



Protect Medi-Cal Funding 2025: People with Disabilities

By: [Carly Myers](#)

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 people afford health care, and it explains how low-income Californians would be harmed by Medicaid funding caps and cuts.

Why Medicaid is important for people with disabilities:

- **Medi-Cal provides health coverage to more than 2 million people with disabilities.**¹ Federal law requires California to provide Medicaid coverage to low-income disabled individuals and low-income adults age 65 or older.² California has also elected to provide Medi-Cal to certain people with disabilities who have slightly higher incomes because they are working.³ Additionally, because California expanded Medi-Cal under the Affordable Care Act, more people with disabilities and chronic conditions are covered based solely on their income status.⁴ Currently, California receives federal Medicaid matching funds, which helps cover the cost of providing care to these populations. See our "Eligibility and Continuity of Coverage" issue brief in this series to learn more about how Medi-Cal promotes equity for individuals with disabilities to access coverage.
- **Medi-Cal helps people with disabilities receive critical health care, including long-term supports and services.** Medi-Cal is tailored to meet the needs of low-income populations and thus covers many services that are not covered, or not adequately covered, by Medicare. Most notably, Medi-Cal covers a range of Long-Term Services and Supports (LTSS), including nursing facility services, in-home supportive services, and personal care services.⁵ California has also implemented federal Home and Community-Based Services (HCBS) waivers

to ensure access to community-based long-term services for low-income people.⁶ HCBS enables individuals who would otherwise require nursing facility or hospital care to remain in their homes instead. It is currently estimated that 991,395 Medi-Cal enrollees receive HCBS and 150,877 enrollees receive long-term care facility services, with the total number of LTSS recipients steadily increasing and trending away from institutional care in favor of community-based options.⁷ California has also undertaken a number of new efforts to improve the health outcomes of disabled people, such as integrating LTSS into managed care, implementing an Enhanced Care Management benefit, and covering Community Support services that assist individuals in transitioning back into their communities, receiving in-home services, receiving meal support, and improving the accessibility of their homes.⁸

- **Medi-Cal makes health coverage affordable.** Key protections in Medi-Cal limit cost-sharing—such as premiums, deductibles, co-payments, and co-insurance—for all program recipients.⁹ Medi-Cal also makes Medicare coverage more affordable for people who are dually enrolled in both programs through “Medicare Savings Programs,” wherein Medi-Cal pays for some or most of the individual’s out-of-pocket Medicare costs.¹⁰ Medi-Cal currently helps 1.5 million Californians pay for Medicare cost-sharing.¹¹

How federal funding cuts would harm people with disabilities:

- **Funding caps threaten Medi-Cal eligibility.** Cuts to federal Medicaid funding could force California to restrict Medi-Cal eligibility categories or restore cost sharing measures, such as premiums. As California receives 66 percent in federal funding to help pay for Medi-Cal, the state may restrict Medi-Cal eligibility or cap enrollment to recoup losses.¹² In particular, it may consider reducing Medi-Cal coverage for people with disabilities and older adults because these populations have higher needs and higher costs. Currently, while only 17 percent of Medi-Cal enrollees are disabled or adults over 65, these populations account for 47 percent of all Medi-Cal spending.¹³ Funding cuts could result in California reducing or eliminating certain Medi-Cal eligibility categories, including those that provide critical coverage to people with disabilities who would not otherwise be eligible for Medi-Cal.
- **Funding cuts would likely lead to service cuts.** Services for people with disabilities and chronic conditions tend to be expensive. If there are cuts to

federal Medicaid funding, California could be forced to reduce a range of critical yet “optional” benefits, including in-home supportive services, personal care services, Enhanced Care Management, and Community Supports.¹⁴ Depending on the severity of federal funding cuts, the state may also attempt to limit additional “mandatory” Medicaid benefits, such as nursing facility services.¹⁵ California may try to place strict limits on the amount and frequency of these services and/or restrict eligibility for them. Without access to the services they need to function and live in the communities, disabled Californians may be forced to obtain their care in institutional settings.

- **Funding cuts would make coverage less affordable.** If there are cuts to federal Medicaid funding, California could be pressured to shift costs onto Medi-Cal enrollees. In 2024, the State eliminated Medi-Cal asset limits, including for disability eligibility groups.¹⁶ These financial protections could disappear, and financial burdens restored, if there were cuts to federal Medicaid funding. California might also seek to reimpose and increase premiums and co-payments, which would create access barriers for many disabled people who cannot afford these added costs. Further, California could seek to tighten eligibility standards for Medicare Savings Programs, making it harder for people with disabilities and older adults to become eligible, resulting in drastically increased Medicare costs.
- **Funding cuts would put California’s budget at risk.** Currently, California receives a guaranteed federal funding stream for Medi-Cal, which allows the State to finance health care regardless of how costs and needs change. Should there be cuts to federal Medicaid funding, California may be forced to raise taxes or cut other parts of its budget to maintain the Medi-Cal program. Health care costs for Californians with disabilities are steadily increasing by approximately five percent per year, as the population ages and LTSS utilization increases.¹⁷ The loss of federal funding, coupled with a growing population of older adults and people with disabilities and chronic conditions, means that California will be faced with the decision of cutting services and eligibility for these populations or absorbing the costs with state funds.

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 with disabilities across the state, these threats will also make it necessary for California to impose additional cuts and erect barriers to access life-sustaining care 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 must be rejected so that low-income disabled individuals have access to the high-quality, affordable, and comprehensive health care services that they need.

ENDNOTES

¹ CAL. DEP'T OF HEALTH CARE SERVS., *Medi-Cal Monthly Enrollment Fast Facts*, at 7 (Dec. 2024),

<https://www.dhcs.ca.gov/dataandstats/statistics/Documents/FastFacts-September2024.pdf>.

² 42 U.S.C. § 1396a(a)(10)(A)(i)(II); 42 C.F.R. § 435.120 (Medicaid must cover individuals who are receiving Supplemental Security Income (“SSI”)); *see also* CAL. CODE REGS., tit. 22, §§ 50145(a), 50227(a)(2) (California regulations confirming the same).

³ CAL. WELF. & INST. CODE §§ 14005.40, 14007.9(a)(1) (California’s 250% Working Disabled Program); *see also* 42 U.S.C. §§ 1396a(a)(10)(A)(ii)(XIII), 1396a(m) (federal law gives states the option of providing Medicaid benefits to individuals with family income below 250% FPL who would be entitled to SSI but for the fact that their income is too high to qualify).

⁴ Marybeth Musumeci, KAISER FAMILY FOUND., *The Affordable Care Act’s Impact On Medicaid Eligibility, Enrollment, and Benefits for People With Disabilities* (Apr. 2014), <https://www.kff.org/affordable-care-act/issue-brief/the-affordable-care-acts-impact-on-medicare-eligibility-enrollment-and-benefits-for-people-with-disabilities/>.

⁵ Athena Chapman & Elizabeth Evenson, CAL. HEALTH CARE FOUND., *Medi-Cal Explained: Long-Term Services and Supports in Medi-Cal* (Oct. 2020), <https://www.chcf.org/publication/long-term-services-supports-medi-cal/>.

⁶ CAL. DEP'T HEALTH CARE SERVS., *1915(c) Home and Community-Based Services Waivers*, <https://www.dhcs.ca.gov/services/Pages/HCBSWaiver.aspx> (last visited Feb. 11, 2025); *see also* 42 U.S.C. § 1396n(c)(1) (Section 1915(c) of the Social Security Act allows states to provide long term care services in community settings to prevent hospitalization and nursing facility utilization).

⁷ CAL. DEP'T HEALTH CARE SERVS., *Medi-Cal Long-Term Services and Supports Dashboard*, <https://www.dhcs.ca.gov/dataandstats/dashboards/Pages/LTSS-Dashboard.aspx> (last visited Feb. 11, 2025)

⁸ Chapman & Evenson, *supra* note 5, at 3; CAL. DEP'T HEALTH CARE SERVS., *Medi-Cal Transformation: Enhanced Care Management*, <https://www.dhcs.ca.gov/CalAIM/Documents/CalAIM-ECM-a11y.pdf> (last visited Feb. 11, 2025); CAL. DEP'T HEALTH CARE SERVS., *Transformation of Medi-Cal: Community Supports*, <https://www.dhcs.ca.gov/CalAIM/Documents/DHCS-Medi-Cal-Community-Supports-Supplemental-Fact-Sheet.pdf> (last visited Feb. 11, 2025).

⁹ Abbi Coursolle & Jule Lutaba, NAT'L HEALTH LAW PROGRAM, *Protect Medi-Cal Funding 2025: Affordability* (Feb. 2025), https://healthlaw.org/wp-content/uploads/2025/02/2025.02.05_Protect-Medi-Cal-Series-2025_Affordability-FINAL-1.pdf.

¹⁰ CAL. DEP'T HEALTH CARE SERVS., *Medicare Savings Programs in California*, <https://www.dhcs.ca.gov/individuals/Pages/Medicare-Savings-Programs-in-California.aspx> (last visited Feb. 11, 2025); 42 U.S.C. §§ 1396a(a)(10)(E)(i), 1396d(p)(3) (the Qualified Medicare Beneficiary Program pays Medicare premiums, as well as Medicare co-payments and deductibles); 42 U.S.C. §§ 1396a(a)(10)(E)(iii), 1396d(p)(3)(A)(i) (the Specified Low-Income Medicare Beneficiaries Program provides Part B premiums for Medicare beneficiaries); 42 U.S.C. §§ 1396a(a)(10)(E)(iv); 1396d(p)(3)(A)(ii) (The Qualified Individual Program covers Part B premiums for Medicare beneficiaries); 42 U.S.C. §§ 1396a(a)(10)(E)(ii); CAL WELF. & INST. CODE § 14005.11 (the Qualified Disabled and Working Individual Programs pay Medicare Part A premiums).

¹¹ KAISER FAMILY FOUND., *Distribution of Medicare Beneficiaries Enrolled in the Medicare Savings Programs, by Program*, <https://www.kff.org/other/state-indicator/distribution-of-medicare-beneficiaries-enrolled-in-the-medicare-savings-programs-by-program/> (last visited Feb. 11, 2025) (in the Table, navigate to the California row and then Total column).

¹² 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>.

¹³ KAISER FAMILY FOUND., *Medicaid in California* (Aug. 2024), <https://files.kff.org/attachment/fact-sheet-medicare-state-CA>.

¹⁴ See CAL. HEALTH CARE FOUND., *Medi-Cal Facts and Figures: Essential Source of Coverage for Millions* at 30 (June 2024), <https://www.chcf.org/wp-content/uploads/2024/06/MediCalFactsFiguresAlmanac08052024.pdf>.

¹⁵ See *id.*

¹⁶ CAL. DEP'T OF HEALTH CARE SERVS., *Asset Limits*, <https://www.dhcs.ca.gov/Get-Medi-Cal/Pages/asset-limits.aspx> (last visited Feb. 11, 2025).

¹⁷ CAL. DEP'T HEALTH CARE SERVS., *Medi-Cal Long-Term Services and Supports Dashboard*, *supra* note 7.