

**CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Managed Care Organization Tax & Investments**

6.22.2023

Principles:

1. Strengthen Medi-Cal's foundation by providing long-term certainty for provider rate increases to drive greater Medi-Cal provider participation especially in underserved areas and in primary and preventive care.
2. Preserve eligibility and benefit expansions in the Medi-Cal program.
3. Create conditions to alleviate the disparities and inequities within the Medi-Cal program.
4. Maximize opportunities to draw additional federal matching funds to the Medi-Cal program.

Proposed Spending Plan:

2024-2029 Spend Plan		
Annual Amount (starting in 2025)		\$ 2,656,000,000
Category*	Dollar Estimate	% of annual spend
Primary Care and Specialty Care		62%
Primary Care, OB, MH - 87.5 % of Medicare (starts 2024)	\$ 241,000,000	9%
Primary Care, OB, MH	\$ 450,000,000	17%
Specialty Care	\$ 575,000,000	22%
Community and Outpatient Procedures and Services	\$ 245,000,000	9%
Abortion/Family Planning Access	\$ 90,000,000	3%
Services and Supports Primary Care, OB, MH	\$ 50,000,000	2%
Emergency and Inpatient Services		21%
Emergency Room (Facility and Physician)	\$ 355,000,000	13%
Designated Public Hospitals	\$ 150,000,000	6%
Ground Emergency Transport	\$ 50,000,000	2%
Behavioral Health		11%
Behavioral Health Facility Throughput	\$ 300,000,000	11%
Workforce		6%
Graduate Medical Education (starts 2024)	\$ 75,000,000	3%
Medi-Cal Workforce Pool - Labor Management Committee	\$ 75,000,000	3%
Total	\$ 2,656,000,000	
Distressed Hospital Loan (one-time: FY2023-24)	\$ 150,000,000	
Small and Rural Hospital Relief for Seismic Assessment and Construction (one-time: FY 2023-24)	\$ 50,000,000	
*Starts 2025 unless otherwise noted		
OB: Obstetric, MH: Mental Health (non-specialty)		