California Coalition for Behavioral Health

FACT SHEET: Impact of Proposed Medicaid Cuts

The consequences of $880 billion in cuts to Medicaid would touch nearly every household in California, with devastating impacts to local communities throughout the state. Medicaid funding also acts as economic drivers for local economies. Research shows that federal matching dollars strengthen state economies by supporting jobs. States that expanded Medicaid under the Affordable Care Act have seen budget savings, revenue gains, overall economic growth as well as improved financial stability for hospitals and other health care providers. A research study shows that Medicaid funding translates into increased employment, business, and consumer activity. Medicaid is also the largest payor for behavioral health care in the United States. In 2023, 8,253,780 California clients received State Mental Health Authority services. (SAMHSA) Medicaid cuts would impact a large majority of them with consequences as detailed below:

Millions will lose coverage. Cuts will adversely affect about 15 million people in California who are enrolled in Medi-Cal (ACAP, Page 10), **including 2 in 5 people with a mental illness or substance use challenges** and 1 in 10 veterans. $184 billion in Medi-Cal spending is budgeted for the 2024-2025 budget year, including $107 billion in federal funds. Among those at risk of losing coverage:

- **29.7% of adults with a mental health condition receive Medi-Cal, about 10% of those on Medi-Cal have a serious mental illness like schizophrenia.**
- **5 million children** in the state are enrolled in Medi-Cal and receive comprehensive health services, including mental health care. Medi-Cal supports school-based mental health services, outpatient and community-based care, and hospital services. **Medicaid covers 28% of children in California with special health care needs and disabilities**, including medical, behavioral health, and long term care for children with special health care needs and disabilities.

Facility Closures due to Medicaid cuts will impact all Californians.

- **California hospitals could lose $1.2 billion due to proposed cuts.** Rural hospitals are particularly at threat of closure. (CHA**)** ***Impacts:*** (California District 22 (Valadao), California District 40 (Kim); California District 41 (Calvert). Many small and rural hospitals are already financially stressed and some are at significant risk of financial failure. Funding for 16 of those would be in jeopardy without continued support from Medi-Cal. In 2022, patients with behavioral health diagnoses accounted for 1,189,129 inpatient hospitalizations and 1,989,896 emergency department visits. Closures would increase adverse outcomes for individuals needing high intensity hospital based services. (HCAI)
- **Destabilizing Community Health Centers**: California's over 1,300 non-profit community health centers (CHCs) provide 24 million patient visits per year for anyone who needs care. More than 67% of California's health center patients are covered by Medi-Cal. About 40% of patients present at CHCs with mental health issues. Health centers are often the only health care provider in many communities, particularly disadvantaged and rural communities. Slashing essential Medi-Cal funding would destabilize CHCs, forcing cutbacks in health services, staffing reductions and even potential closures of health centers.

Increased Costs Associated with Increased Rates of Incarceration will impact state and local budgets. As one recent example, federally authorized Medi-Cal jail in-reach services will prevent individuals with mental health conditions from deteriorating in the community when they are released, reducing the rates of re-arrest and re-incarceration. Fewer Medicaid dollars available to programs like this will sustain already high rates of recidivism with costs to communities and the state:

- Prison costs $133,110 per person per year (CA LAO); County jail costs appr. $89,580 per person per year in L.A. County (vera.org)
- 80% of those incarcerated in CA jails and prisons have Substance use Disorder (SUD) (General population percentage in CA is 9.2%) (CCJBH Page 5)
- 36% of those incarcerated in CA jails and prisons have a mental illness. (General population percentage in CA is 15.9%) (CCJBH Page 5)

Substantive Increases in Suicide (NIMH) and Drug Overdoses will result since Medicaid is the single largest payer for Mental Health & Substance Use Disorder (SUD) services and reductions in services will increase adverse events such as overdoses and suicide. (Medicaid.gov). Most recent data:

- **Drug Overdoses will Increase:**
  - 11,145* Californians died from drug overdoses from July 2023 - June 2024. (*Under-reported due to incomplete data.) CDC with the overdose rate doubling compared to 5 years prior. CBS
  - Of those, 59% or nearly 6500 were related to fentanyl. CDPH
  - Fentanyl was responsible for 1 in 5 deaths among 15 - 24 year olds in 2021. Mercury News
- **Suicide Burden in Communities will Increase:**
  - The burden of suicide deaths in California increased from 3863 in 2012 to 4312 in 2022 (CDC).
  - The most likely group to die by suicide are white men over the age of 25. The highest rate increase was for Latinos (35.6%) followed by African Americans (31.1%) in 2010-2019. MHSOAC
  - In 2018, 21 percent of suicides were among older adults, for a rate of 16.3 deaths per 100,000 Californians aged 65 and older, many covered by Medi-Cal. CDPH DOA
  - Suicide was the second leading cause of death amoung youth in California 10-25 years of age between 2019-2021. CDPH

Collateral Impacts of Medicaid Cuts on Signature California Programs

- **Workforce: Medicaid cuts will set back significant investments in major behavioral health workforce initiatives.** California has secured and set aside billions of combined state and federal dollars via BHSA and BH-CONNECT to develop and support its behavioral health workforce, particularly behavioral health professionals who serve Medi-Cal members living with behavioral health needs.
- **BH-Connect** (Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment) is a $5 billion (over 5 years) Medicaid waiver program (DHCS) that would allow Medi-Cal funding to be used for housing supports of homeless individuals, services to incarcerated individuals as they prepare for release from jails, help pay for expensive inpatient care, and expend $1.9 billion to increase California's behavioral health workforce. (HCAI) Reduced Medicaid funding will assure increases in homelessness, rearrest and reincarceration, uncompensated emergency psychiatric inpatient services and little relief for facilities and treatment settings that badly need to fill chronic vacancies and add additional staff.

- **BHSA -** Behavioral Health Services Act (Proposition 1) funds are used to "match" federal Medicaid dollars to support BHSA programs and services. Some estimates are that over 50% of BHSA funds can be used to draw down an equivalent amount in federal funds thus multiplying the use of BHSA dollars. Medicaid cuts will reduce the available match thus reducing BHSA programs and services for 40,000 homeless individuals with serious mental illness and another 36,000 with a chronic substance use disorder. (CHSS)
- **CARE ACT -** CARE COURTS address the most severe cases of mental illness on California's streets. Most CARE Court treatment plans utilize Full Service Partnerships (BHSOAC), comprehensive services many of which are funded by Medi-Cal. Reductions in Medi-Cal funding will reduce the effectiveness of court ordered care plans for an estimated 7,000 - 12,000 individuals who qualify. (DHCS) (DHCS)
- **BHCIP -** Behavioral Health Continuum Infrastructure Program has granted $1.8 billion to expand treatment with 2600 new inpatient beds, and 280,000 new outpatient treatment slots available annually. Under Proposition 1 bonds, an additional $4.4 billion will be released for new BHCIP grants. Many services related to individuals in these beds or treatment slots can be funded through Medi-Cal. Cuts will reduce the number of people who would benefit from these programs as new beds and treatment slots remain empty for lack of service dollars. (LAO)

MORE ON CHILDREN

- More than **5 million children** in California rely on Medi-Cal.
- **3 out of 4 children** enrolled in Medi-Cal are children of color.
- Medi-Cal is the **primary source of coverage** for Latine and Black children in California.
- Medicaid pays for **40% of California births** and helps ensure access to critical prenatal care, maternity care, and postpartum services.
- Medicaid covers **28% of children in California with special health care needs** - Provides medical, behavioral health, and long term care for children with special health care needs and disabilities.

MORE ON OLDER ADULTS

Approximately 12 million older adults and people with disabilities are "dually eligible" and enrolled in both Medicaid and Medicare, with 7.2 million low-income seniors enrolled in Medicare. Suicide rates in older adults have climbed in recent years, up 28 percent from 1999 to 2016. In 2018, 21 percent of suicides were among older adults, for a rate of 16.3 deaths per 100,000 Californians aged 65 and older. The state has made significant investments in expanding behavioral health services to older adults as the Governor prioritized this population in Executive Order N-14-19. Older adults would not receive the life saving behavioral health services needed to address the alarming increases in suicide rates we continue to see in this extremely vulnerable population.(AGING)

MORE ON COMMUNITY HEALTH CENTER IMPACTS

- California's over 1,300 non-profit community health centers (CHCs) provide 24 million patient visits per year for anyone who needs care. More than 67% of California's health center patients are covered by Medi-Cal.
- Health centers are often the only health care provider in many communities, particularly disadvantaged and rural communities.
- Slashing essential Medi-Cal funding would destabilize CHCs, forcing cutbacks in health services, staffing reductions and even potential closures of health centers.

MORE ON DRUG OVERDOSES

Drug overdose death rates have increased in California from 10.7 per 100,000 in 2011 to 26.6 per 100,000 in 2021. Over the same period, drug overdose death rates increased from 13.2 to 32.4 per 100,000 in the U.S. Drug Medi-Cal Organized Delivery System (DMC-ODS) aims to increase integration and coordination of SUD services with physical services to address the crisis we are facing with drug overdose deaths. As of 2020, this program was available to 96% of the medical population who otherwise may not have access to SUD services. (KFF)

REMOVING PROVIDERS FROM MEDI-CAL NETWORK

Cuts would negatively impact providers who rely on Medi-Cal reimbursements. Cuts to Medicaid would likely decrease the public healthcare workforce due to reduced provider reimbursement rates. California's behavioral health workforce is already under significant pressure. Providers are leaving public safety net settings and choosing to take private pay due to financial challenges.

MORE ON ECONOMIC IMPACTS OF MEDICAID CUTS

- Medicaid is the primary source of funding for states to provide health coverage and long-term care for people with low incomes. Deep cuts to Medicaid would negatively impact people who rely on the program, strain state budgets, and create financial challenges for health care providers, especially hospitals that serve a large share of Medicaid patients.
- Medicaid accounts for 19% of all health care spending and 19% of hospital spending in the US. Because hospitals are major employers — providing jobs to more than 6.7 million people and are the sixth largest employer in the country — changes to hospital finances can have broader consequences for local economies and labor markets.
- Medicaid funding acts as economic drivers for local economies. Research shows that federal matching dollars strengthen state economies by supporting jobs. States that expanded Medicaid under the Affordable Care Act have seen budget savings, revenue gains, overall economic growth as well as improved financial stability for hospitals and other health care providers.
- Medicaid supports employment and business activity beyond the health care sector. A research study shows that Medicaid funding translates into increased employment, business, and consumer activity.

About CCBH

www.cabehavioralhealth.org

CCBH is a diverse, broad-based coalition of statewide associations and organizations who seek to improve the delivery of behavioral health care in California, with a focus on creating better access to care and assuring parity in the delivery of behavioral health services that is on par with other health care services. CCBH seeks to safeguard behavioral health care funding and to support budget decisions that strengthen the delivery of behavioral health services throughout California.