



Protect Medi-Cal Funding 2025: Children and Youth

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California's Medicaid program (Medi-Cal) provides a critical investment in the health of Californians. Medi-Cal coverage and services are tailored to meet the unique needs of low-income individuals and families, and provides the most affordable coverage. If Medicaid cuts are enacted, states like California will lose billions of dollars in federal Medicaid funding, shifting financial responsibility for Medicaid services to the states and to enrollees. The loss of billions of dollars in federal Medicaid funding will invariably lead to cuts in services and the loss of affordable coverage. This issue brief explains why Medi-Cal is so critical to helping low-income children and youth, and it explains how low-income families in California would be harmed by Medicaid funding caps and cuts.

Why Medi-Cal is important for children and youth:

- **Medi-Cal covers health services for 5.4 million children and youth living in or near poverty, three-fourths of whom are Black, Indigenous, or Other People of Color (BIPOC).**¹ Federal law requires state Medicaid programs to provide coverage for all children and youth in families with incomes up to 138% of the Federal Poverty Level (FPL).² However, California has gone even further to expand access to care for children and youth. California elects to cover all children and youth up to 19 years old in families with incomes up to 266% FPL.³ In 2016, California also extended full scope Medi-Cal benefits to all eligible children and youth under age 19 regardless of immigration status.⁴ Medi-Cal serves as the health care lifeline for children and youth placed in the foster care system, as well as for many children and youth with developmental and other disabilities. Today, California's child health insurance enrollment rate is nearly 97 percent.⁵ Indeed, on average, about half of children and youth under age 20 are enrolled in Medi-Cal at any given time.⁶ Medi-Cal is an effective investment that lasts through adulthood, improving health, educational, and economic outcomes for children and youth.⁷
- **Medi-Cal provides children and youth with comprehensive preventive health screenings and treatment to address health issues early on.** Federal and state law require Medi-Cal to offer Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefits to enrolled children and youth under age 21.⁸ EPSDT services foster strong childhood development to protect against the adverse health effects associated with poverty. EPSDT ensures that children and youth receive appropriate preventive,

dental, mental health, developmental, and specialty services.⁹ EPSDT provides critical protections so that children and youth do not needlessly suffer from preventable and treatable health conditions, and health problems are avoided or identified and treated as early as possible.¹⁰

- **Medi-Cal pays for services for children and youth with chronic conditions and complex health needs.** Federal law requires Medicaid programs to treat physical and mental illnesses and conditions that are detected in Medicaid-enrolled children and youth.¹¹ In California, Medi-Cal covers 37.2% of children and youth with disabilities or other special health care needs.¹² Covered services include care in home and community-based settings that enable medically fragile children and youth or children and youth with emotional or psychiatric disabilities to remain at home rather than in institutional settings, visits to pediatric specialists for children and youth with chronic conditions, and Behavioral Health Therapy services for children and youth with Autism Spectrum Disorder.¹³ In California, Medi-Cal covers specialty mental health services such as Intensive Care Coordination and Intensive Home Based Services to children and youth who need them.¹⁴ Children and youth under age 21 with certain complex medical conditions, like cystic fibrosis and cerebral palsy, are eligible for California's Children and youth's Services (CCS) program which provides diagnostic and treatment services, medical case management, physical and occupational therapy services, and medical therapy in schools.¹⁵
- **Medi-Cal helps ensure infants, children and youth have real access to health care.** Consistent with federal law that generally prohibits all forms of cost sharing for children and youth in Medicaid, Medi-Cal does not charge co-payments to enrolled families, a critical protection for low-income families.¹⁶ Recognizing the challenges faced by low-income families, Medi-Cal offers assistance in scheduling children and youth's doctor visits as well as transportation services to get children and youth to and from appointments.¹⁷ At the start of life, to prevent coverage delays and guarantee continuity, babies born to a parent enrolled in Medi-Cal are "deemed eligible" for Medi-Cal until their first birthday and stay on Medi-Cal without having to submit a separate application.¹⁸ California also enrolls infants up to age 1 into Medi-Cal without regard to income and 1 to 2 year olds with income up to 322% FPL into Medi-Cal who are born to parents enrolled in the Medi-Cal Access Program (MCAP).¹⁹

How funding caps would harm children and youth:

- **Funding caps would likely lead to cuts in services for children and youth living in poverty.** Nearly 66% of total federal funds California receives is for Medi-Cal.²⁰ Cuts to federal Medicaid funding could reduce the amount of federal Medicaid funding available to California to provide essential health care services for children and youth in California, including those with chronic health conditions and disabilities. California would have to raise taxes or significantly cut other parts of its budget to

maintain Medi-Cal. Shifting the cost burden to California means the state will likely cut back on children and youth's health care services. Strain on state and local budgets also results in less money for other priorities, like education. Nationally, Medicaid currently pays out billions annually in school-based health services, including funding for special education, medical supplies, and EPSDT services like vision and hearing exams.²¹ If federal funds are cut, California school districts may have to dip into general education funds to pay occupational and speech therapists and ensure the state meets federal mandates to provide special education.²² Since children and youth covered by Medicaid are more likely to graduate from college, have higher wages, and pay more in taxes, federal cuts to Medicaid jeopardize the long-term success of California's children and youth, as well as the state's economy.²³

- **Funding caps threaten core protections for children and youth.** With less federal funding available, California may cut corners on ensuring that children and youth in Medi-Cal have access to the care they need. For example, California might cut reimbursement rates for crucial EPSDT services, like in-home nursing services for children and youth with medically complex conditions, or discontinue outreach that is needed to make sure that children and youth and families know about and use the EPSDT services that are available to children and youth. Federal Medicaid cuts will mean that the comprehensive EPSDT services provided to children and youth may be at risk, leaving children and youth without critical, timely care.
- **California will likely limit access to health care for children and youth.** Federal spending caps would lead states to adopt cost-saving measures that reduce access to children and youth's health care, such as narrowing provider networks to exclude pediatric specialists and adding more hurdles for children and youth to access services, such as prior authorization requirements. California will most likely be forced to place barriers on expensive specialty care for children and youth with complex health needs, restricting access to care for children and youth who especially need it.
- **Federal cuts could cause California to reduce Medi-Cal coverage for children and youth.** Federal law only requires states to provide Medicaid coverage to children and youth in families with incomes under 138% of the Federal Poverty Level.²⁴ However, California currently provides more generous coverage for children and youth up to 19 years old in families with incomes up to 266% FPL.²⁵ If federal funds are cut, California could be forced to reduce coverage for young people in families with incomes above 138% of the Federal Poverty level. In addition, California currently uses state funds to provide Medi-Cal to eligible children and youth whose immigration status makes them ineligible for federally-funded Medicaid.²⁶ Federal cuts could put pressure on California's budget, leading lawmakers to consider cuts to this state-funded program, leaving these children and youth without a source of health coverage.

Conclusion

The Medicaid program is designed to give California wide flexibility in designing and implementing its own Medi-Cal program to meet the particular health needs of its residents. The potential threats to the program on the federal level will not only result into devastating impacts on low-income individuals and families across the state, these threats will also make it necessary for California to impose additional cuts and erect barriers to access life-sustaining care for children and youth in the future. While it remains unclear what the current 2025 Congress and Trump Administration will do with respect to the Medicaid program, such federal funding cuts or barriers to deter enrollment must be rejected so low-income children, youth, and their families have the access to quality affordable and comprehensive health care they need.

ENDNOTES

- ¹ Cal. Dep't Health Care Servs., *Medi-Cal Childrens' Health Dashboard* (2024), <https://www.dhcs.ca.gov/services/Documents/Childrens-Health-Dashboard-December2024.pdf>.
- ² 42 U.S.C. §1396(a)(l)(2)(C).
- ³ CAL. WELF. & INST. CODE § 14005.26(d)(1)(B) (The state statute sets the upper limit at 261% FPL but income is determined according to MAGI methodology which provides a 5% income disregard so the upper income limit for children and youth is effectively 266% FPL).
- ⁴ CAL. WELF. & INST. CODE § 14007.8.
- ⁵ See Georgetown Ctr. For Children & Families, *Children's Health Report Card: California* (2024), <https://kidshealthcarereport.ccf.georgetown.edu/states/california>.
- ⁶ KidsData, *Children's Health Care in California* (2022), <https://www.kidsdata.org/export/pdf?cat=51>.
- ⁷ Robert Wood Johnson Found., *Medicaid's Role in Children's Health* (2019), <https://www.rwjf.org/en/insights/our-research/2019/02/medicaid-s-role-in-children-s-health.html>.
- ⁸ 42 U.S.C. §§ 1396a(a)(10)A, 1396a(a)(43), 1396(a)(4)(B), 1396d(r); CAL. WELF. & INST. CODE §§ 14059.5(b)(1), 14132(v).
- ⁹ Cal. Dep't Health Care Servs., All Plan Letter 23-005 at 1-2 (Mar. 16, 2023), <https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2023/APL23-005.pdf> [hereinafter APL 23-005].
- ¹⁰ Ctrs. Medicare & Medicaid Servs., *EPSDT – A Guide for States 1* (2014), <https://www.medicaid.gov/medicaid/benefits/downloads/epsdt-coverage-guide.pdf>.
- ¹¹ 42 U.S.C. §§ 1396a(a)(10)A, 1396a(a)(43), 1396(a)(4)(B), 1396d(r).
- ¹² KidsData, *Children with Special Health Care Needs, by Type of Health Insurance*, <https://www.kidsdata.org/topic/2535/cshcn-insurance/table#fmt=3115&loc=1,2&tf=160&ch=172,173,205,202,203,832> (last visited Feb. 3, 2025); see also Elizabeth Williams & MaryBeth Musumeci, *Children with Special Health Care Needs: Coverage, Affordability, and HCBS Access* (2021), <https://www.kff.org/medicaid/issue-brief/children-with-special-health-care-needs-coverage-affordability-and-hcbs-access>.
- ¹³ See CAL. CODE REGS., tit. 22, § 51340.1(e) (home-based services for medically fragile children and youth); CAL. WELF. & INST. CODE § 14132.56 (behavioral health treatment for children and youth with autism); see also APL 23-005, *supra* note 9.
- ¹⁴ See Cal. Dep't Health Care Servs., *Specialty Mental Health Services for Children and Youth*, https://www.dhcs.ca.gov/services/MH/Pages/Specialty_Mental_Health_Services.aspx (last visited Feb. 3, 2025).
- ¹⁵ CAL. CODE REGS., tit. 22, § 51013; CAL. WELF. & INST. CODE § 14094.3; see also Cal. Dep't Health Care Servs., *California Children's Services*, <https://www.dhcs.ca.gov/services/ccs/Pages/default.aspx> (last visited Feb. 3, 2025).

¹⁶ See 42 U.S.C. §§ 1396a(a)(10)(A), 1396a(a)(43), 1396d(a)(4)(B), 1396d(r); see also Letter from James S. Scott, Ctrs. Medicare & Medicaid Servs., to Jacey Cooper, Cal. Dep't Health Care Services, (Dec. 16, 2022) (federal approval of State Plan Amendment 22-0045, effectuating the elimination of copays in Medi-Cal),

<https://www.medicaid.gov/medicaid/spa/downloads/CA-22-0045.pdf>. While California's legislature repealed the law that allowed providers to charge small copays for certain Medi-Cal services, some Medi-Cal beneficiaries still have a "share of cost," however, which could require them to pay out-of-pocket costs for care. See Cal. Dept. Health Care Servs., *Share of Cost (SOC)* (2022), https://mcweb.apps.prd.cammis.medi-cal.ca.gov/assets/32F2D4C6-B1D5-4A83-B325-92E2C579C243/share.pdf?access_token=6UyVkJRRfByXTZEWIh8j8QaYyIPyP5ULO.

¹⁷ CAL. CODE REGS., tit. 22, § §§ 51151, 51151.7; id. § 51323; see also APL 23-005, *supra* note 9.

¹⁸ 42 U.S.C. § 1396a(e)(4); CAL. CODE REGS., tit. 22, § 50262.3(b); see also Cal Dep't Health Care Servs., *Newborn Gateway* (2024), https://mcweb.apps.prd.cammis.medi-cal.ca.gov/assets/89EB1F68-8023-4DF4-8D89-56055CE88CC0/newgate.pdf?access_token=6UyVkJRRfByXTZEWIh8j8QaYyIPyP5ULO.

¹⁹ CAL. WELF. & INST. CODE §§ 15832(a)(3)(A), 15832(a)(3)(B)(i); see also Cal Dep't Health Care Servs., *supra* note 18.

²⁰ See Scott Graves & Nishi Nair, Cal. Budget & Pol'y Ctr., *Federal Funds Drive One-Third of California's State Budget* (2025), <https://calbudgetcenter.org/resources/federal-funds-drive-one-third-of-californias-state-budget>.

²¹ U.D. Dep't Ed., *Medicaid Funding for School-Based Services* (2024), <https://www.ed.gov/sites/ed/files/about/offices/list/osers/docs/medicaid-funding-for-school-based-services-03-08-2024.pdf>.

²² See, e.g., Phyllis Jordan, Georgetown Ctr. for Children & Families, *What's at Stake for Schools and Students in Health Care Debate?*, SAY AHHH! (Mar. 22, 2017), <http://ccf.georgetown.edu/2017/03/22/whats-at-stake-for-schools-and-students-in-health-care-debate>.

²³ See *id.*; David W. Brown et al., *Long-Term Impacts of Childhood Medicaid Expansions on Outcomes in Adulthood*, 87 REV. ECON. STUDIES 792 (2020).

²⁴ 42 U.S.C. §1396(a)(l)(2)(C).

²⁵ CAL. WELF. & INST. CODE § 14005.26(d)(1)(B).

²⁶ *Id.* § 14007.8.