

**Department of Health Care Services  
Proposed Trailer Bill Legislation**

**Copayments in the Medi-Cal Program**

**FACT SHEET**

**Issue Title: Copayments in the Medi-Cal Program.** The Department of Health Care Services (DHCS) proposes to not impose copayments for Medi-Cal benefits or services, effective July 1, 2022, unless otherwise specified for any given fiscal year. Under this proposal, DHCS could elect to reinstate copayments for any impacted state fiscal year via the Medi-Cal Local Assistance Estimate, which is considered during the annual budget process.

**Background:** Existing law requires Medi-Cal beneficiaries, with some exceptions, to pay a nominal, non-enforceable copayment for covered services (Welfare and Institutions Code (WIC) Sections 14134). Medi-Cal beneficiaries may be charged by providers and the provider retains the copayments when services are rendered. Copayments are not passed on to DHCS.

Federal regulations require states to track copayments to ensure Medicaid-enrolled individuals do not pay more than five percent of their family income on Medicaid premiums and cost-sharing on a monthly or quarterly basis (Title 42, Code of Federal Regulations Section 447.56(f)). Medicaid programs are required to have processes in place to track each family's incurred premiums and cost-sharing through a mechanism that does not rely on an enrollee's documentation. DHCS does not have such a mechanism to track cost-sharing. The Centers for Medicare and Medicaid Services (CMS) discovered DHCS is out of compliance when it reviewed State Plan Amendment (SPA) 20-0039, which eliminated the one-dollar copayment for drug prescriptions. As a result, CMS is requiring DHCS to comply with the tracking requirement or eliminate copayments.

**Justification for the Change:** DHCS is seeking to not impose copayments in the Medi-Cal program in an effort to remove any potential barriers in access to care and to avoid costly system changes otherwise needed to come into compliance with federal regulations. Currently, providers may not deny care if the beneficiary is unable to pay copayments at the time of the appointment, meaning there is little rationale for maintaining the nominal, non-enforceable requirement for copayments. Further, the state does not receive any revenue based on collection of copayments. Finally, changes to various systems to effectuate the tracking of copayments would present a significant cost. Therefore, DHCS determined it would not be cost-effective or beneficial to build a system to track copayments.

Not imposing copayments would obviate the need for a tracking system. Therefore, DHCS proposes to not impose copayments in the Medi-Cal program, unless otherwise reinstated for any impacted state fiscal year via the Medi-Cal Local Assistance Estimate, which is considered during the annual budget process.

**Summary of Arguments in support:** Medi-Cal Beneficiaries would no longer be responsible for copayments, thus eliminating a potential barrier in access to care. In addition, this

proposal is cost-neutral, as DHCS does not receive revenue from any copayments if they are collected.

**Estimate Issue # and Title: None**