



News Release

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STATE FISCAL ANALYSIS: U.S. SENATE HEALTH BILL THREATENS MILLIONS COVERED BY MEDI-CAL, COULD COST CALIFORNIA \$30 BILLION ANNUALLY

SACRAMENTO – Under the health care bill awaiting action in the U.S. Senate, California could face more than \$30 billion annually in additional health costs by 2027, forcing officials to consider drastic reductions in Medi-Cal, including reducing or ending coverage for more than 3.8 million individuals enrolled under the Affordable Care Act's (ACA) Medicaid expansion.

An analysis of the proposed Senate bill by the Department of Health Care Services (DHCS) and Department of Finance (DOF) found that the proposed Better Care Reconciliation Act (BCRA) would drastically shift responsibilities and costs from the federal government to the state -- adding nearly \$3 billion in costs in 2020, with the annual cost growing to \$30.3 billion by 2027. The cumulative cost from 2020 through 2027 would total an estimated \$114.6 billion, with a \$92.4 billion impact to the state's General Fund.

"This bill takes a sledgehammer to the improvements we have made in our state's health care delivery system," said DHCS Director Jennifer Kent.

The [DHCS fiscal analysis in March](#) of the House version of the health bill, the American Health Care Act, found a similar cost shift. The Senate version would cost slightly less in the early years, but would cost California nearly an additional \$6 billion per year by 2027.

In addition to dramatically reshaping the federal-state partnership that has underpinned the Medicaid program for more than 50 years, the BCRA would effectively reverse the effort to expand coverage to low-income adults under the ACA. The budget impact would force California and other states to consider reducing or even ending vital health care services to our state's most vulnerable individuals.

The BCRA, even without the structural changes, would *quintuple* the state's costs for the more than 3.8 million Californians in the ACA expansion population covered by Medi-Cal. That change alone would cost the state an estimated \$74.1 billion from 2021 through 2027, the analysis found.

"The BCRA would impose a massive, regressive restructuring of the Medicaid program that upends more than a half-century of state-federal partnership, while harming the health of Americans," Kent said. "The long-term impact of this bill cannot be understated: It is simply devastating."

The full text of the DHCS/DOF analysis can be found on the DHCS [website](#).