

Every Californian Deserves Access to Equitable Health Care

The Issue

Medi-Cal provides health coverage to the most vulnerable Californians: one-third of the entire state and nearly half of all children; and low-income Californians who rely on Medi-Cal coverage are disproportionately people of color (two-thirds are non-White).

But Medi-Cal enrollees are shortchanged: systemic underfunding means that those who care for Medi-Cal patients are reimbursed just 74 cents on the dollar for the cost of care. That means fewer resources for care in California's most vulnerable communities. We will never make progress toward health equity in our state if Medi-Cal continues to underfund care for those with the greatest needs.

Systemic Medi-Cal underfunding results in inadequate resources and insufficient access to care for California's largely low-income and non-White communities – a significant factor in inequitable health outcomes and an untenable status quo if we value a just and healthy society.

The structural imbalance is driven by a decade-old Medi-Cal fee-for-service inpatient reimbursement methodology that mandates budget neutrality. That methodology – which applies to nearly all hospitals in California – has effectively “frozen” reimbursement at 2012-13 levels.

Designated public hospitals – the safety net for underserved communities – fare even worse. Most costs are paid through a special program where the hospitals, instead of the state, fund care for Medi-Cal patients in order to receive supplemental federal funds, creating a net reimbursement that is even lower than for other hospitals.

The gap between the have and have-nots when it comes to health care persists.

What's Needed

Policy changes to address these inequities are needed, including:

- Replacing the policy that froze hospital APR-DRG rates (a schedule of payments for common procedures) at 2012-13 levels
- New, annual payment adjustments that keep pace with inflationary cost trends
- Converting public hospitals' Medi-Cal fee for service inpatient reimbursement to a value-based structure that includes state General Fund support



Black Californians have the shortest life expectancy at birth and the highest rate of death from many types of cancer compared to all other races/ethnicities.