

**California Department of Health Care Services  
Proposed Trailer Bill Language**

**Adjustments to Redirection of Realignment**

**FACT SHEET**

**Issue Title: Adjustments to Redirection of Realignment.** This proposal would modify the redirection amount for the County Medical Services Program (CMSP) counties, CMSP Board, and certain other counties' indigent care realignment revenues.

**Background:**

Counties are responsible for providing indigent health services. Expansion of health care coverage under the Affordable Care Act (ACA), however, shifted costs and responsibilities for indigent health care from counties to the state as the population became eligible for coverage through Medi-Cal or private insurance. Chapter 24, Statutes of 2013 (AB 85), modified the 1991 Realignment Local Revenue Health Subaccount distributions to capture and redirect savings counties are experiencing from the implementation of the ACA from the Health Subaccount to the Family Support Subaccount. The funds in the Family Support Subaccount are then redistributed to counties to offset General Fund costs in the CalWORKs program, which is reflected in the Department of Social Services' budget. The mechanism to determine the amount of funds redirected from the counties to the state is based on formula options for California's twelve public hospital system counties, thirty-four County Medical Services Program (CMSP) counties, and the remaining twelve counties (Article 13 counties).

**Justification for the Change:**

As the state takes on responsibility for providing health care to undocumented adults, county costs and responsibilities will decrease. The cost of expanding Medi-Cal coverage to undocumented adults aged 19 through 25 will be offset, in part, by county indigent health savings.

Specifically, this proposal would:

- 1) Modify the amount of payments to the Family Support Subaccount of CMSP counties, CMSP Board, and Article 13 non-formula counties from 60 percent to 75 percent.
- 2) Modify the total of 1991 health realignment funds and the maintenance of effort that would have otherwise been allocated to Article 13 non-formula counties from 60 percent to 75 percent.
- 3) Specify that the payment amount for the CMSP Board would not exceed total health realignment funds allocated to the Board.

**Summary of Arguments in Support:** The expansion of Medi-Cal coverage to undocumented adults will lower county costs to provide indigent care, and increase the state's programmatic and fiscal responsibility. Modifying the redirection amount of the CMSP counties, the CMSP Board, and Article 13 non-formula counties will reflect these lower costs and provide a partial offset to the cost of the expansion.