



## THE GOVERNOR'S PROPOSED MEDI-CAL CUTS: AN UNHEALTHY RESPONSE TO CALIFORNIA'S BUDGET PROBLEMS

### Now, More Than Ever, Californians Need a Health Care Safety Net: Medi-Cal

The Medi-Cal program was specifically designed to be available when people most need it. That time is now. As of March 2009, the unemployment rate in California was at 11.5%. Families who could count on employer-sponsored insurance coverage only a few months ago are suddenly out of work and uninsured. Although many newly unemployed families are eligible for COBRA coverage, many more cannot afford to pay for that coverage. Working Californians who never before needed the healthcare safety net are looking to that support to help them through trying times. Without health coverage, families can easily become mired in medical debt with not enough money to pay for daily necessities of life.

The proposed budget cuts would eliminate essential services for cancer treatment, adult day health care, and mental health services that Californians with stories like the ones below, need to continue working and living.

### Medi-Cal Provides Basic, Necessary Care Which Can Be the Difference Between Life and Death

*When Sue Ling\* was working, she was lucky enough to have employer-sponsored insurance. Unfortunately, the 48-year-old immigrant wife and mother of two lost her job and the insurance that came with it. On her husband's salary alone, the family was able to survive, but they did not have enough money to pay the COBRA premiums to continue her insurance coverage.*

*The lack of insurance hit Sue Ling and her family particularly hard because she was diagnosed with breast cancer before she lost her job. She applied for Medi-Cal. Before she could be evaluated for the Breast and Cervical Cancer Treatment Program (BCCTP), she was found eligible for Medi-Cal with a share of cost of over \$700. With only her husband's income, she could ill afford to pay \$700 after housing, food, and other necessities for the family of four in order to pay for expensive chemotherapy treatments.*

*Fortunately, Sue Ling's application for the BCCTP was approved, and the Health Consumer Center was able to help her get a medical bill paid for. Since the BCCTP has no share of cost, she was able to get life-saving treatments without incurring medical debt.*

*Sue Ling has now finished her chemotherapy, and she can look forward to raising her children and seeing them to adulthood.*

\* All client names have been changed to protect their privacy.

## Californians are Willing to Add Revenue Sources to Pay for Necessary Services, Like Medi-Cal

The proposed budget cuts fail to include revenue sources that would protect the safety net programs which support Californians in times of need. With less than a quarter of registered voters turning out in the recent special election, the defeat of Proposition 1A was hardly the mandate against higher taxes that the Governor now claims. At least one post-election poll shows that most voters want the state to balance budget cuts with revenue to fix the state budget.

The California Budget Project (CBP) and others have discussed potential revenue sources as follows:

- Institute an oil severance tax
- Increase the Vehicle License Fee (VLF)

When the Governor took office, he immediately cut the long-standing VLF which was 2% of a vehicle's value. That fee cut left the state with even less money for vital services. The CBP estimated that increasing the VLF rate from 0.65% to 1.15%, in most vehicles, would have raised \$345.9 million in 2008-2009 and \$1.692 billion in 2009-10.

- Eliminate recent tax breaks for Hollywood and other big companies

Both the September 2008 and February 2009 budgets not only contained drastic cuts for services to low-income Californians, but they also included large tax breaks for corporations in California.

## Cuts to Medi-Cal Would be Bad for the Economy and Worsen California's Finances

Medi-Cal funding supports jobs in the health care sector and generates economic activity. When beneficiaries use Medi-Cal services, state payments pay for healthcare services that in turn help pay healthcare workers who buy goods and services. Cutting Medicaid can worsen the economy.

Under the federal economic recovery bill, California is eligible for enhanced FMAP, the federal portion of the money that pays for Medi-Cal services, only if eligibility under Medi-Cal stays the same as it was this time last year. If California cuts Medi-Cal eligibility, the state will not be able to receive this extra money from the federal government. Contrary to the Governor's proposal to seek a "waiver" of the "maintenance of effort" requirement, the law specifies that this provision cannot be waived.

*Juan\* is a 61 year old Spanish speaking man. He and his wife recently divorced, and he suffers from depression. After so much of his life as a married man, he is not used to being by himself, and he often feels lonely and sad. His depression is made worse by difficulties with his housing and outstanding medical bills as a result of a heart condition.*

*He is in counseling and was referred to the Adult Day Health Care (ADHC) program to help with his depression. The ADHC program helps him from having to take antidepressants and use other more acute mental health services. He is doing much better because of the support offered by the Adult Day Health Care program. He likes visiting and talking with people and being social. He feels that the program serves him as a kind of therapy. Attending the ADHC program with others makes him feel useful, needed and happy again.*

*Joe\* is a 69-year-old who attends a hospital-based day treatment program. He has had mental health problems for decades and depends on Medi-Cal services for his therapy and medications. Joe depends on antipsychotic medications to manage his schizophrenia and another medication which treats Alzheimer's Disease. He heard about budget cuts related to psychological services and was concerned how this would effect his day treatment services. He is very anxious about losing services that have benefitted him greatly since his mother died two years ago. He currently receives one-on-one counseling on an as needed basis and attends 2-3 groups, 3 days a week as part of the Partial Outpatient Hospitalization Program at a hospital's behavioral health unit. He's been very pleased lately that there's a new group he attends. It appears that he's also benefitted from a change in his medication. With the help of his Medi-Cal services, he is able to live in senior independent housing and lead a productive life.*

Sources: California Faculty Association Poll conducted May 16-20, 2009, at: [www.calfac.org](http://www.calfac.org); California Budget Project: *To Have and Have Not* (June 2009); *Uncharted Waters: Navigating the Social and Economic Context of California's Budget* (May 2009); Kaiser Commission on Medicaid and the Uninsured, *State Fiscal Conditions and Medicaid* (January 2009).



## Health Consumer Alliance

The Health Consumer Alliance is a collaboration of nine local health consumer centers that cover thirteen counties and are home to over three-fifths of California's low-income residents. HCA offices cover both urban and rural counties providing a broad picture of the health care needs of individuals in different settings and systems. The local HCA offices are supported by two statewide support centers, the National Health Law Program and Western Center on Law and Poverty.

### Fresno County

Fresno Health Consumer Center  
Central California Legal Services  
1401 Fulton Street, Suite 700  
Fresno, CA 93721  
(800) 300-1277

### Imperial County

Health Consumer Center of Imperial Valley  
California Rural Legal Assistance, Inc.  
449 Broadway Avenue  
El Centro, CA 92243  
(800) 935-9288

### Kern County

Kern Health Consumer Center  
Greater Bakersfield Legal Assistance  
615 California Avenue  
Bakersfield, CA 93304  
(800) 906-3982

### Los Angeles County

Health Consumer Center of Los Angeles  
Neighborhood Legal Services of Los Angeles  
13327 Van Nuys Blvd.  
Pacoima, CA 91331  
(800) 896-3203

### Orange County

Orange County Health Consumer Action Center  
Legal Aid Society of Orange County  
2101 N. Tustin Avenue  
Santa Ana, CA 92705  
(800) 834-5001 and (714) 571-5200

### Sacramento, El Dorado, Placer & Yolo Counties

Health Rights Hotline  
Legal Services of Northern California  
519 12th Street

Sacramento, CA 95814  
(888) 354-4474

### San Diego County

Consumer Center for Health Education & Advocacy  
Legal Aid Society of San Diego County  
1475 Sixth Avenue, 4th Floor  
San Diego, CA 92101  
(877) 734-3258

### San Francisco & Alameda Counties

Community Health Advocacy Project  
Bay Area Legal Aid  
50 Fell Street, 1st Floor  
San Francisco, CA 94102  
(415) 354-6360 for San Francisco and  
(510) 250-5270 for Alameda

### San Mateo County

Health Consumer Center of San Mateo County  
Legal Aid Society of San Mateo County  
521 East Fifth Avenue  
San Mateo, CA 94402  
(800) 381-8898 and (650) 558-0915

### Statewide Support

National Health Law Program  
2639 South La Cienega Blvd.  
Los Angeles, CA 90034  
(310) 204-4900

### Western Center on Law and Poverty

3701 Wilshire Blvd., Suite 208  
Los Angeles, CA 90010  
(213) 487-7211 and  
1107 9th Street, Suite 801 Sacramento, CA 95814  
(916) 442-0753

[www.healthconsumer.org](http://www.healthconsumer.org)