

# Policy At A Glance:

## Medi-Cal Eligibility Expansion

*Although Medicaid was created to help low-income Americans receive healthcare, its eligibility requirements traditionally have been quite restrictive with the exception of some relief provided by the Affordable Care Act. California has been at the forefront of expanding Medicaid eligibility, and this brief covers the latest policy proposal for expansion of coverage.*

### Introduction

Medicaid is a public health insurance program for low-income Americans that meet eligibility requirements. Medi-Cal, which is the name for California's Medicaid program, provides healthcare coverage to almost 14 million Californians as of last published data from June 2021, representing about one third of California's population.<sup>1</sup> Established in 1966, Medi-Cal is run by the California Department of Health Care Services (DHCS), making DHCS the largest purchaser of healthcare in the state.<sup>2</sup>

With the passage of the Affordable Care Act (ACA), California chose to expand its Medi-Cal coverage to include those with household incomes up to 138% of the federal poverty level (FPL) starting in 2014.<sup>2</sup> This expansion helped to spur enrollment in the program, increasing enrollment by 78% between January 2010 and 2019.<sup>3</sup> California subsequently chose to expand the program to cover otherwise eligible undocumented children birth through age 18 starting in 2016 and further expanded it to cover undocumented young people through age 25 starting in 2020.<sup>4,6</sup> Then in 2021, AB 133 extended coverage to undocumented adults 50 and older beginning May 1, 2022.<sup>7</sup> This brief covers the latest proposal by the Governor to further expand Medi-Cal eligibility.

### Medi-Cal Expansion Timeline

- 2014** Expands coverage to those with incomes up to 138% of FPL in response to the ACA<sup>2</sup>
- 2016** SB4 expands coverage to undocumented children under 19<sup>5</sup>
- 2020** Young Adult Expansion initiative expands coverage to undocumented young adults ages 19-25<sup>6</sup>
- 2022** AB 133 expands coverage to undocumented adults 50 and older<sup>7</sup>

Bringing wholeness to individuals and communities, the Institute for Health Policy and Leadership (IHPL) strives to integrate health policy research and education with leadership development. Our goal is to improve the health of our communities by building on our strong heritage of health promotion and disease prevention.

To learn more, visit us at [www.IHPL.llu.edu](http://www.IHPL.llu.edu)



LOMA LINDA  
UNIVERSITY  
HEALTH

## Latest Policy Proposal for Medi-Cal Expansion

Nearly 3.2 million people, or 9.5% of California's population under the age of 65, remain uninsured in 2022, and notably, 65% of the undocumented individuals are uninsured.<sup>8</sup> Governor Gavin Newsom's fiscal year (FY) 2022-2023 budget proposal looks to close the gap in the uninsured through a few different initiatives. First, Governor Newsom looks to expand Medi-Cal to cover over 700,000 undocumented adults aged 26-49. This closes the gap in coverage to cover all undocumented individuals that would otherwise qualify for Medi-Cal. It is expected to cost \$819 million in FY 2023-24 and \$2.7 billion in total funds annually to implement.<sup>9</sup> Of note, the Governor's office estimates a \$21 billion surplus for FY 2023-24, making this proposal possible.<sup>10</sup>

Governor Newsom is also proposing a justice package that would provide services to those involved in the justice system pre-release, enrolling them in Medi-Cal coverage and connecting them with healthcare providers that can support their re-entry to society through California Advancing and Innovating Medi-Cal program (CalAIM). The DHCS budget includes \$50 million in FY 2023-24 to implement these initiatives in addition to the \$1.8 billion total over five years for capacity building for the project.<sup>9</sup> Finally, the Governor's budget also proposes to discontinue the Child Health and Disability Program (CHDP) and expand children's presumptive eligibility, which allows children to get access to Medicaid or Children's Health Insurance Program (CHIP) services before their application is fully processed. This would sunset CHDP and expand the language in a trailer bill to include most children and youth under the age of 21 in automatic enrollment in a Medi-Cal plan.<sup>9</sup>

### Reducing Medi-Cal Premiums to Zero

As another piece of the Governor's budget proposal, he includes \$53 million in FY 2023-24 funds and \$89 million in overall funds to decrease Medi-Cal premiums to zero dollars for programs covered under the Children's Health Insurance Plan (CHIP) and the 250 Percent Working Disabled Program, which currently provides an opportunity for working disabled persons to buy into the Medi-Cal program when their income is less than 250% FPL.<sup>9</sup> Although these premiums are relatively low for the average American, they can be cost prohibitive to those who qualify for these programs.



# Response to Proposal and Comparison Context

## Proponents of Expansion

Advocates of Governor Newsom's Medi-Cal expansion to include all otherwise eligible undocumented immigrants point out that undocumented immigrants pay taxes and often do essential work but are excluded from coverage from the Affordable Care Act and are ineligible for subsidized coverage through the state's ACA health insurance marketplace.<sup>11</sup> State Insurance Commissioner Ricardo Lara noted, "The state Legislature and the governor will be erasing a vestige of discrimination against our immigrant communities that so many have fought for years to overcome."<sup>11</sup> A March 2021 poll by the Public Policy Institute of California found that 66% of Californians supported providing healthcare coverage to undocumented immigrants.<sup>12</sup>

## Opponents of Expansion

Opponents of the expansion argue that with more undocumented immigrants enrolled in Medi-Cal, the quality and accessibility of care are bound to decline for those already enrolled in the program. They point out that since many physicians do not take Medi-Cal and its reimbursement rate is much lower than that of private insurance, it will be harder for existing Medi-Cal enrollees to make appointments to receive care and that the quality of the care may decline.<sup>13</sup> Also, opponents are concerned about the expansion's cost to the state's budget given

that federal law does not allow for spending federal Medicaid dollars to cover undocumented immigrants.<sup>14</sup>

## Other States and Medicaid Expansion

California is the first state to make this push towards universal healthcare coverage by including all otherwise eligible undocumented immigrants. Only five other states (Illinois, Massachusetts, New York, Oregon, and Washington) and the District of Columbia (D.C.) had implemented affordable Medicaid/CHIP equivalent programs that could be subsidized through state or local funds as of October 2021. These programs are essentially Medicaid/CHIP but accessible to undocumented people and under different names. However, all five of these states have age limits for enrollment. All of them allow for children to enroll if they are younger than 19, and Illinois has a plan to allow those age 65 and older with income less than or equal to 100% the FPL to enroll. D.C. has a program for those 20 and younger as well as those 21 and older to access these equivalent programs, essentially not limiting age. Other states have established some programs to tackle this issue at the local level but not at the state level.<sup>15</sup> Perhaps more states will follow California's lead in expansion of Medicaid eligibility if the Governor's proposal is approved and implementation goes smoothly.

## Conclusion

Governor Newsom's plan to further expand Medi-Cal eligibility as laid out in his FY 2022-23 budget proposal aims to be another incremental step towards universal healthcare in the state of California. The cost of the expansion will fall completely on the state, but an expected \$21 billion budgetary surplus will cushion the cost initially. Alone, this expansion proposal focuses on the 65% of uninsured Californians that are undocumented, but together with CalAIM and changes to the children's presumptive eligibility enrollments, it aims to catch Californians that may have previously fallen through the cracks. This proposed policy is an important step towards universal healthcare coverage in California and has the potential to be transformational for many people who do not currently have medical insurance or are struggling to make ends meet. In order for this policy to be viable, however, sustainable plans for funding beyond the initial years are needed.

## References

1. <https://www.dhcs.ca.gov/dataandstats/Pages/Medi-Cal-Eligibility-Statistics.aspx>
2. <https://www.dhcs.ca.gov/Pages/Medi-CalExpansionInformation.aspx>
3. <https://khn.org/news/medi-cals-very-big-decade/>
4. <https://health4allkids.org/#:~:text=In%202015%2C%20California%20passed%20a,health%20coverage%20and%20get%20care>
5. [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201520160SB4](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB4)
6. <https://www.dhcs.ca.gov/services/medi-cal/eligibility/Pages/youngadultexp.aspx>
7. <https://www.gov.ca.gov/2021/07/27/governor-newsom-signs-into-law-first-in-the-nation-expansion-of-medi-cal-to-undocumented-californians-age-50-and-over-bold-initiatives-to-advance-more-equitable-and-prevention-focused-health-care/#:~:text=In%202019%2C%20California%20became%20the,income%20persons%20in%20the%20country>
8. <https://laborcenter.berkeley.edu/undocumented-californians-projected-to-remain-the-largest-group-of-uninsured-in-the-state-in-2022/>
9. [https://www.dhcs.ca.gov/Documents/Budget\\_Highlights/DHCS-FY-2022-23-GB-Highlights.pdf](https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2022-23-GB-Highlights.pdf)
10. <https://www.ebudget.ca.gov/FullBudgetSummary.pdf>
11. <https://www.kqed.org/news/11879724/so-thankful-california-to-offer-medi-cal-to-235000-undocumented-californians>
12. <https://www.ppic.org/wp-content/uploads/ppic-statewide-survey-californians-and-their-government-march-2021.pdf>
13. [https://www.thecentersquare.com/california/op-ed-plan-to-expand-medi-cal-is-a-costly-step-towards-single-payer/article\\_446d14e8-9410-11ec-88f6-6fab6df4d3d1.html](https://www.thecentersquare.com/california/op-ed-plan-to-expand-medi-cal-is-a-costly-step-towards-single-payer/article_446d14e8-9410-11ec-88f6-6fab6df4d3d1.html)
14. <https://www.chcf.org/blog/newsom-proposes-coverage-last-remaining-uninsured/>
15. <https://www.shvs.org/wp-content/uploads/2021/10/State-Funded-Affordable-Coverage-Programs-for-Immigrants.pdf>
16. <https://www.chcf.org/publication/coverage-during-crisis-insured-rate-historic-high-first-year-covid-19-pandemic/>



## Did you know?

California's noncitizen adults are more than three times as likely to be uninsured as California's citizens (5.6% compared to 18.4%).<sup>16</sup>



LOMA LINDA UNIVERSITY  
HEALTH

Institute for Health Policy and Leadership

11209 Anderson Street  
Loma Linda, CA 92354  
Phone: 909-558-7022  
Fax: 909-558-5638  
[www.IHPL.llu.edu](http://www.IHPL.llu.edu)

Special guest contributor:  
Jacob Bulf, BA, MPH candidate

Questions?  
Please contact the Institute for Health  
Policy & Leadership ([ihpl@llu.edu](mailto:ihpl@llu.edu)).