November 12, 2021

The Honorable Gavin Newsom
Governor of California
State Capitol
Sacramento, CA 95814

Submit via email: leg.unit@gov.ca.gov
Re: Request to Include Medi-Cal Share-of-Cost Reform in 2022-2023 Budget

Dear Governor Newsom,

The undersigned organizations write today to request that you include a reform of Medi-Cal’s share of cost calculation in your 2022-2023 January Budget Proposal. Throughout your Governorship, your #California4All vision has included quality, accessible, health care for all Californians. There remains a group of older Californians and persons with disabilities who rely on Medi-Cal, yet struggle to access the program because they are required to pay hundreds of dollars or more each month before Medi-Cal will cover the cost of their care. While the recent increase in allowable income for free Medi-Cal helped a large number of people previously required to pay this share of cost, there are still tens of thousands of Californians required to pay a monthly deductible of $900 or more.

For individuals subject to a share of cost in Medi-Cal, their share of cost is calculated by determining how much income they have in excess of the “maintenance need income level.” All income over the maintenance need level becomes the individual’s share of cost. The share of cost functions like a monthly deductible. The Medi-Cal maintenance need level has been frozen at $600 for an individual since 1989, which is well below even the federal poverty level. It is impossible to pay rent, food expenses and actually live off of $600 in California in 2021. To illustrate how share of cost is calculated, if an individual earns $1500 a month, their monthly share of cost is $900. This means that Medi-Cal will not cover any of their health care services until they have incurred $900 of medical costs that they are responsible for paying. The Medi-Cal share of cost program forces individuals to live below the poverty level in exchange for Medi-Cal services.

Fortunately, fewer people are subject to this share of cost due to the Medi-Cal expansion that occurred in 2014, and the recent increase in income eligibility for our Medi-Cal program serving older Californians and those with disabilities. While this is good news for many, for those that find themselves with no other options, more action is required. This level of cost sharing is irreconcilable with other efforts in California to make health care affordable, including efforts to lower the cost of Covered California plans. For example, an individual earning that same $1500 a month on Covered California would be paying $1 a month in premiums and have a one-time (not monthly) deductible of $75, with the maximum out-of-pocket cost per year at $1000, rather than the $10,800 that the person would pay with a Medi-Cal share of cost. In this example, the share of cost represents 60% of an individual’s income.

Existing state statute gives your administration the authority to review and update the existing maintenance need income level so that individuals can keep more
of their income to pay for housing, food, utilities, transportation, and the other necessities of life and still be able to access Medi-Cal services. We propose that the maintenance need level be set to at least the income cap for free Medi-Cal, 138% of the federal poverty level, for consistency. If individuals earning less than 138% of the federal poverty cannot afford health care, then at least this amount must be needed to survive in California.

This high share of cost forces aging adults, people with disabilities, and their families to make impossible choices—between health care and paying rent and having food on the table. For the vast majority that do not meet their share of cost, the current policy denies low-income people with disabilities of all ages from accessing needed supports to remain living in their homes and communities. Without those supports, the risk of institutionalization increases.

These impacts also spread beyond the individuals who need services to their families—particularly women and women of color—who must fill in the caregiving gaps, risking their own economic security. Forcing families to pay such high costs for health care services, or to go without care, also perpetuates poverty intergenerationally, disproportionately harming families of color who already face lower wages, less savings, and higher interest rates.

Finally, we applaud your commitment to improving the lives of older adults and people with disabilities through the Master Plan for Aging. Reforming how the Medi-Cal share of cost is calculated aligns directly with the stated goal to increase access to Home and Community Based Services as identified in the Master Plan on Aging goal “Health Reimagined and Strategy A: Bridging Health Care with Home.”

Correcting this problem is long overdue, particularly now as we face another unprecedented budget surplus. We urge you to include reforming this outdated calculation in your upcoming proposed 2022-2023 budget.

Sincerely,

California Advocates for Nursing Home Reform
Disability Rights California
Justice in Aging
Senior & Disability Action SF
Western Center on Law & Poverty
AARP California
Alliance for Leadership and Education
Alzheimer’s Association
Alzheimer’s Los Angeles
APLA Health
Bet Tzedek
California Alliance for Retired Americans
California Association of Food Banks
California Black Health Network
California Commission on Aging
California Council of the Blind
California Foundation for Independent Living Centers
California Health Advocates (CHA)
California State Council on Developmental Disabilities
CalPACE
Center for Health Care Rights
Choice in Aging
Coalition of California Welfare Rights Organizations
Disability Rights Education and Defense Fund (DREDF)
Health Access California
Jewish Family Service of Los Angeles
Law Foundation of Silicon Valley
Legal Assistance for Seniors
LIFE ElderCare
LifeLong Medical Care
Maternal and Child Health Access
Meals on Wheels Orange County
Multipurpose Senior Services Program Site Association
National Health Law Program
Partners in Care Foundation
Personal Assistance Services Council
Public Interest Law Project
Senior Advocacy Network
Senior Advocates of the Desert
Senior Services Coalition of Alameda County
St Barnabas Senior Services
UDW/AFSCME Local 3930

cc: Michelle Baass, Director, Department of Health Care Services
Mark Ghaly, Secretary, California Health & Human Services Agency
Angie Wei, Legislative Affairs Secretary
Richard Figueroa, Deputy Cabinet Secretary
Tam Ma, Deputy Legislative Secretary