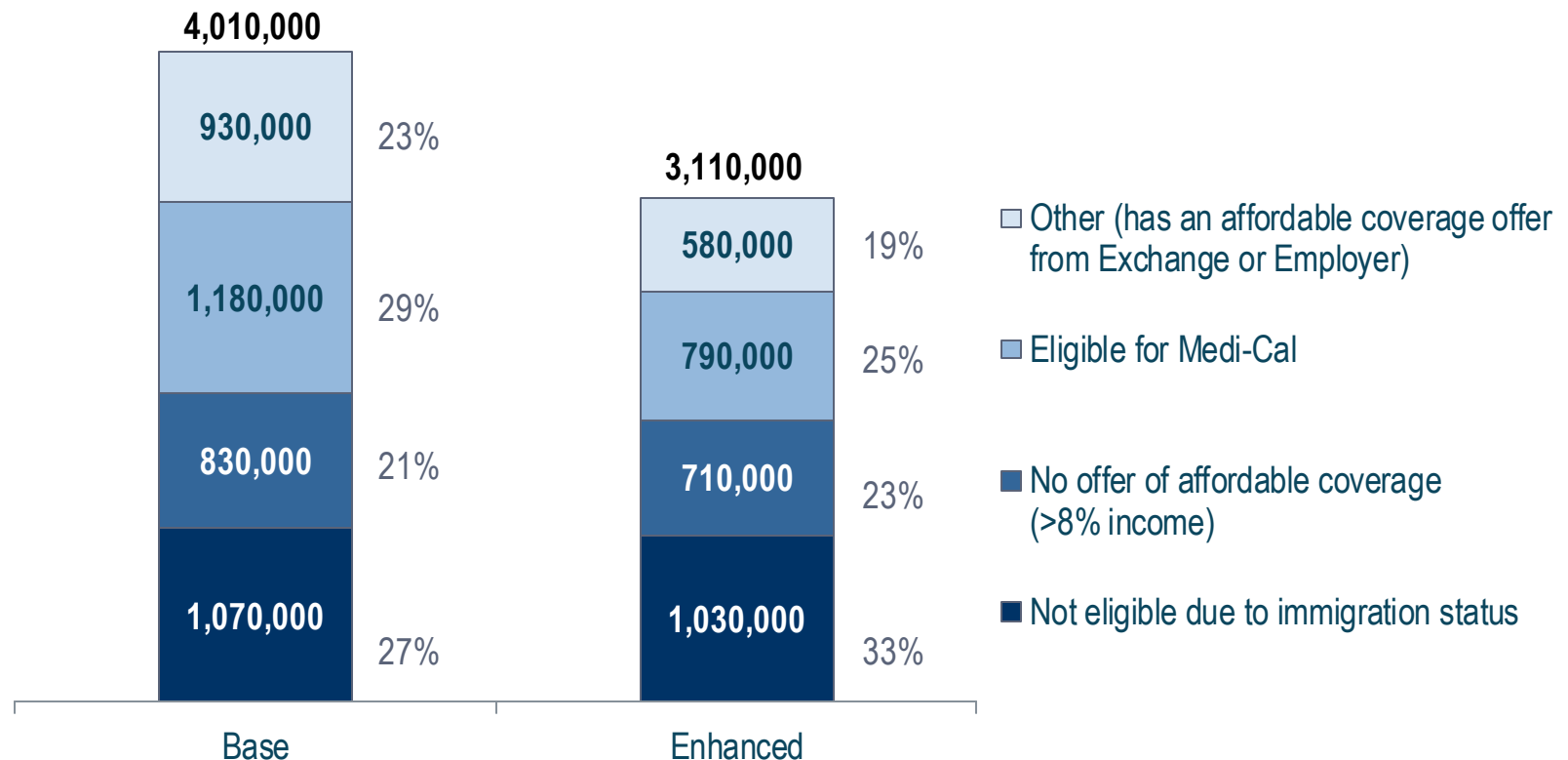
Source: Lucia L, Jacobs K, Watson G, Dietz M and Roby DH. Medi-Cal Expansion under the ACA: Significant Increase in Coverage with Minimal Cost to the State. January 2013.

# Medi-Cal Expansion will Result in other State Savings

- 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



Source: UC Berkeley-UCLA CalSIM model, v1.8



# For More Information

- UC Berkeley Center for Labor Research and Education:
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