

Medi-Cal is California's Health Care Safety Net for Millions of Low-Income People

The Issue

California's Medicaid program — Medi-Cal — is designed to support essential health care services for 1 in 3 low-income people. This includes more than 40% of children, 50% of disabled people, and 1 million seniors. To serve the more than 13 million Californians who are covered, the Medi-Cal program partners with 400 hospitals, 1,500 community health clinics, and more than 100,000 professionals, demonstrating the tremendous success that enhances care coordination for beneficiaries.

While Medi-Cal's coverage extends across all 58 counties in California, coverage is higher in 17 counties — including most rural counties — where enrollment tops 40% of the population. In these counties, the providers rely greatly on Medi-Cal reimbursement to serve as the non-federal share of Medi-Cal payments.

Protecting current Medi-Cal rates is vital because reimbursement rates already fall well short of the cost of care. Medi-Cal reimburses only 80 cents of every dollar spent on care — not enough to cover the total cost of caring for patients. Given the low reimbursement rate and California's high cost of living, the state is running an efficient, low-cost Medicaid program that is among the lowest in per capita spending of any in the country.

One way this has been achieved is through the implementation of value-based purchasing, which rewards acute care hospitals with incentive payments for the quality of care provided in the inpatient hospital setting. Medi-Cal was an early adopter of this program, which has led to hospitals and health systems delivering high-quality care at a lower cost.

From September 2019 to September 2020, the state shed [1.5 million jobs](#) related to the economic fallout resulting from the pandemic. As the coronavirus pandemic continues to wreak havoc on the health and economy of Americans, more and more Californians are relying on Medi-Cal as a result of losing employer-sponsored insurance — in fact, the number of Californians eligible for Medi-Cal increased 3.1% in the first half of 2020. Californians who maintain employer-sponsored insurance are likely to see premiums rise as a result of an underfunded Medi-Cal program and an increase in the demand. This will only create an additional burden on working Californians at a time when many are already experiencing financial difficulties due to the pandemic. The stability of the safety net program is vital to the health care insurance market for California.

What's Needed

To maintain access to the high quality of care that all Californians deserve, the state must protect Medi-Cal funding and reject cuts in rates paid to doctors, hospitals, and others who care for Medi-Cal enrollees.



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