

State of California Health and Human Services Agency  
Department of Health Care Services

JENNIFER KENT  
DIRECTOR

EDMUND G. BROWN JR.  
GOVERNOR

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TO DIANA S. DOOLEY  
Secretary

would grow to \$53.1 billion. From a cumulative perspective, the impact to California between 2020 and 2026 would be \$85.7 billion. From 2020 through 2027, the impact would total \$138.8 billion in federal funding cuts.

Our most significant concerns are listed and detailed below:

1. Shift in Federal Financing to Per Capita Limit: Similar to the AHCA and BCRA, the Graham-Cassidy amendment imposes a new Medicaid funding methodology for nearly all enrollees and expenditures in Medi-Cal to a per capita spending limit based on historical data. The per capita limits are similar to the earlier two proposals through FY 2024 in that they are trended by the Medical CPI or adjusted Medical CPI. These trends are then further reduced on all populations starting in FY 2025.

This per capita limit represents a fundamental change in the federal-state partnership that has existed since the Medicaid program's inception over fifty years ago and a pure cost-shift from the federal government to the states. If a state exceeds its spending limits, it must repay the federal share of the excess spending the following fiscal year.

We expect Medi-Cal expenditures to exceed the expenditures allowed under the proposed cap, particularly given that many health care costs are not within the state's control, such as the increasing costs of new drugs. We estimate California will have federal funding cut under this change by \$3.2 billion in 2020 and growing to \$8.7 billion in 2027. Cumulatively over the course of 2020 through 2027, the impact to California is estimated to be \$35.2 billion.

Medicaid expansion. According to the U.S. Census Bureau, California's uninsured rate dropped from 8.6% in 2015 to 7.3% in 2016 and since 2013 has demonstrated the largest drop in the rate of uninsured among any state.

4. Elimination of Enhanced Funding for IHSS: Eliminates enhanced federal funding of 6% for specific In-Home Supportive Services (IHSS) program costs beginning in 2020. California's IHSS program is the largest in the country, and is the core of our home-and-community-based system that allows the elderly and disabled to remain in their homes rather than be placed in a more costly institutional care setting. Serving over 480,000 beneficiaries today, this reduction in funding is estimated to increase state costs by about \$400 million in 2020, growing annually.
5. One-Year Ban on Planned Parenthood Participation in Medicaid: Institutes a one-year freeze on any federal payments to specified providers who provide abortion services. California has a long history of providing coverage and services for family planning. Established in 1997, the Family Planning, Access, Care and Treatment Program (FPACT) has been a model in delivering family planning services to low-

