California Budget
& Policy Center

# Child Poverty and Medi-Cal: Overview and Opportunities

SARA KIMBERLIN, SENIOR POLICY ANALYST

LIFTING CHILDREN AND FAMILIES OUT OF POVERTY TASK FORCE MEETING
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# Key Themes

Overview of Medi-Cal:

- Basic background: Eligibility, funding, caseload
- Direct effect on the poverty rate
- Mitigating the consequences of poverty
- Other opportunities to address child poverty through Medi-Cal

# Basic Background: Eligibility, Funding, and Caseload

# Eligibility

Free (or nearly free) health insurance for low-income children and adults.

- For children with family incomes up to 266% of the Federal Poverty Line (FPL) ($65,436 for a 4-person family).
  - Children up to 322% of FPL in three Bay Area counties.
  - Pregnant women up to 322% of FPL.
- For parents/adults with family incomes up to 138% of FPL ($33,949 for a 4-person family).

# Funding

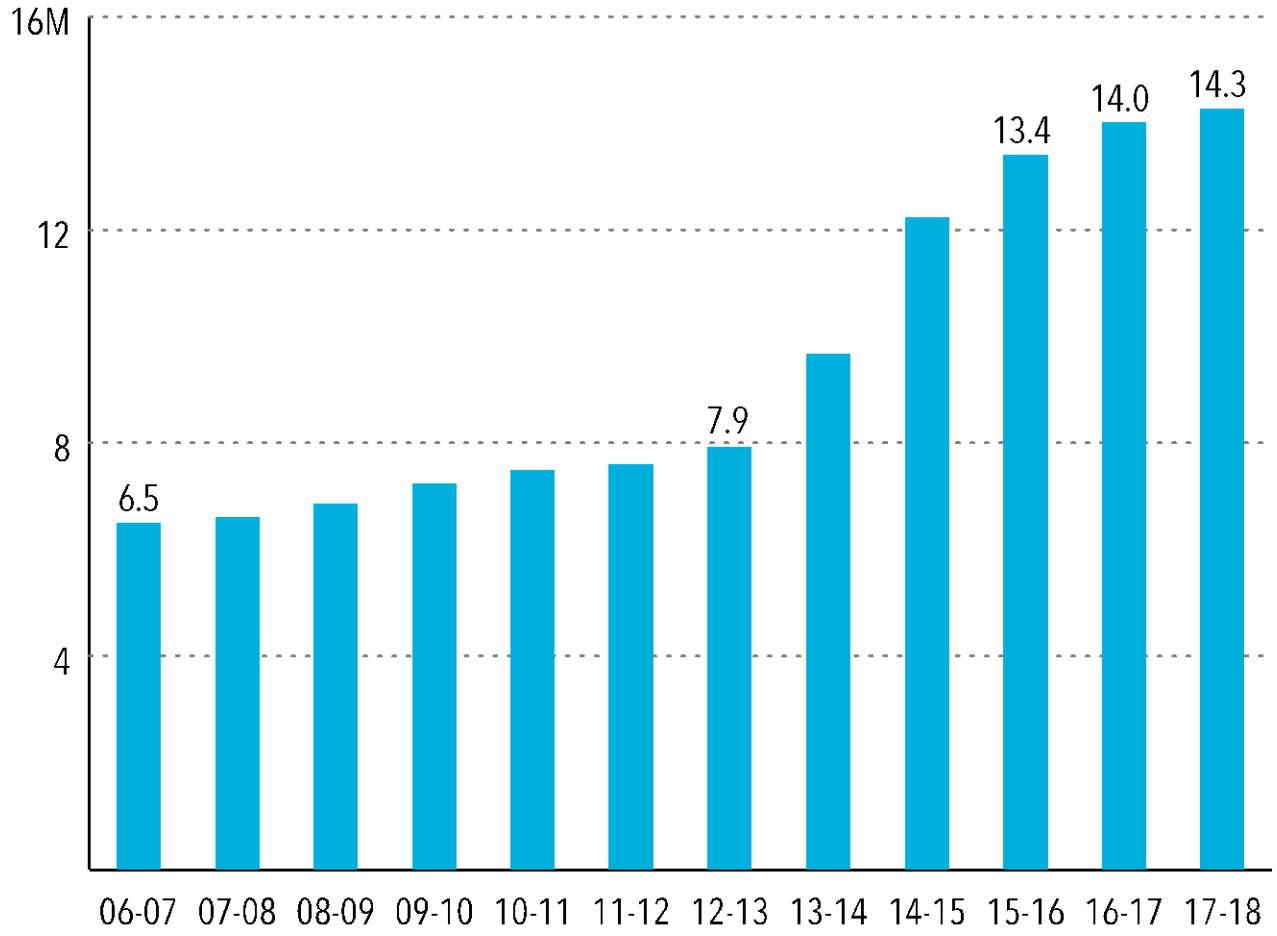
- *Medicaid* for individuals up to 138% of FPL.
  - Generally 50% federal funding, 50% state, but higher federal match for Affordable Care Act Medicaid expansion (94% for 2018-19).
- *Children's Health Insurance Program (CHIP)* for children and pregnant women 138% to 266% of FPL.
  - Currently 88% federal funding, 12% state, but historically 65% federal, 35% state.
- Projected $101.5 billion total spending for FY 2018-19 (about 2/3 federal funds, 1/3 state), or 34% of overall spending in the Governor's proposed budget.

# Caseload

- Projected 13.5 million individuals enrolled in 2018-19, including 5.2 million children.
- Approximately 34% of state population, including more than half of California children.

# Medi-Cal Enrollment Growth Is Slowing, Following Substantial Increases in Recent Years

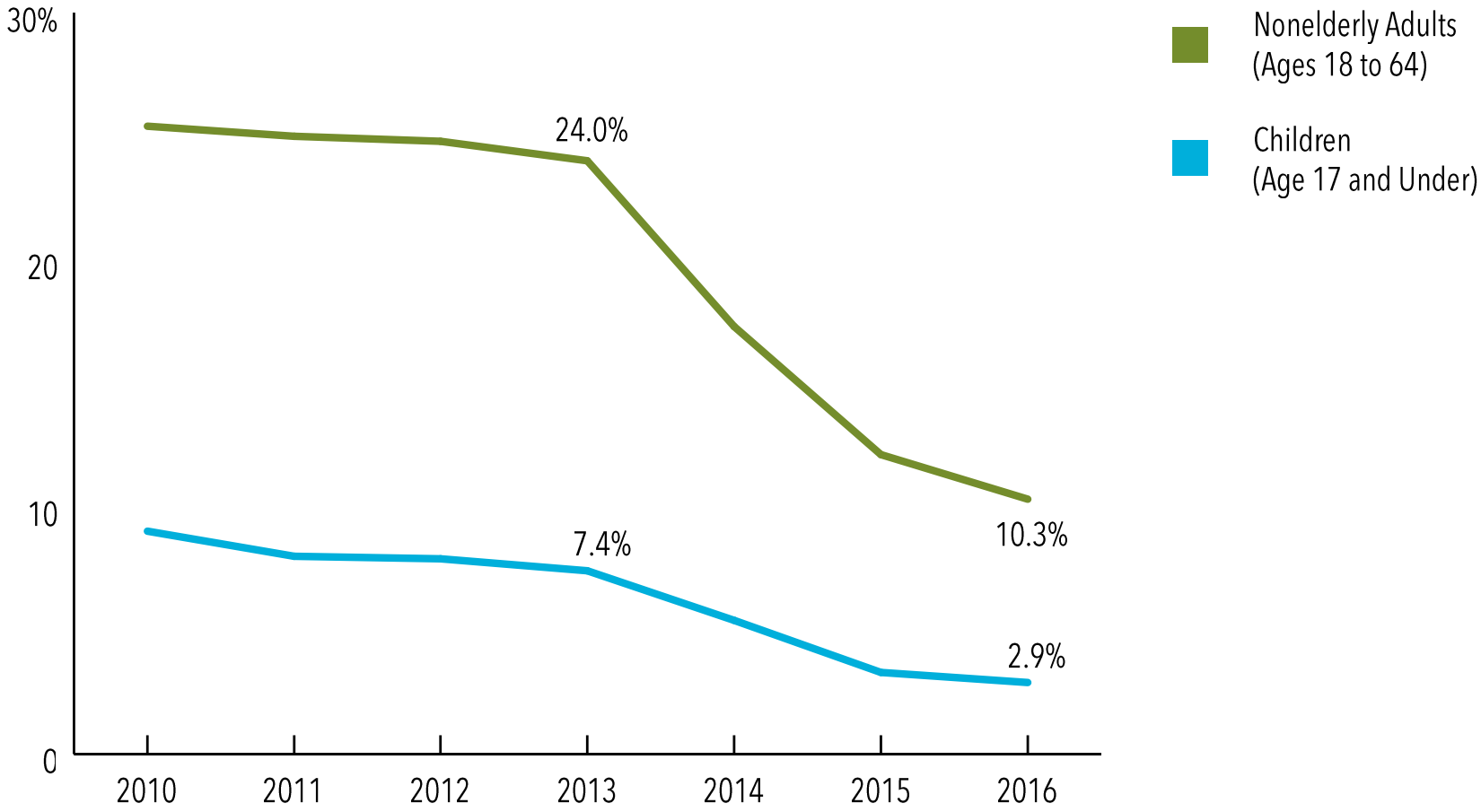
## Enrollment Gains in Prior Years Were Largely Due to Implementation of Health Care Reform




Note: Data for 2012-13 and later years are estimates. Figures reflect average monthly enrollment.
Source: Department of Health Care Services

# Uninsured Rates for Children and Nonelderly Adults Have Dropped by More Than Half Since 2013

## California Fully Implemented Federal Health Care Reform in January 2014




Note: Estimates are based on survey respondents' coverage status at the time of the interview.
Source: US Census Bureau, American Community Survey

# Direct Effect on the Poverty Rate

# Medi-Cal Affects Poverty Rates Indirectly

- Health insurance premiums and out-of-pocket medical expenses are subtracted from family resources in California Poverty Measure and Supplemental Poverty Measure.
- Medi-Cal affects poverty rates to the extent that it reduces families' out-of-pocket costs and premiums.
  - Reduces poverty if it replaces employer-based or marketplace insurance, limited effect on poverty if families stay uninsured instead.
- For a four-person family, average health costs are $522 per month with employer-based coverage and $752 per month with unsubsidized marketplace coverage, per the Budget Center's *Making Ends Meet* analysis.

# Medi-Cal Affects Poverty Rates Indirectly

- Health costs are generally substantially higher for adults than children.
  - For both insurance premiums and out-of-pocket costs.
- So parents' access to Medi-Cal will generally result in larger family savings (and therefore greater direct impact on poverty rate) than children's access to Medi-Cal.

# Mitigating the Consequences of Poverty

# Health Care Can Address Negative Effects of Poverty

- Children in poverty are at increased risk of health and development problems, and accessible health care can help mitigate these challenges.
  - Childhood health and development have long-term implications for well-being and economic success – so Medi-Cal can be viewed as a long-term intervention.
- Poverty is also associated with negative health outcomes for adults.
  - And parents' health affects their ability to work and earn income, one of the strongest protections against poverty.

# Other Opportunities to Address Child Poverty Through Medi-Cal

# Reaching Beyond Health Services

- Medicaid is used in some counties in California as a partial funding source for home visiting, a long-term anti-poverty intervention.

- A very large percentage of children in poverty and deep poverty are enrolled in Medi-Cal, implying that Medi-Cal could be an effective conduit for reaching poor children or a useful proxy for identifying poor children to target resources.

# The Bottom Line

- Medi-Cal is a large program that serves millions of poor and low-income children and parents in California.
- Medi-Cal affects the poverty rate only indirectly, when it reduces families' spending on health insurance and out-of-pocket medical expenses.
- By providing services to address health problems, which are more common among poor children and adults, Medi-Cal helps mitigate the consequences of poverty.
- Medi-Cal's broad reach among poor children and relative flexibility in services that can be funded create additional opportunities to address poverty.

California Budget
& Policy Center

1107 9th Street, Suite 310

Sacramento, California 95814

916.444.0500

skimberlin@calbudgetcenter.org

@skimberCA

@CalBudgetCenter

calbudgetcenter.org