

## **Federal Health Care Legislation**

### Maintenance of Effort

1. Federal legislation requires the state to maintain all existing Medicaid populations as of the federal enactment date (March 23, 2010) in order to continue receiving federal matching funds.
2. The FY 2011 budget had eliminated General Fund monies for the Prop 204 population as of January 2011 and repealed the statutory authority and funding for the KidsCare program as June 15, 2010.
3. To continue receiving federal matching funds for the traditional Medicaid programs, the state would need to restore both of these programs.
4. The KidsCare program is currently operating under an enrollment freeze that was approved by the federal government prior to March 23rd. The federal legislation appears to allow continuation of the enrollment freeze.

### New Provisions

5. Starting in January 2014, state must increase its Medicaid eligibility to 133% of the federal poverty level (FPL). The federal government will pay 100% of the cost of adults through January 2017, then will gradually lower the match to 90% by 2020.
6. The federal government will pay for children between 100% and 133% at the regular match rate (approximately 65%). Starting in 2016, the federal government will match the cost of the KidsCare population between 133% and 200% of FPL at 99%.
7. Prop 204 childless adults would be funded at 83% starting in FY 2014, gradually growing to 90% by FY 2020. This would generate a savings compared to the regular 65% match rate.
8. There will likely be some “woodwork” effect as existing eligible but nonparticipating individuals sign up for coverage.

### Fiscal Impact

9. State would have to add \$385 million from the General Fund to restore Prop 204 for second half of FY 11 and \$9 million to retain a capped KidsCare program. This cost could potentially be offset by extension of the enhanced federal match rate under the federal stimulus legislation for another 6 months until June 2011.
10. In FY 2012, the cost of retaining Prop 204 and KidsCare would be \$948 million.
11. Beginning in 2014, the enhanced federal match rates would reduce the state’s cost. The FY 2015 savings is \$(220) million with a cumulative savings through FY 2020 of \$(2.3) billion.
12. The combination of restoring Prop 204 and the enhanced federal match rate would cost \$826 million in FY 2015 with a cumulative cost through FY 2020 of \$7.5 billion.