

Date of Hearing: June 2, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1994 (Holden) – As Amended March 16, 2020

Policy Committee: Health

Vote: 15 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill extends, from one year to three years, the duration during which Medi-Cal benefits are suspended when an individual becomes an inmate of a public institution.

It also implements provisions with align to federal law requirements that the department suspend Medi-Cal eligibility for any juvenile, as defined, who is an inmate of a public institution, and redetermine eligibility when such a juvenile is released.

FISCAL EFFECT:

- 1) One-time costs of \$3.6 million (\$1.2 million GF) to make necessary system changes to the Statewide Automated Welfare System and California Healthcare Eligibility, Enrollment and Retention System (GF/federal).
- 2) Administrative staff costs of \$140,000 (\$70,000 GF) to initiate a stakeholder workgroup to develop policy and procedures, serve as program lead for needed system changes, develop guidance, and monitor implementation of policy and system changes.
- 3) Projected annual costs of \$580,000 to perform additional annual redeterminations that would otherwise not occur (GF/federal). Under the bill, counties would continue to perform annual redeterminations for inmates for a period of three years (rather than disenrolling them after one year). There would be administrative costs to counties to perform the annual redeterminations after the first year of incarceration.
- 4) Potential minor information technology costs or staff workload to the California Department of Corrections and Rehabilitation (CDCR) if the new annual redetermination process requires data from CDCR to confirm an individual's status of incarceration. CDCR may also experience a minor reduction in workload ongoing for assisting inmates to re-enroll in Medi-Cal upon release, as this bill would facilitate re-enrollment upon release without filing a new application.
- 5) Minor potential increased Medi-Cal costs due to higher and more immediate Medi-Cal enrollment under the bill than would otherwise occur (GF/federal).

COMMENTS:

- 1) **Purpose.** According to the author, incarcerated individuals, compared to other individuals in the community, are more likely to have chronic physical and mental conditions. The author

contends the lengthy process of terminating and reapplying for Medi-Cal is detrimental to an individual's health outcomes and this bill suspends but preserves Medi-Cal eligibility so individuals need not reapply for coverage.

- 2) **Background.** Existing federal law prevents Medicaid benefits from being paid for an incarcerated individual except when the inmate is a patient in a medical institution. While an incarceration generally excludes from Medicaid reimbursement services delivered to inmates (except for inpatient services provided outside the prison), federal law does not make inmates ineligible for Medicaid.

Current state law suspends Medi-Cal benefits for an inmate until the date they are no longer an inmate of a public institution or one year from the date they become an inmate of the institution, whichever occurs sooner. The federal Centers for Medicare and Medicaid Services (CMS) published a letter of guidance in 2016 stating incarceration does not preclude an inmate from being determined Medicaid-eligible. In addition, to promote continuity of care, CMS encouraged states to place the inmate in suspended eligibility status during the period of incarceration or to implement a claims processing provision to ensure services are limited to only inpatient services.

A 2018 federal law change has also prohibited imposing a time-limited suspension of Medicaid on juveniles who are inmates of public institutions, effective November 2020. This change is effective November 2020 and the Governor's administration has proposed trailer bill language to implement the changes required by HR 6. This bill would make a similar change for adult populations as well, for a period of three years.

- 3) **Support.** The California State Association of Counties (CSAC) and the County Welfare Directors Association (CWDA) write in support that this bill would allow county welfare departments to continue to suspend eligibility for Medi-Cal for incarcerated individuals past one year to avoid unnecessary workload and ensure individuals are eligible for critical health and behavioral health services upon release.
- 4) **Prior Legislation.** AB 914 (Holden) was similar to this bill and was vetoed on concerns an indefinite suspension of Medi-Cal eligibility during a period of incarceration for non-juveniles would violate federal requirements.

SB 222 (Hernández), of the 2017-18 Legislative Session, was similar to this bill and would have required DHCS to extend the suspension of Medi-Cal benefits of incarcerated persons from one year to the entire duration of the person's incarceration. SB 222 was held on the Suspense File of the Senate Appropriations Committee

Analysis Prepared by: Lisa Murawski / APPR. / (916) 319-2081