



March 18, 2013

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TO: CSAC Board of Directors

FROM: Matt Cate, Executive Director
Kelly Brooks-Lindsey, Senior Legislative Representative

Re: Medi-Cal Optional Expansion Principles – **ACTION ITEM**

The CSAC Health and Human Services Policy Committee has been meeting every other week since January to discuss the Medi-Cal optional expansion and implementation of the federal Affordable Care Act. Based on those conversations, staff recommends the following principles to address the state and county options for Medi-Cal expansion.

Medi-Cal expansion principles:

Generally,

- The Medi-Cal optional expansion should happen on January 1, 2014, and counties are committed to working with the Administration, Legislature and other stakeholders to meeting this goal.
- The proposal for a county option is not viable for the statewide Medi-Cal expansion. Because of variant readiness levels across counties, the county option would prevent California from implementing the expansion in January 2014.
- The Governor’s proposal for a state option provides the best framework for expanding Medi-Cal by January 2014. However, the programmatic realignment aspect of the proposal is problematic for a number of reasons outlined in the following more specific principles.

Specifically, future conversations about appropriate use of 1991 realignment savings associated with the Medi-Cal optional expansion must ensure continuity of health services and address long-term sustainability for both the counties and the state.

- Counties must retain sufficient health realignment funds to be able to fulfill residual responsibilities (such as serving the remaining uninsured and public health services). Because counties have different delivery systems, some counties may experience savings prior to 2017, but determining potential savings statewide without jeopardizing delivery systems remains a challenge.
- When considering redirection of savings, consideration should be given to reinvesting those savings in local health, public health, and behavioral health systems that are preventive in nature.

Reinvestment in health care provides opportunities to decrease health care costs and support sustainability.

- A key priority for counties is to manage the transition to Medi-Cal expansion within the constitutional protections associated with mandates. Counties oppose the realignment of programs without revenue protections and protections on future costs associated with state and federal law changes.
- State and county fiscal impacts associated with the Medi-Cal expansion and continued health service responsibilities must be identified on an ongoing basis to inform future decisions regarding shared financial risks.

RECOMMENDATION. Approve the proposed principles.