

Medi-Cal Redesign Proposals: Imposing Premiums and Capping Denti-Cal Benefits

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Governor's Medi-Cal Redesign Proposal

- Managed Care Expansions
- Hospital Financing Waiver
- Centralized Eligibility Processing for Children
- Beneficiary Cost Sharing
- Modifications to Medi-Cal Benefits Package

Beneficiary Cost Sharing = Imposing Premiums

- Governor's proposal establishes monthly premiums for certain Medi-Cal beneficiaries
- Individuals with incomes above the federal poverty level and seniors and persons with disabilities with incomes above the Supplemental Security Income/State Supplemental Payment Level will be affected

Imposing Premiums

- Premiums for kids under age 21 will be \$4 per month, premiums for adults will be \$10 per month
- Family maximum is \$27 per month
- Premiums will be due at time of eligibility determination
- Nonpayment for two months will result in disenrollment from Medi-Cal
- Families will have to pay back premiums if re-enrolling

Imposing Premiums

- Individuals can pay premiums by mail (checks), phone (credit cards), automated payroll deductions or bank account withdrawals, or go to certain locations to pay by cash
- Individuals will receive 25% discount by paying three months of premiums in advance (get fourth month free) or using automated systems

Rationale for Imposing Premiums

- Lack of beneficiary financial participation is “inequitable” for similarly situated low-income individuals who have employer-sponsored coverage or state or local gov’t health plan
- Premiums will eliminate stigma associated with participating in a free program
- Premiums will instill sense of ownership and personal responsibility

Impact of Imposing Premiums

- Will affect 550,000 eligible beneficiaries, including 460,000 children and non-disabled adults and 90,000 seniors and persons with disabilities
- Will result in project savings of \$11,106,000 (\$5,553,000 of the general fund) coming from premiums collected and cost reductions of persons who don't pay and are disenrolled

Individuals Exempt from Premiums

- Native Americans and Alaskan Natives
- Individuals with a share of cost
- 1931(b) enrollees in CalWORKs
- Infants below age one

Timeline for Imposing Premiums

- Governor introduced proposal on January 10, 2005
- Waiver application will be submitted to federal government by December 2005
- Contracting process of 15-21 months to occur concurrently
- Premium payments to begin January 2007

Modifying Medi-Cal Benefits Package = Capping Denti-Cal

- Governor proposed limiting dental services for adults in Medi-Cal to \$1000 over a twelve month period
- Cap excludes federally mandated services provided by physicians, emergency services, hospital costs associated with dental treatment

Impact of Capping Denti-Cal Benefits

- Will affect approximately 3 million adult beneficiaries
- Will NOT affect children in Medi-Cal
- Will result in anticipated savings of \$50,000,000 (\$25,000,000 general fund) for fiscal year 2005-06

Rationale for Capping Denti-Cal Benefits

- Will align Medi-Cal benefits with private-sector employer-sponsored coverage, Healthy Families program and state employee health plan
- Will still cover majority of dental needs of beneficiaries, including cost of dentures

Timeline for Capping Denti-Cal Benefits

- Governor introduced proposal on January 10, 2005
- In July 2005, system changes will be initiated and federal approval will be sought
- Cap will be implemented August 2005 if legislative authority is provided

Need More Information?

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