

Winners and Losers in the Governor's May Revise Health Budget Proposal

As in the decisions in any policy proposal, there are winners and losers. In the Governor's May Revise, the "winners" are ambulance companies, hospital emergency rooms, county welfare departments and their staffs while the losers are low wage working families, their employers and family physicians.

The proposals are neither family friendly nor work friendly policies. The proposal cuts Medi-Cal eligibility for working families from 100% of FPL to 61% of FPL. What does this mean? For a family of four, it means eligibility is cut from an income of roughly \$21,000 annually to a bit less than \$13,000 annually. What is that in hourly wages? Assuming the family breadwinner is working full time, it means a reduction in eligibility from \$10.20 an hour to \$6.22 an hour to support a family of four.

The proposal also eliminates eligibility for both parents in two parent families when one parent works "full time" – over 100 hours a month.

The May Revise correctly points out that those losing eligibility can still qualify for catastrophic coverage through a component of Medi-Cal, called the medically needy program or share of cost. This means that when the low wage working parent gets sick enough to need to go into the hospital emergency room, s/he will be treated -- often after hours of waiting, and the hospital, emergency room doctor and ambulance company will be paid -- as long as the patient completes the "share of cost" process for the medically needy program that is successfully processed through the local welfare department and state Medicaid agency at each emergency room visit. The family doctor or local community clinic is cut out of this system of episodic emergency room care. The end result is lots more red tape, many more sick employees without medical treatment and further crowding of emergency medical centers and trauma centers – the most expensive and time consuming way to get your care. For that family of four with \$21,000 in income, it's like having a \$666 monthly deductible on a monthly income of \$1750.

For two parent families when one parent is working full time – over 100 hours a month, both parents lose eligibility and there is no access to the medically needy programs; they are completely uninsured.

The May revise proposes emergency only coverage for new legal immigrants, those who have entered the county legally in the last five years, thus reducing their coverage for all but emergency services so that they too cannot access their family physician for normal primary care treatments.

Who wants this type of system of episodic emergency centered care? Well it is certainly not employees or employers or family doctors. It is also most certainly not hospital emergency rooms and their staff who have too many patients in over-crowded facilities to begin with and are not looking for more; this is yet another financial setback for emergency medicine that could end up forcing more ER closures. It is not the local

welfare agency staff who are not looking for more paper to process. And it should not be our Governor whose health reform proposal last year was the complete antithesis of his health budget proposal this year.

How many people will be moving into this new/old system of care? At an initial best guess, the cumulative impact of reductions in eligibility and covered benefits for some, quarterly redeterminations for others, monthly re-applications for yet others will impact over 500,000 low wage working families.

Is this the system we want for our friends, neighbors or family members? Please do not be shy about sharing your thoughts, ideas and recommendations on how California should/could better resolve its budget crisis.