BLEEDING DISORDERS COUNCIL OF CALIFORNIA

Feeling Overwhelmed by Healthcare Changes?

Presented by
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What is the Bleeding Disorders Council of California?

Our **Beginning**

BDCC is a 501(c)3 nonprofit organization formed in 1985 to coordinate the shared advocacy agenda of the four California hemophilia organizations

Our **Focus**

BDCC coordinates statewide access, education and advocacy efforts on behalf of individuals living with bleeding disorders and rare or chronic conditions

Our **Advocacy**

BDCC advocates to protect access to care, promote progressive treatment options and advance the quality of life for these individuals, families and caregivers

What is Medicaid?

- Medicaid is a federal public health insurance program, created in 1965.
- Today, about 70 million people use Medicaid in the United States.
- Every state has Medicaid, although the program varies from state to state. It is funded by a combination of federal and state funding.
- In California, this program is called Medi-Cal.

Who does Medicaid help?

Children – Medicaid is a major source of health care for children, especially those living below the federal poverty level

Pregnant women – Coverage is provided to ensure access to prenatal care and delivery services

Seniors – Medicaid helps cover some costs for low-income seniors, including those eligible for Medicare

People with disabilities – including those who are unable to work or may not be able to access other forms of insurance

Who does Medi-Cal help?

- Today, about 14.9 million Californians are enrolled in Medi-Cal
- Medi-Cal covers about 50% of all children 17 and under in California
- Medi-Cal also covers about 40% of all births
- In a typical year, about 30% of people with bleeding disorders nationally utilize Medicaid to access care. In California that number is more in the range of 50%
- Medi-Cal also provides long-term care for many disabled people and seniors

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Setting the Stage: 2025 California Budget

2025 Budget Act Shortfall: $12 billion

Total Spending of Budget Act: $321.1 billion in total spending, including $228.4 from the General Fund.

Reserves: $15.7 billion.

summary-of-the-budget-act-of-2025-final-v3.pdf

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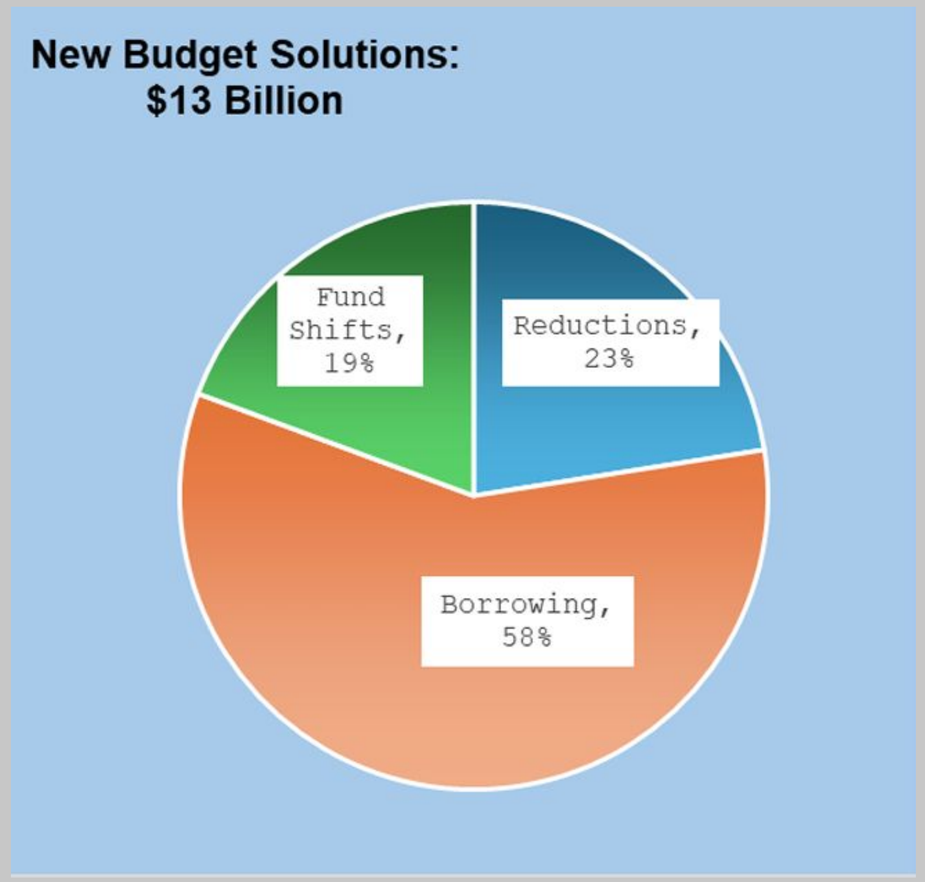
Setting the Stage: 2025 California Budget Act

How did lawmakers address the budget shortfall?



- Reductions: $3.5 billion in 2025-26 and growing to over $12 billion, ongoing;
- Revenue/Borrowing: $7.8 billion in in 2025-26; and
- Other (fund shifts, deferrals, delays): $1.0 billion in 2025-26

2025 Enacted Budget Analysis California Senate Republican Fiscal Office

Legislative Version of the Budget, California Senate

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Setting the Stage: Medi-Cal Spending

The May 2025 Medi-Cal Estimate for 2025-26 projected a $6.4 billion increase in total spending and a $2.5 billion increase in General Fund spending compared to the November 2024 Medi-Cal Estimate. May Revise projected General Fund spending in Medi-Cal at $45 billion in 2025-2026.

Medi-Cal Pharmacy
Approximately $1 billion related to pharmacy.

Medi-Cal Caseload
$5 billion increase in costs driven largely by care for Unsatisfactory Immigration Status members.

DHCS FY 2025-26 May Revisions Budget Highlights 5-14-25

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Setting the Stage: Medi-Cal Spending

Medi-Cal Pharmacy Spending

- Approximately **$1 billion related to pharmacy**.
- From 2018-19 through 2023-24, Medi-Cal pharmacy spending nearly **doubled**.
- Nearly **half of this growth** was associated with certain drugs treating diabetes, obesity, and inflammatory diseases. The 2025-26 Budget: Medi-Cal Pharmacy Spending

2025 Budget Act Solutions:

- Rebate for individuals with unsatisfactory immigration status: $300 million
- Minimum rebate for cancer and HIV increased: $75 million
- Eliminate pharmacy coverage of OTC: $3 million
- Utilization management/PA: $25 million
- Step Therapy: $87.5 million
- PA for continued therapy: $62.5 million
- Eliminate coverage for medications for weight loss: $85 million

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Setting the Stage: Future Projections

Projected Deficits:

- Department of Finance (DOF) projects operating deficits ranging from $10 billion to $20 billion over the multiyear period.

Projected Federal Funds:

- 2025 Budget Act assumed $174 billion of federal funds.

*"The lack of ongoing spending adjustments puts California on pace to create **annual operating deficits ranging from $17 billion to $24 billion over the next several years….** even without a decline in revenue or further increase in spending."*

-California Senate Republican Fiscal Office 2025 Enacted Budget Analysis

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Setting the Stage: Impact of MCO Tax Revenue

Proposition 35, approved by voters in November 2024 permanently continues the MCO Tax added by Assembly Bill 119 (Chapter 13, Statutes of 2023) and specifies permissible uses of tax revenues starting with the 2025 tax year for which the Department must consult with a stakeholder advisory committee to develop and implement.

The 2025 May Revision projected MCO Tax revenue of:

- $9 billion in 2024-25,
- $4.2 billion in 2025-26, and
- $2.8 billion in 2026-27 to support existing and increased costs in the Medi-Cal program.

DHCS FY 2025-26 May Revisions Budget Highlights 5-14-25

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HR 1: Medicaid Provisions

Eligibility/Access Requirements

- Work requirements
- 6-month eligibility checks
- Retroactive coverage restrictions
- Cost sharing

State Financing Restrictions

- MCO and Provider Tax limitations
- State Directed Payment restrictions
- Federal funding repayment penalties for eligibility-related improper payments

Immigrant Coverage Limitations

- Reduction in FMAP* for emergency UIS**
- Restrictions on lawful immigrant eligibility (increases UIS)

**Federal matching assistance percentage*
***Unsatisfactory immigration status*

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Access

JANUARY 1, 2027:

- **Work Requirements**: Implement mandatory work requirements for adults ages 19 to 64. State option to delay implementation until December 31, 2028, with HHS Secretary approval.
- **Eligibility:** Redetermine eligibility for expansion adults once every 6 months.
- **Retroactive Coverage**: Shorten Medicaid retroactive coverage.

OCTOBER 1, 2028:

- **Cost Sharing**: Impose copayments on most services for expansion adults with incomes above 100% of the FPL.
  - States would decide the amount, not exceed $35 per service and subject to an aggregate limit of 5% of family income.
  - For drugs, cost sharing must be $4 (preferred) and $8 (non-preferred);

Bottom Line Impact to California: Estimated ***3 million Medi-Cal members*** *will lose coverage, increasing costs for hospitals and clinics for care to uninsured.*

The Future of CalAIM: Building Upon Successes and Creating Value

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State Financing Provisions: MCO Tax

JULY 4, 2025: Tax Structure Requirements

- Prohibits implementation of any ***new*** Medicaid provider taxes and ***increasing existing*** tax rates.
- Prohibits ***any tax*** that imposes a lower tax rate on providers based on their lower Medicaid volumes compared to providers with higher Medicaid volumes, or taxes Medicaid units of service at a higher rate than non-Medicaid units of service.
    - Impacts California's MCO tax and Hospital Quality Assurance Fee (HQAF).

OCTOBER 1, 2027: Tax Amount Ramp-Down of Cap

- 6% tax threshold reduced by half a percentage point per year until the threshold hits 3.5% in 2032.
    - Impacts California's current MCO tax rate which is 5.99%

Bottom Line Impact to California: CA's current MCO tax structure and HQAF are **non-compliant** under HR 1 and will need to be modified. However, some have argued that the MCO tax cannot be modified to comply with the uniformity requirements and may mean that Medi-Cal funding will need to come from other sources.

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Immigration: Medicaid Coverage Limitations

Emergency Services: October 1, 2026

- Prohibits states from receiving the 90% enhanced matching rate for emergency services provided to:
  - Unsatisfactory Immigration: individuals who, but for their immigration status, would have qualified for the ACA optional adult expansion group.
  - Refugees, asylees, and other lawfully residing individuals.

Bottom Line Impact to California: CA will lose the 90% federal match for emergency Medicaid services, requiring increased General Fund spending and/or a rollback of services covered under the emergency Medicaid benefit. Safety-net providers, particularly hospitals that deliver high volumes of emergency care to noncitizens will be deeply impacted.

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Immigration: Medicaid Coverage Limitations

Federal Funding for Refugees, Asylees, Victims of Human Trafficking, Humanitarian Parole:

- Ends the availability of full-scope federal Medicaid and CHIP funding for most refugees, asylees, victims of human trafficking, certain individuals whose deportation is being withheld or who were granted conditional entry, or individuals who received humanitarian parole, such as people fleeing violence in the Ukrainian war.
- Effective Date: October 1, 2026

Bottom Line Impact to California: Approximately 200,000 immigrant Medi-Cal members will shift from satisfactory immigration status (SIS), which is eligible for full Federal Financial Participation (FFP), to unsatisfactory immigration status (UIS), which is only eligible for emergency and pregnancy-related FFP.

Mitigation for Rural Health

- **Fund:** $50 billion funding program to mitigate federal funding cuts on rural health providers.
- **Funding Disbursement:** CMS will allocate $10 billion each year 2026-2030.
- **Funding Distribution:**
  - 50% distributed equally across states with approved applications
  - 50% distributed to states per CMS discretion, pursuant to specific rural impact factors (state's % of rural residents; share of rural health facilities compared to nationwide)
  - States must implement at least three activities (prevention and disease management; training and technical assistance; recruitment; etc.).
  - Limitations: Cannot be used as non-federal share of Medicaid payments. Admin cap 10%.
- **Next Steps for California:** State to submit application (including a detailed rural health transformation plan) by TBD deadline. CMS required to approve by December 31, 2025

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Looming Ahead: Covered California

FEDERAL ENHANCED PREMIUM TAX CREDITS SCHEDULED TO EXPIRE AT THE END OF 2025

The American Rescue Plan and the Inflation Reduction Act provide enhanced federal premium tax credits for Marketplace consumers by:

- Increasing the amount of premium assistance for all consumers eligible to receive APTC
- Providing two free Silver plan options for consumers with incomes below 150% FPL
- Eliminating the “subsidy cliff” for middle-income consumers above 400% FPL who were previously ineligible for APTCs

Bottom Line Impact to California: Unless Congress takes action, they will expire on December 31, 2025. Covered California enrollees will face an average 66% increase in their monthly premium costs, and an estimated 400,000 will their coverage altogether beginning in 2026 from this policy alone.

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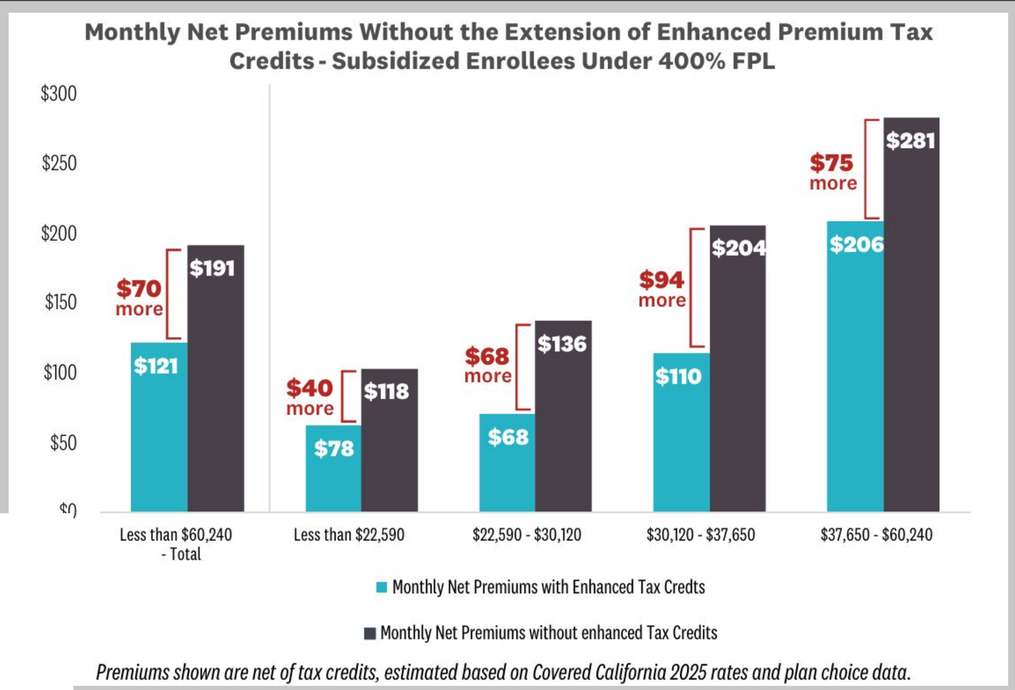
Covered California

Covered California enrollees will face an average 66% increase in their monthly premium costs, and an estimated 400,000 will their coverage altogether beginning in 2026 from this policy alone.



In total, Californians are estimated to receive as much as $11 billion in savings for their monthly premiums, with around $2 billion from the enhanced premium tax credits

Brief 1 IRA ACA Premium Impacts 2025.pdf

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Other Provisions of HR 1: SNAP

- Significant changes to the Supplementation Nutrition Assistance Program (SNAP), known as CalFresh in California.
  - Impact to California:
    - 303,000 Able Bodied Adults Without Dependents at risk of losing benefits if unable to comply with work requirements
    - 74,000 non-citizens who will lose eligibility
    - 18,000 individuals losing eligibility for the Standard Utility Allowance and
    - 444,000 seeing a reduction in benefits
    - 43,000 individuals in households of 9 or more with reduced benefits due to new benefit caps based on value of the Thrifty Food Plan

Bottom Line Impact to California: Federal funding for SNAP in California projected to drop by at least $**1.7 to $3.7 billion annually.**

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Bottom Line: Impact to California

- According to **the California Health and Human Services Agency (CHHA)**:
  - **Changes to Medicaid**: Up to 3.4 million Medi-Cal members may lose coverage. Total reduction of **$30+ billion in federal funding is at risk annually.**
  - **Changes to SNAP**: Total reduction of at least **$1.7 to $3.7 billion** in federal funds annually

- According to the **California Hospital Association:**
  - **Changes to Medicaid**: Revenue losses to California hospitals will be between **$66 billion and $128 billion** over the next decade.

- According to the **California Medical Association:**
  - **Changes to Medicaid:**
    - Health system contractions are projected to eliminate 217,000 California health care jobs
    - **Reduce economic output by $37 billion** and cut **$1.7 billion from state and local tax revenues**.
    - Uncompensated care is anticipated to surge to $9.5 billion over the next decade.

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What Will The California Legislature Do?

"*The Senate will begin* ***work on developing a large employer contribution requirement for employers with employees enrolled in Medi-Cal,*** *beginning as early as 2027-28. This recognizes that large employers benefit from their employees being enrolled in taxpayer funded health programs instead of employer provided health care programs."* – California Senate, Legislative Budget Summary

"Future budget legislation to address those changes is likely later this legislative session (in August or September), in a ***possible special session of the Legislature this fall, or in January 2026*** *when the Legislature returns for next year's regular session."*
- California Assembly, Budget Floor Report

"*To balance the budget going forward,* ***the Legislature will likely need to adopt additional solutions that increase ongoing revenues or reduce ongoing spending****—both of which involve the most difficult and consequential trade-offs for policymakers."* –Legislative Analysts Office, The 2025-26 Budget: Multiyear Budget Outlook

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What Will The Executive Branch and California Legislature Do?

Submit application (including a detailed rural health transformation plan) for rural health provider mitigation funds?

- CMS will allocate a total of $10 billion each year 2026-2030
- (50% equally, 50% at CMS discretion.)

Restructure MCO tax and Hospital Quality Assurance Fee?

- $4.2 billion in 2025-26, and $2.8 billion in 2026-27 MCO revenue at stake,.

Address undocumented Medi-Cal healthcare costs?

- $5 billion over projections in 2025-26 *before HR 1 changes to reimbursement.*

Address Medi-Cal pharmacy costs?

- $1 billion in 2025 over projections. 2025 solutions = $638 million

Cut Medi-Cal provider rates? Cut Medi-Cal benefits?

Pass new taxes? Raise existing taxes? Eliminate tax credits?

- Film/TV tax credits passed in 2025: $750 million
- “Walmart Tax”

What can we do?

On Medi-Cal? What Can You Do?

- Know what kind of insurance you have? Is it Medi-Cal? Most Medi-Cal patients are in Medi-Cal Managed Care Plans
- Be sure your contact information is up to date with the State. Make a practice of regularly logging in to check for updates
- Be sure to open all mail and emails from Medi-Cal and respond within the deadline (10-30 days typically)
- Begin keeping records of your monthly work or qualifying activities (i.e. caregiving, school, community service).

On Covered California? What Can You Do?

- Stay up to date on all your premium payments
- Read all notices from Covered California and your insurance plan. Submit any responses by the deadline.
- Don’t wait until the last minute to enroll for 2026 – additional paperwork may be required
- Anticipate higher premiums
- Update your financial information with Covered California. Be sure you have filed your taxes and reconciled credits from prior years.
- Make an active choice for 2026 (even if you are keeping the same plan)

Genetically Handicapped Persons Program

Medi-Cal and Covered California patients at risk of losing coverage should consider enrolling in GHPP immediately.

Take Action!

Urge Congress to extend the health care tax credit!

https://bleedi gn/eAPTCs/

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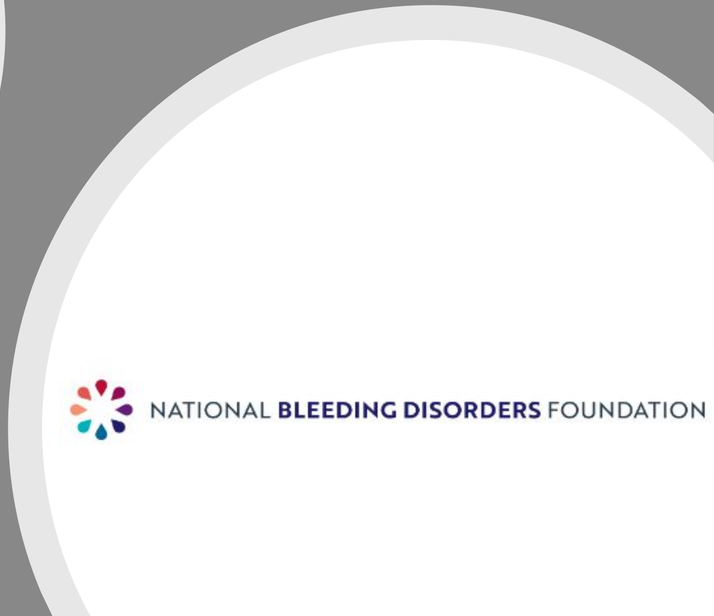

Thank you for joining us!

REMINDER:

This webinar is part of a series of educational webinars presented by the Bleeding Disorders Council of California.

A recording and slides will be available soon and shared with all participants.

NEED HELP?

Contact **Lynne Kinst** at (916) 572-7771 or lynne@bdcouncilca.org