



## Health Care Practice Tip - June 2020

### Summary of 2020-21 Health Budget

Following agreement from the Governor, the health omnibus trailer budget bill ([AB 80/SB 102](#)) is expected to pass the Legislature on June 26. The budget deal closely resembles the legislative deal reached earlier this month and rejects many of the health cuts proposed in the May Revision. Specifically, it maintains critical Medi-Cal benefits, rejects reinstating the senior penalty by raising the Medi-Cal Aged & Disabled income limit, limits estate recovery, and restores navigator and black infant health funding. Unfortunately, the budget indefinitely delays Health4AllElders by not expanding Medi-Cal to undocumented Californians aged 65 and older. Below is a summary of action taken by the Legislature:

The budget deal maintains eligibility expansions approved last year but indefinitely delays Health4AllElders:

- Ends the senior penalty by expanding the **Medi-Cal Aged & Disabled Program** for individuals with incomes between 123% and 138% of the FPL. The 2019 Budget scheduled implementation for January 2020, but was delayed to August 2020.
- Implements the **Medicare Part B disregard**, which would stop seniors and persons with disabilities from losing access to free Medi-Cal due to a confusing Medi-Cal rule that creates fluctuations in how income is counted even though a person's actual income has not changed.
- Extends Medi-Cal eligibility from 60 days to one year for **post-partum women** diagnosed with a mental health disorder.
- Upholds 2016 Budget Act that limited **estate recovery** to federal requirement to long term services for individuals who pass away after January 1, 2017. Estate recovery is asset seizure of the home and savings of poor individuals who have received health care coverage through Medi-Cal and are 55 or older or permanently institutionalized. Proposed expansion would have acted as an enrollment barrier and divestment in communities of color.
- Maintains one-time \$30 million General Fund funding for enrollment **navigator funding** that was approved in the 2019 Budget.
- Aligns with federal law to prohibit termination of Medi-Cal eligibility for a juvenile under age 21 or foster care youth under age 26 while **incarcerated**.
- Prioritizes once funding is available **Health4AllElders**, which would have expanded full-scope Medi-Cal for adults 65 and older who but for immigration status would be eligible.

On the Medi-Cal benefits/services side, the budget deal:

- Maintains **all critical Medi-Cal benefits that were proposed to be cut**, including adult dental benefits, audiology, incontinence creams and washes, speech therapy, optician/optical lab, podiatry, optometry, acupuncture, nurse anesthetists services, occupational and physical therapy, diabetes prevention program services, pharmacist-delivered services, and screening, brief intervention and referral to treatments for opioids and other illicit drugs in Medi-Cal.
- Maintains services that keep individuals in their home rather than nursing facilities, including Community-Based Adult Services (**CBAS**) and Multipurpose Senior Services Program (**MSSP**) remain. In-Home Supportive Services (**IHSS**) service hours remain uncut.
- Maintains funding for **behavioral health counselors** in emergency departments that was approved in 2019 Budget.
- Extends the **Medically Tailored Meals Pilot Program** authority for an additional year, at no additional cost due to delayed implementation.
- Directs DHCS to maximize federal funding to provide COVID19 testing and treatment to uninsured and underinsured individuals through the **COVID19 Presumptive Eligibility (COVID19 PE) program**.

On the Medi-Cal provider side, the budget deal:

- Maintains **supplemental provider rates** for physicians, dentists, women health services, family health services, developmental screenings, CBAS, Adult Day Health Center, non-emergency medical transportation, intermediate care facilities - developmental disabilities, hospital-based pediatric physician, adverse childhood experiences (ACEs) screening and provider training, value-based payments, and physician and dental loan repayment, but suspends these payments (with the exception of women's health services) on July 1, 2021 unless revenues exceed expenditures
- Maintains \$8.2 million in supplemental payments to the **Martin Luther King Jr. Community Hospital** in Los Angeles.
- Provides payments to non-hospital clinics for **340B pharmacy services** and continues planned implementation of **Medi-Cal Rx** for January 2021
- Negotiated agreement that **cuts Medi-Cal plan rates up to 1.5%** from July 2019 to December 2020, due to anticipated lower costs and utilization related to the pandemic, but does not include a cap on managed care plan rates for in-patient hospital stays. The budget also establishes a risk corridor as safeguard against unanticipated costs.

Other Medi-Cal budget agreements:

- Delay implementation of the **CalAIM** initiative.
- Maintains **dental managed care** in Sacramento and Los Angeles.
- Maintains funding for the **Medical Interpreters Pilot Project** that was approved in 2019 Budget.
- **Prescription drug** – allows Medi-Cal to negotiate for rebates based on the international “best price”, allows DHCS to seek federal approval to establish a

prescription drug rebate program for non-Medi-Cal populations, and eliminates copays and the six prescription limit in Medi-Cal fee-for-service.

Other health program budget deals:

- **Department of Public Health** – maintains funding for the Black Infant Health program and rejects reversions of 2019 augmentations, including partial reversions of funds appropriated for sickle cell disease and a farmworker health study, and an entire reversion of technical support for mental health disparities grants and mental health services grants.
- **Covered California** – keeps the additional state-based subsidies for households below 138% FPL and between 200-600% FPL at lower expenditure authority to reflect lower than projected enrollment.
- **Health Care Payments Data System** – establishes the system to provide for data collection and require publicly available reporting and data releases.
- **Hearing Aids** – maintains funding to help cover the cost of hearing aids not covered by insurance for children in households up to 600% FPL to be implemented no sooner than July 2021.

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