

California's Health Care Safety Net

Shannon McConville and
Shalini Mustala

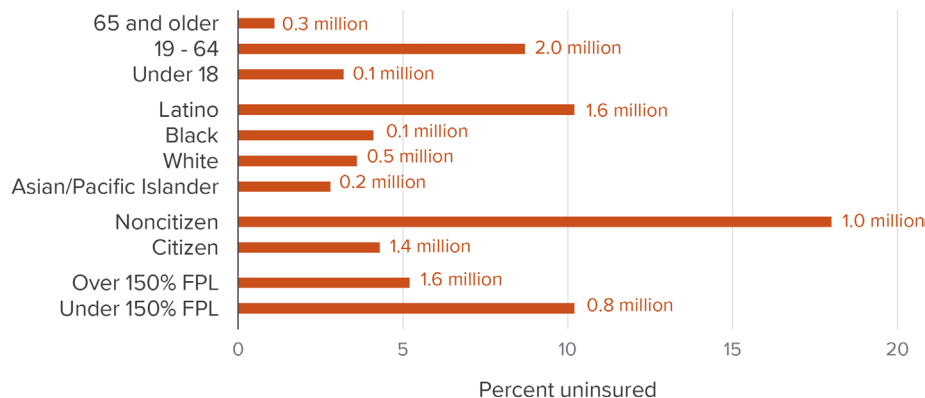
Millions of Californians rely on the health care safety net.

- ▶ The health care safety net is a patchwork of programs and providers that deliver coverage and care to people with low incomes, no private insurance, and/or special medical needs.
- ▶ [Medi-Cal—California's Medicaid program](#)—is its cornerstone, providing health coverage for over 14 million Californians in July 2024 and serving as the primary funding source for safety net providers.
- ▶ Additional state and local programs, like [California Children's Services](#) and [county indigent care programs](#), pay for health care services for low-income people not eligible for Medi-Cal—prior to recent program expansions, many were undocumented immigrants—and those with specific health conditions.
- ▶ Core safety net providers—including county hospitals, health clinics, and emergency departments (EDs)—are located throughout the state and treat patients regardless of their ability to pay or their immigration status.

California's health care safety net has expanded dramatically—but millions remain uninsured.

- ▶ California's uninsured rate declined dramatically over the past decade, as Medi-Cal coverage expanded and Covered California offered subsidized options for health insurance under the Affordable Care Act (ACA).
- ▶ Still, about 2.4 million Californians reported being uninsured in spring 2023. Most are adults under 65 (2 million), about two-thirds (1.6 million) are Latino, and about four in ten (1 million) are noncitizens. Nearly one-third (0.8 million) have incomes below 150% of the federal poverty line and should be eligible for either Medi-Cal or no-cost coverage through Covered California.

Latino, noncitizen, and low-income Californians have higher uninsured rates



Source: Current Population Survey, Annual Social and Economic Supplement, 2023.

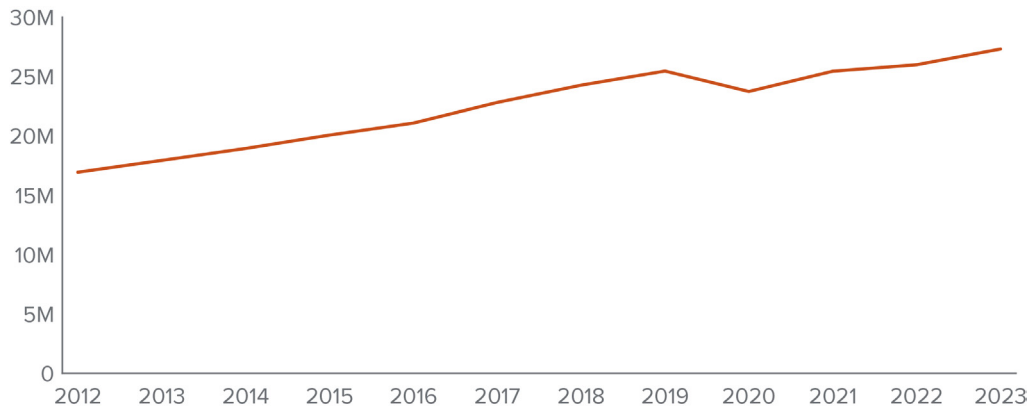
Notes: Survey data was collected February to April of 2023. The health insurance question reflects whether the respondent reported any health coverage at the time of the survey.

Health care safety net providers saw increased visits, but financial challenges loom.

- ▶ Visits to safety net providers increased after large pandemic-related declines: between 2021 and 2023, primary care clinic visits rose 7%, emergency department visits, 13%, and county hospital stays, 1%.
- ▶ Providers [received billions in federal pandemic relief](#), which ended in 2022. While funding was [well targeted](#) and [improved short-term finances](#), concerns remain about the financial stability of safety net providers.
- ▶ Most clinics are Federally Qualified Health Centers (FQHCs or “look-alikes”) that receive additional federal funds to provide comprehensive health services to underserved communities. A new [reimbursement model](#) for FQHCs is starting in 2024—it shifts from visit-based to monthly payments to provide more stable funding.

- ▶ [Hospital closures](#) are also a major concern. In 2023, California legislation (AB 112) created a program of interest-free loans for financially distressed hospitals. Nearly \$300 million has gone to 16 hospitals—many are in rural areas and serve low-income communities.

Visits to health care safety net providers rebounded after declining during the pandemic



Source: CA Department of Health Care Access and Information—[Primary Care Clinic Annual Utilization Data](#).

Notes: Figure shows visits to primary care clinics licensed by the state; some clinics including about 90 county-operated health centers are not included. Visits of licensed clinics with missing data have been imputed using linear interpolation. About 50 clinics had imputed visits in 2022, and 72 in 2023.

County hospitals are essential safety net providers.

- ▶ Twelve large counties—home to about 60% of California’s population—operate county hospital systems. In addition to providing care, these hospitals help train physicians and operate high-level trauma centers.
- ▶ All county hospitals—and other hospitals that serve high shares of uninsured and Medi-Cal patients—receive supplemental funding to help cover costs because Medi-Cal pays hospitals less than Medicare and private insurance. County hospital systems also typically receive funding from county sources.
- ▶ In 2022, Medi-Cal patients accounted for nearly 60% of stays at county hospitals and nearly half at other hospitals that receive supplemental funding—compared to 35% at all others.

Primary care clinics play a critical role.

- ▶ About 1200 state-licensed health clinics reported 27.3 million visits in 2023, an increase of about 1.8 million since 2021.
- ▶ In 2023, these clinics served over 8 million patients, or one in five Californians. In some regions, they treated nearly one-third of all residents.
- ▶ Primary care clinics rely heavily on Medi-Cal—about 70% of their net revenue. Other revenue sources include patient fees, some private insurance, Medicare, and other public programs.

Emergency departments are “the safety net of the safety net.”

- ▶ Federal law requires emergency departments to provide necessary treatment to all patients who seek care. In 2023, 321 hospital emergency departments in California provided 24-hour access to health services.
- ▶ About 14.8 million visits were made to California’s hospital emergency departments in 2023—around 13% of these visits resulted in hospital admission.
- ▶ Emergency departments are front-line providers for people experiencing homelessness. In 2022, about 386,000 ED visits (3% of total) were patients identified as homeless; some [EDs report much higher shares, though challenges in screening for homelessness](#) mean these counts are likely underestimates.

Sources: California Department of Health Care Services, Medi-Cal Certified Eligible Counts; California Department of Health Care Access and Information, Facility Annual Utilization Files; IPUMS Current Population Survey, 2023; McConville et al. [How Hospital Discharge Data Can Inform State Homelessness Policy](#) (PPIC 2022).