

Date of Hearing: May 12, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Lorena Gonzalez, Chair
AB 4 (Arambula) – As Introduced December 7, 2020

Policy Committee: Health

Vote: 11 - 3

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill removes restrictions on Medi-Cal eligibility based on immigration status, thereby extending eligibility to undocumented adults.

FISCAL EFFECT:

- 1) Based on assumptions and available data, the Legislative Analyst's Office has estimated Medi-Cal benefits costs of \$2.4 billion total funds (\$2.1 billion GF) annually ongoing, including costs for In-Home Supportive Services. Given most undocumented individuals who would qualify are already enrolled in restricted-scope Medi-Cal, population assumptions are fairly reliable, but total costs could be lower or higher if health status, utilization or the rate of disability is different than assumed. This estimate assumes the state can continue to claim federal financial participation (FFP) for restricted-scope services.
- 2) Ongoing administrative and automation costs to the Department of Health Care Services (DHCS) in the low hundreds of thousands of dollars to make necessary program and information technology changes and manage the expansion thereafter (GF).
- 3) Significant ongoing additional cost pressure to Medi-Cal county administration to maintain additional caseloads, likely in the millions of dollars, at least, statewide annually (GF).
- 4) This expansion would relieve counties and non-profit health care providers of a significant financial burden of providing care to persons who cannot otherwise afford care. This change would be offset somewhat for counties by new statutory responsibility and costs to provide specialty mental health services to those newly eligible beneficiaries who qualify. Net savings, if any, would not accrue to the state without further statutory changes.

COMMENTS:

- 1) **Purpose.** According to the author, health care is a human right, and this means regardless of an individual's citizenship status, an individual is entitled to receiving care that is accessible and affordable. This bill ensures this extends to low-income undocumented adults. This bill is jointly sponsored by Health Access California and the California Immigrant Policy Center and is supported by labor, consumer, health care providers, immigrant, religious and low-income advocacy groups. It has no opposition.

- 2) **Medi-Cal Eligibility.** Generally, in states that expanded Medicaid pursuant to the federal Affordable Care Act (ACA), as California did, qualified individuals with incomes under 138% of the federal poverty level are eligible for Medicaid (Medi-Cal in California). However, individuals who are undocumented are excluded from full-scope Medi-Cal and only eligible for restricted-scope Medi-Cal, which provides a limited set of services including emergency and pregnancy services.

Eligibility and coverage in Medi-Cal is restricted in most cases to what is eligible for FFP. This bill would expand eligibility for full-scope Medi-Cal at state cost, with the intent to maintain FFP for the limited—but costly—set of health care services that are currently eligible for FFP, such as emergency care.

Over the last several years, the Legislature has expanded comprehensive full-scope Medi-Cal coverage to undocumented children ages 0 through 18 and adults ages 19 through 25.

- 5) **Projections.** California's uninsurance rate has declined dramatically in recent years, but, according to the U.C. Berkeley Labor Center, 3.2 million Californians will remain uninsured in 2022, about 1.3 million of whom are undocumented and under age 65. This bill is projected to cover nearly 1 million people with full-scope coverage, over 90% of whom are currently enrolled in restricted-scope Medi-Cal.

Comprehensive health care coverage for all low-income Californians is likely to have health-related and other benefits on a population basis that are beyond the scope of this analysis.

- 3) **Related Legislation.** SB 56 (Durazo), pending in the Senate Appropriations Committee, would, subject to an appropriation and effective July 1, 2022, expands full-scope Medi-Cal eligibility to undocumented Californians 65 years of age or older, who would otherwise qualify.
- 4) **Prior Legislation and Budget Proposals.** SB 104 (Committee on Budget and Fiscal Review), Chapter 67, Statutes of 2019, expanded full-scope Medi-Cal eligibility to undocumented Californians 19 to 25 years of age, inclusive, who would otherwise qualify.

The Governor's January 2020-21 budget also included \$58 million General Fund to expand full-scope Medi-Cal eligibility to undocumented Californians 65 years of age or older, who would otherwise qualify, which would have covered the half-year costs of implementing January 2021. The 2020-21 May Revision withdrew the proposed expansion and the Budget Act of 2020 did not include an expansion.

AB 4 (Arambula), of the 2019-20 Legislative Session, would have extended eligibility for full-scope Medi-Cal benefits to undocumented Californians age 19 and above who would otherwise qualify. AB 4 was referred to the Senate Health Committee and not heard.

SB 29 (Durazo), of the 2019-20 Legislative Session, would have extended full-scope eligibility to undocumented Californians 65 years of age or older, who would otherwise qualify, effective July 1, 2020. SB 29 died on the Assembly inactive file.

SB 974 (Lara), of the 2017-18 Legislative Session, would have extended full-scope coverage to undocumented Californians 65 years of age or older, who would otherwise qualify. SB 974 was held on the Suspense File of this committee.

AB 2965 (Arambula), of the 2017-18 Legislative Session, was similar to this bill. This committee passed AB 2965 as amended to expand full-scope Medi-Cal only to undocumented Californians ages 19 through 25 who would otherwise qualify, and it was held on the Suspense File of the Senate Appropriations Committee in that form.

SB 75 (Committee on Budget and Fiscal Review), Chapter 18, Statutes of 2016, expanded full-scope Medi-Cal for all undocumented children under age 19 who would otherwise qualify. That change enrolled over 200,000 undocumented children as of 2017.

- 5) **Staff Comment.** When the state opted to expand Medi-Cal in 2013, counties' costs and responsibilities for health care services for the indigent population decreased, as much of this population became eligible for coverage. To realign funding with programmatic responsibilities, a mechanism was created through AB 85 (Committee on Budget), Chapter 24, Statutes of 2013, to redirect local health realignment funding to fund social service programs, thereby freeing up state revenues to offset the state costs for the expansion. To the extent the state pursues another ambitious coverage expansion that reduces fiscal pressure on counties and providers for indigent care, it would be prudent to reexamine state-local health care funding and indigent care responsibilities.

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