

Public Health Insurance in California

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Medi-Cal and Medicare are cornerstones of public health insurance in California.

- ▶ As of May 2023, more than half of Californians were covered by public health insurance—which covers low- to moderate-income, older, and disabled individuals, as well as veterans and members of the military.
- ▶ Almost all Californians up to 64 years old who are covered by public insurance are enrolled in Medi-Cal (96%); Medicare covers most adults who are 65 and older.
- ▶ As of May 2023, over 16 million low-income Californians—over 40% of the state population—were enrolled in Medi-Cal. This includes undocumented residents enrolled in a limited version of Medi-Cal that covers some conditions and/or emergency care.
- ▶ Federally recognized American Indians and Alaska Natives may enroll in Medi-Cal without giving up access to Indian and tribal health services. About 11% of Medi-Cal enrollees also receive Medicare.

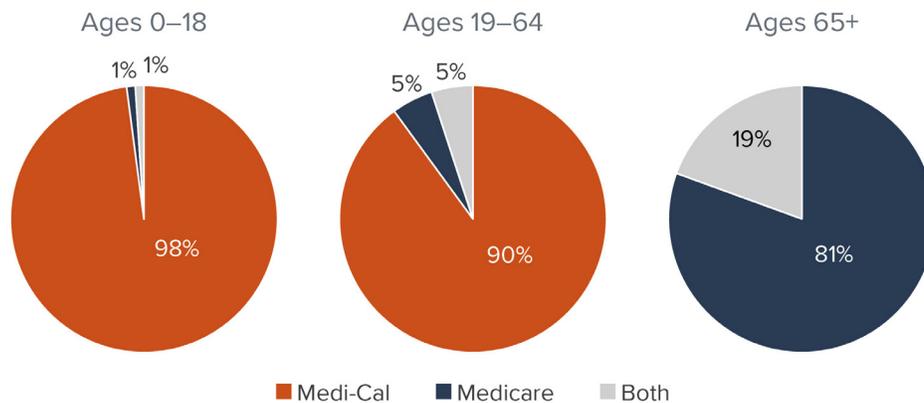
Medicare is a federal insurance program that covers millions of older and disabled Californians.

- ▶ Medicare covers more than 6.7 million Californians with disabilities and those who are 65 and older. Most older enrollees contributed to the program while they were employed.
- ▶ Medicare has multiple components. Part A covers hospital stays with no cost-sharing for most enrollees. Part B pays for outpatient services and medical supplies and Part D covers prescription drugs; both require enrollees to share costs through out-of-pocket payments such as premiums and co-pays.
- ▶ Medicare Advantage, or Part C, allows recipients to choose private plans in lieu of traditional Medicare. And consumers can purchase private “Medigap” plans to protect against high out-of-pocket costs.

Medicare is federally funded, and most Medi-Cal funding is federal.

- ▶ In addition to federal funding, Medicare is financed through payroll taxes and enrollee premiums. In 2021, combined [benefit payments for California residents](#) for Medicare Part A and/or Part B amounted to \$43 billion.
- ▶ In 2023–24, the state General Fund covers \$39 billion of [Medi-Cal's](#) \$139 billion budget, but the federal government contributes the majority of program funding.
- ▶ About 10% of Medi-Cal funding comes from local governments, state taxes on healthcare providers such as hospitals and nursing facilities, and the [managed care organization \(MCO\) tax](#). Most of this funding is matched by federal dollars.

Medi-Cal dominates public health coverage for Californians under 65; Medicare covers most seniors



Source: American Community Survey 2022 data.

Notes: Weighted averages of coverage type for individuals with Medi-Cal or Medicare are shown. “Both” refers to elderly or disabled individuals who have both Medi-Cal and Medicare. Several groups are excluded: uninsured individuals, those with private health insurance other than Medicare, and a small number (< 0.2%) who have military/veterans’ public coverage but not Medi-Cal or Medicare.

The state has expanded Medi-Cal to undocumented immigrants and added program benefits to meet social needs.

- ▶ The federal Affordable Care Act expanded Medi-Cal to non-disabled adults without children, with restrictions based on immigration status. California now covers undocumented children, young adults, and older adults, and plans to expand coverage to all low-income residents regardless of age or immigration status in 2024.
- ▶ Through [an initiative called CalAIM](#), Medi-Cal is working with community-based organizations, public hospitals, county agencies, and tribes to provide additional benefits—including enhanced case management and housing services—for Californians with complex needs, such as homelessness.

Medi-Cal policies that prevented disenrollment during the pandemic expired in April 2023; now the state is working to prevent coverage gaps.

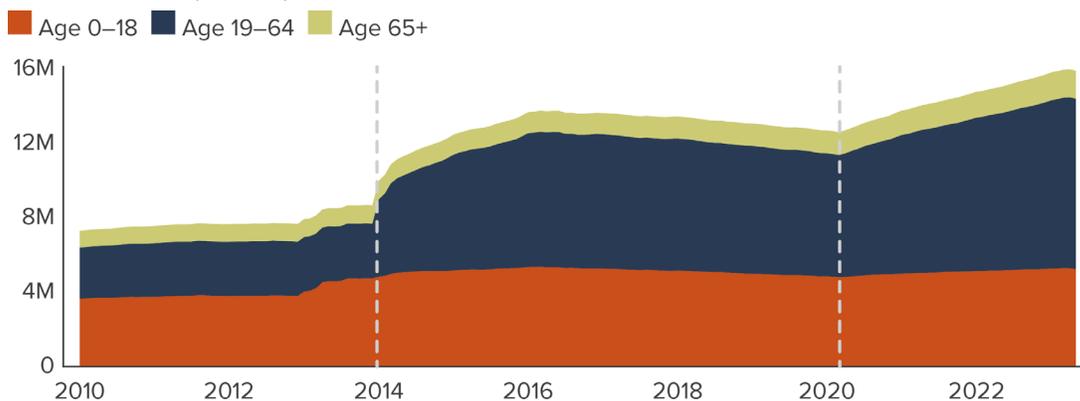
- ▶ Medi-Cal temporarily suspended its annual income eligibility reviews during the pandemic. This contributed to a 26% increase in Medi-Cal participation between February 2020 and April 2023.
- ▶ Medi-Cal resumed eligibility reviews in April 2023; these reviews are expected to lead to the disenrollment of [2 to 3 million](#) Californians. Many are expected to enroll in employer coverage or marketplace plans, but [about 400,000 could become uninsured—including some who may still be eligible](#).
- ▶ The state Department of Health Care Services and its county partners are working to ensure Medi-Cal enrollees are not dropped for reasons unrelated to eligibility. This could address the long-standing issue of “churn”—whereby eligible people are disenrolled and then reenroll after being uninsured for a period of time.
- ▶ To prevent coverage gaps when people transition from Medi-Cal to subsidized marketplace insurance, [SB 260](#) enables [Covered California](#)—the state’s ACA marketplace for individual private plans—to automatically enroll individuals who lose Medi-Cal coverage in the lowest-cost plan.

Covered California offers public subsidies for private health plans.

- ▶ Citizens and documented immigrants who are not eligible for Medi-Cal and do not have access to affordable employer coverage can buy plans through Covered California, the state’s ACA insurance marketplace.
- ▶ A federal policy change in 2022 expanded marketplace purchasing and subsidy eligibility for employees with dependents, fixing a [“family glitch”](#) that had prevented dependents without access to affordable employer coverage from enrolling in Covered California. About 400,000 additional Californians—mostly low- and middle-income women and children—can now buy marketplace plans with premium subsidies.
- ▶ Covered California enrollment exceeded 1.7 million individuals in 2023. A large majority of purchasers (89%) receive premium subsidies; federal subsidy amounts are \$486 per month, on average.

Medi-Cal enrollment surged during the pandemic, driven mostly by adults under age 65

Number of enrollees (millions)



Source: Department of Health Care Services Medi-Cal Enrollment by Eligibility Group.

Notes: The most recent enrollment data is from March 2023. The first vertical line indicates the 2014 ACA Medi-Cal expansion. The second line marks the pause in Medi-Cal eligibility checks in March 2020, in response to the pandemic.

Sources: American Community Survey 2022 1-year data; CA Dept. of Finance [Population Estimates](#), 2023; LAO [Analysis of the Medi-Cal Budget](#), Feb. 10, 2023; CA Dept. of Health Care Services [Medi-Cal Enrollment Update](#), May 25, 2023, and [Medi-Cal Monthly Eligible Fast Facts](#), August 2023; Covered California [Newsroom](#), March 9, 2023, and [Open Enrollment and Renewal Net Plan Selection Profile](#) 2023; Healthcare.gov [Health Coverage for American Indians & Alaska Natives](#); CA Dept. of Health Care Services [OMII Medicare Databook](#), Feb. 2022.