



The Impact of the Supreme Court Decision on the Medi-Cal Program

On June 28, 2012, in *National Federation of Independent Business v. Sebelius*, the Supreme Court upheld the Affordable Care Act (ACA). However, the Court held it would be unconstitutional to terminate all Medicaid funding for states which do not expand Medicaid to cover most people with incomes up to 138% of the federal poverty line (FPL) as required by the ACA. This very narrow holding only affects the authority of the federal government to withhold all federal Medicaid funds for a state that does not enact the Medicaid expansion.

Frequently Asked Questions about the Court's Decision Concerning Medicaid

Q: Does this mean the Medicaid expansion for all low-income people up to 138% FPL is optional for states?

A: No. The Medicaid expansion for childless adults is still a valid mandatory Medicaid category under the ACA. The Court did not strike down the Medicaid expansion. It simply held that federal HHS could not terminate all Medicaid funding for a state that does not implement the expansion.

Q: Do the MOE (Maintenance of Effort) provisions still apply?

A: Yes, the MOE provisions for both adults and children are unaffected by the Court's holding.

Q: Does the ACA Medicaid expansion provision authorize states to expand to an income level lower than 138% FPL?

A: No. The statutory language of the ACA requires that states provide coverage for the new expansion population up to 138% FPL and this is unaffected by the Court's decision.

Q: If a state does not expand Medicaid to 138%, could low-income childless adults get subsidies in the Exchange?

A: Only a limited number. Only low-income childless adults with incomes at or above 100% FPL or those individuals below 100% FPL who don't qualify for Medicaid due to their immigration status are eligible to receive Exchange subsidies. Others would be left with no coverage or financial assistance through the Exchange.

Q: What are the benefits of the Medi-Cal expansion in California?

- ✓ Health coverage for an estimated 2 million low-income Californians who will gain greater financial stability and improved health outcomes.
- ✓ 100% federal funding for the expansion population from 2014 through 2016, scaling down to a still-high 90% federal funding by 2020 and beyond.
- ✓ Providing the only realistic coverage option for our lowest-income residents. Many could not qualify for subsidized coverage under the Exchange and the county safety-net programs will not be adequate to meet their needs.
- ✓ Relieving the strain on hospital emergency rooms and safety net providers who serve the uninsured and whose federal Disproportionate Share Hospital (DSH) funding will be reduced.
- ✓ Infusing a large amount of federal funds to create and sustain jobs for doctors, nurses and other health care workers, in addition to creating greater economic stability for the low-income work-force.