JUST THE FACTS

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CALIFORNIA'S HEALTH CARE SAFETY NET

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- **Millions of Californians rely on the health care safety net.**

  The health care safety net is a patchwork of programs and providers that serve people with low incomes, no private insurance coverage, or other special needs. Core safety net providers—including county hospital systems and health clinics—treat patients regardless of their ability to pay. Some of this care is financed by Medi-Cal (California's version of Medicaid, a public insurance program for qualified low-income people) and other limited state and county public programs. Today, more than seven million Californians are uninsured and another eight million are covered by Medi-Cal.

- **Federal health reform will reshape California's health care safety net.**

  The Affordable Care Act (ACA) will reduce the number of uninsured Californians by expanding public insurance coverage through Medi-Cal and subsidizing private coverage through Covered California, the new state insurance marketplace. But three to four million Californians—the majority of whom will be low income—are expected to remain uninsured even years after ACA implementation; they will remain reliant on the safety net. Also, many low-income Californians who gain insurance coverage will continue to use safety net providers for various reasons, including convenience and the availability of additional support services. It could prove challenging to serve both groups while adjusting to financial and organizational changes brought about by the ACA.

- **County hospital systems are important safety net providers …**

  Medi-Cal and uninsured patients account for more than 80% of inpatient stays in California's county hospital systems. These systems are operated by 12 large counties—home to 65% of California's uninsured adult population. County hospitals (and other hospitals that serve large shares of uninsured and publicly insured patients) receive additional federal funds—called Disproportionate Share Hospital (DSH) payments—to help cover costs. As the ACA takes full effect over the next several years, these payments are slated to be significantly reduced, resulting in revenue losses for California's public hospitals in particular.

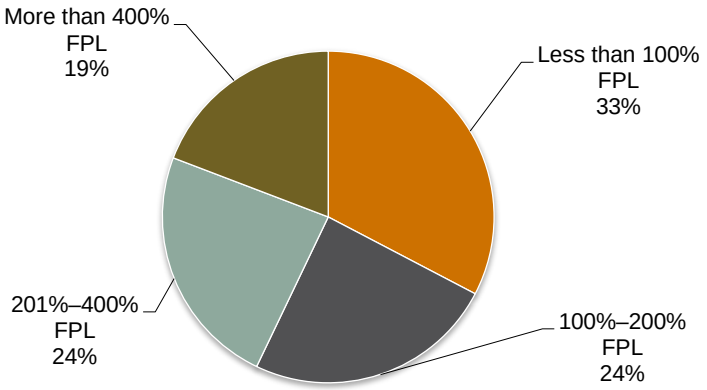
- **… as are California's primary care clinics.**

  More than a thousand state-licensed health clinics delivered outpatient primary care services to about 5.2 million patients in 2011. At least 80% of these patients had incomes below 200% of the federal poverty level (FPL) and more than three-quarters are people of color. In 2011, these clinics received almost half of their total revenue and about two-thirds of their patient revenue from Medi-Cal. More than half of California's licensed clinic sites are Federally Qualified Health Centers (FQHC), which makes them eligible for additional funding, enhanced reimbursement rates, and other supports. The FQHC program is being expanded under the ACA, which is investing billions of dollars in health centers nationwide. As of December 2012, California's health centers had received nearly $300 million of this funding.

- **Emergency departments are the "safety net of the safety net."**

  Hospital emergency departments (EDs) are federally mandated to provide necessary treatment to all patients who seek care. In 2011, there were more than 12 million visits to California's hospital emergency departments—a 22% increase since 2005. Medi-Cal beneficiaries visit EDs at higher rates than other groups—including the uninsured, who are often billed for the full cost of their ED visits. Once Medi-Cal begins to cover more uninsured Californians, there is concern EDs could see even more visits.

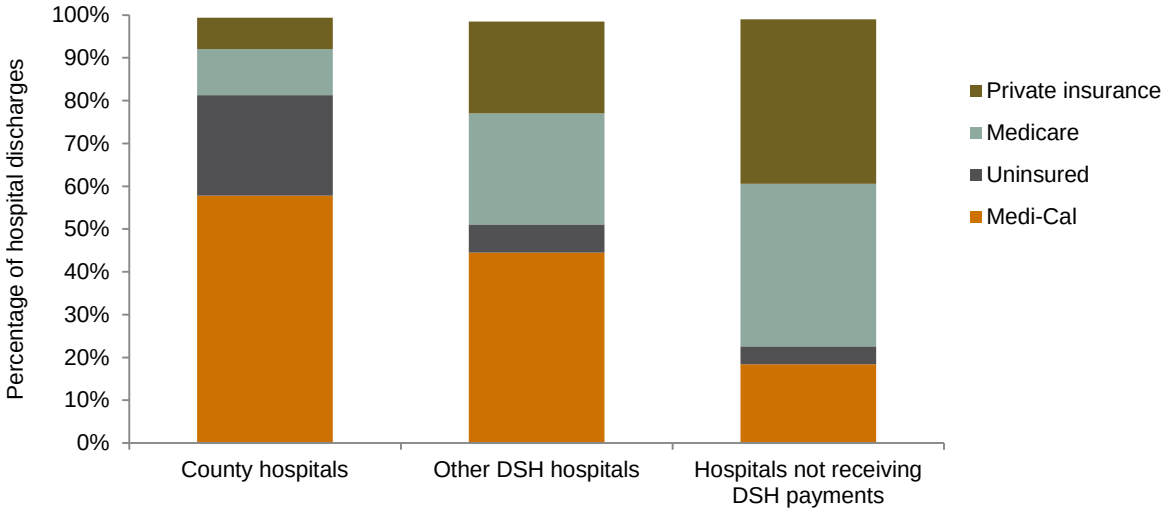
After the ACA is implemented, a majority of uninsured Californians will be low income



Source: L. Lucia, K. Jacobs, M. Dietz, D. Graham-Squire, N. Pourat, and D. H. Roby. 2012. *After Millions of Californians Gain Health Coverage Under the Affordable Care Act, Who Will Remain Uninsured?* UC Berkeley Center for Labor Research and Education and UCLA Center for Health Policy Research.

Notes: "Low income" is generally defined as less than 200% of the federal poverty level (FPL). Total uninsured in 2019 = 4 million. Estimates are from the CalSIM model base scenario, which assumes take-up rates for insurance coverage will reflect current take-up rates. The CalSIM model also produces estimates using an enhanced scenario, which uses higher take-up rates that account for increased outreach, enrollment, and retention processes than currently exist and results in fewer remaining uninsured. The 2013 FPL for a family of four is $23,550.

County hospitals serve large shares of uninsured and Medi-Cal inpatients



Sources: Office of Statewide Hospital Planning and Development (OSHPD) 2011 Hospital Patient Discharge Pivot Profiles; OSHPD 2011 Hospital Annual Financial Data (HAFD) Pivot Profiles.

Notes: Includes information for hospitals licensed as General Acute Care with principal services listed as General Medical/Surgical or Pediatric and captures more than 96% of all patient discharges in the State. Identification of hospitals receiving Disproportionate Share Hospital (DSH) funds is derived from the HAFD. Hospitals operated by the University of California are included in the "other DSH hospitals" category. Uninsured category includes self-pay and indigent programs.

Sources: Office of Statewide Hospital Planning and Development (OSHPD) 2011 Hospital Patient Discharge Pivot Profiles; OSHPD 2011 Hospital Annual Financial Data Pivot Profiles; OSHPD 2005–2011 Hospital Annual Utilization Data Pivot Profiles; OSHPD 2011 Primary Care Clinics Annual Utilization Pivot Profiles. Kaiser Family Foundation, ACA Federal Funds Tracker, updated December 2012.

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