



# Protect Medi-Cal Funding 2025 Series: Eligibility & Continuity of Coverage

By: [Alicia Emanuel](#) and [Skyler Rosellini](#)

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 Medi-Cal 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.

## How Medi-Cal Protects Eligibility & Continuity of Coverage:

- **California has streamlined pathways to enroll in Medi-Cal.** California's Medi-Cal program has several expedited pathways to enroll in Medi-Cal. Medi-Cal has presumptive eligibility (PE) programs (Hospital Presumptive Eligibility, Children's Presumptive Eligibility and Presumptive Eligibility for Pregnant People), that provide immediate, temporary access to full-scope Medi-Cal coverage while individuals complete a full Medi-Cal application.<sup>1</sup> Beginning July 2024, Medi-Cal also established the Newborn Gateway Program, which requires providers participating in PE programs to report babies born to mothers with active Medi-Cal or Medi-Cal Access Program (MCAP) at the time of birth.<sup>2</sup> These infants are provided full-scope coverage until their first birthday without a separate application, and regardless of increases to household income.<sup>3</sup> Through accelerated enrollment (AE), the state grants Medi-Cal eligibility immediately to children and adults who apply and meet eligibility criteria pending providing any necessary proof or other verification of eligibility.<sup>4</sup> All of these policies simplify the eligibility and enrollment process so that eligible individuals easily get on, and stay on, coverage.
- **California's Medi-Cal program equitably aligns MAGI and non-MAGI programs.** California's Medi-Cal program has eased the enrollment burden for many

individuals with disabilities and older adults who are on non-MAGI Medi-Cal by aligning the enrollment rules and processes with the simplified rules for individuals on MAGI Medi-Cal. In December 2020, California eliminated the “senior penalty” in the Medi-Cal program by increasing the income limit for the Medi-Cal Aged and Disabled program to 138% of the federal poverty level (FPL) to match other Medi-Cal programs.<sup>5</sup> Also, as of January 2024, Medi-Cal eliminated the asset test for all non-MAGI beneficiaries, including those in Medicare Savings Programs (“dual eligible”) and long-term care, to align MAGI and non-MAGI programs.<sup>6</sup> Now older adults and persons with disabilities are no longer penalized for accumulating savings or other assets. California’s Medi-Cal program also has the same streamlined eligibility and renewal processes for MAGI and non-MAGI programs. For example, California provides pre-populated renewal forms for both MAGI and non-MAGI beneficiaries, and does not require in-person interviews for non-MAGI beneficiaries.<sup>7</sup> All of these policies facilitate the ease of getting on, and staying on, Medi-Cal coverage.

- **California’s Medi-Cal program adopts policies that streamline eligibility, enrollment, and renewals to preserve coverage.** California has a “no wrong door” policy to enroll in coverage, so individuals can apply for Medi-Cal through the county via multiple modalities (online, by phone, in-person or by mail), or apply online through the single streamlined application, CalHEERS. During the Medicaid continuous coverage unwinding, California adopted seventeen flexibilities to streamline renewals and help individuals stay on Medi-Cal coverage.<sup>8</sup> Many of the strategies California adopted, like performing automatic renewals for individuals with income at or below 100% FPL, as well as for individuals with stable sources of income, were intended to increasing the ex parte renewal rate.<sup>9</sup> As a result of these policy decisions, California’s Medi-Cal program achieved an all-time high 69% ex parte renewal rate, which ultimately reduced the rate of individuals losing coverage solely for not providing paperwork.<sup>10</sup> These decisions helped ensure that more individuals who are eligible for coverage could stay on coverage and did not experience unnecessary barriers to retaining enrollment.
- **Medi-Cal is available to all eligible individuals regardless of immigration status.** California is the first state in the nation to provide full-scope Medi-Cal coverage to all individuals regardless of immigration status. California first expanded full-scope Medi-Cal to all children regardless of immigration status.<sup>11</sup> Subsequently, coverage was expanded to young adults 19 through 25 years old, then older adults 50 and above, and finally adults aged 26 to 49 years old. This historic achievement of providing coverage to all eligible undocumented immigrants shows California’s commitment to health equity and to honoring the rich diversity of our state, as it takes us one step closer to achieving universal coverage.<sup>12</sup>

## How Federal Cuts Will Impact Medi-Cal Eligibility & Continuity of Coverage:

- **Funding cuts would end health coverage for millions of low-income individuals and families in the state.** Currently, federal funds comprise about 62% of the Medi-Cal program's overall budget.<sup>13</sup> As a jointly funded program between the federal government and California, federal funding provides substantial and consistent financial support to administer the Medi-Cal program through a federal match rate (called "FMAP"), wherein the federal government provides 50% of the costs. Medicaid expansion under the Affordable Care Act (ACA) provides access to free and affordable coverage to adults between the ages of 19 to 64 years of age with incomes up to 138% of the FPL. States like California that have implemented the ACA Medicaid expansion currently receive a 90% FMAP for adults covered through the expansion, meaning the federal government pays 90% of the costs for expansion enrollees. Based on 2022 data, about 33% of Medi-Cal enrollees have health coverage because of Medicaid expansion.<sup>14</sup> Under the same 2022 data, children and their parents or caretakers made up almost 40% of Medi-Cal enrollees. Imposing cuts to federal funding through the reduction or elimination of FMAP could make the cost of Medi-Cal expansion unsustainable and could force the State to eliminate this critical eligibility program.<sup>15</sup> Federal cuts could put the state in a position to have to restrict eligibility, since this expansion of Medi-Cal is dependent on state funding.<sup>16</sup> If Congress and the Trump Administration allow Medicaid cuts, whether in the form of block grants, per capita caps, work requirements, or changes to the FMAP, California will face devastating fiscal impacts to try to keep its low-income residents covered as the largest Medicaid program in the nation.
- **Funding cuts could force rollbacks on innovative and streamlined application and renewal processes.** California has championed improvements to make Medi-Cal more accessible to its residents through "no wrong door" application pathways, building parity between Medi-Cal programs, and policies that streamline eligibility and enrollment processes. Federal cuts would severely restrict the State by forcing it to reintroduce inequitable eligibility rules, which would result in more people losing coverage on the Medi-Cal program. For example, California may have to restore the asset test and monthly premiums. These rules would only apply primarily to persons with disabilities and older adults in non-MAGI programs that don't apply to younger and non-disabled individuals enrolled in MAGI programs, although monthly premiums also applied to children before they were eliminated in 2022.<sup>17</sup> The Medi-Cal program may also have to reimpose lower income thresholds on non-MAGI applicants and enrollees

so less people qualify while MAGI applicants have more generous income thresholds to qualify. Because federal cuts would reduce federal financial support and place restrictions on states, California may have to drop expedited coverage pathways the State has developed over the years.

- **Medi-Cal program eligibility offices and state resources would be further strained by funding cuts.** The Medi-Cal program covers close to 15 million California residents and federal funding contributes substantial resources to ensure that the State meets the demand while maintaining compliance with federal and state laws, such as eligibility and enrollment timeliness standards.<sup>18</sup> The COVID-19 Public Health Emergency (PHE) underscored the importance of Medicaid for individuals who lost their jobs and for at-risk low-income individuals and families. The PHE exposed statewide deficiencies in county Medi-Cal eligibility operations, including staffing, call center wait times, and an overall limited capacity to process renewals for the approximately 16 million people enrolled when the PHE officially ended.<sup>19</sup> While the State achieved significant strides in streamlining eligibility and enrollment through several policy flexibilities during the “unwinding” of the PHE, California was among states with especially high procedural termination rates with a total estimate of 87.4% of Medi-Cal enrollees procedurally terminated during the unwinding.<sup>20</sup> Procedural terminations cause churn, which costs the State more money to correct and re-enroll individuals back into coverage while people suffer gaps in care.<sup>21</sup> Federal cuts to Medicaid would further strain resources on county eligibility offices which could increase gaps in coverage. Less state resources would mean that county Medi-Cal offices are less equipped to process applications and renewals timely, which could further delay access to life-saving health coverage. In the event of future disasters or public health crises, like COVID-19 or the Los Angeles wildfires, federal cuts would severely undermine counties’ ability to adapt and respond to ensure residents can access Medi-Cal.
- **Federal cuts to Medi-Cal would widen health inequities.** As described above, California is a leader in shaping its Medicaid program to ensure all low-income residents can access coverage through Medi-Cal.<sup>22</sup> Federal funding cuts would widen health inequities among underserved populations who rely on Medi-Cal for their care, including people with disabilities, older adults, immigrant communities, and Black, Indigenous, and People of Color (BIPOC) individuals and households.<sup>23</sup> 2022 data showed that almost half of covered Medi-Cal enrollees are Latinx, and federal cuts would widen inequities for Latinx Californians.<sup>24</sup> Almost 75% of Medi-Cal “nonelderly” Medi-Cal enrollees in 2021 were employed, because they were unable to access health care through their employer.<sup>25</sup> Making Medi-Cal inaccessible will also increase the California

uninsurance rate, which is currently among the lowest in the nation. This will exacerbate rates of medical debt and worsen health outcomes.

## Conclusion

The Medicaid program is designed to give California 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 in devastating impacts to low-income individuals and families across the state, but these threats could make it necessary for California to impose additional cuts to eligibility and erect barriers to access life-sustaining care in the future. While it remains unclear what the current 2025 Congress and Trump Administration will propose with respect to the Medicaid program, federal funding cuts to eligibility categories or barriers to deter enrollment must be rejected so low-income individuals and families have the access to quality affordable and comprehensive health care they need.

## ENDNOTES

---

<sup>1</sup> 42 C.F.R. §§ 435.1102, 1103; Cal. Welf. & Inst. Code §§ 14011.65b, 14011.66; *See also* Cal. Dep't. Health Care Servs., MEDIL 17-17 (Oct. 3, 2017), <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/I17-17.pdf> (PE for Pregnant People).

<sup>2</sup> Cal. Welf. & Inst. Code § 14148.04; *See also* Cal. Dep't. Health Care Servs., ACWDL 24-09 (June 21, 2024), <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/24-09.pdf> & Cal. Dep't. Health Care Servs., ACWDL 24-09E (Sept. 18, 2024), <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/24-09E.pdf>.

<sup>3</sup> *Id.*

<sup>4</sup> Cal. Welf. & Inst. Code § 14011.6; *See also* Cal. Dep't. Health Care Servs., ACWDL 02-36 (June 19, 2002), <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c02-36.pdf>; Cal. Dep't. Health Care Servs., ACWDL 25-05 (March 10, 2025), <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/25-05.pdf>.

<sup>5</sup> Cal. Welf. & Inst. Code § 14005.40; *See also* Cal. Dep't. Health Care Servs., ACWDL 20-02 (Jan. 31, 2020), <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/c20-02.pdf>.

<sup>6</sup> AB 133 (Chapter 143, Statute of 2021); *See also* Cal. Dep't. Health Care Servs., ACWDL 22-25 (Oct. 31, 2022), <https://www.dhcs.ca.gov/services/medical/eligibility/letters/Documents/22-25.pdf>

<sup>18</sup> Cal. Dep't Health Care Servs., October 2024 Medi-Cal Continuous Coverage Unwinding Dashboard,

<https://www.dhcs.ca.gov/dataandstats/dashboards/Pages/Continuous-CoverageEligibility-Unwinding-Dashboard-October2024.aspx> (last visited Feb. 25, 2025).

<sup>19</sup> See Emily Alpert Reyes et al, Los Angeles Times, *Patients phoning for Medi-Cal help are hit with hourlong waits, disconnections, audit finds* (Aug. 7, 2024),

<https://www.latimes.com/california/story/2024-08-07/medi-cal-medicaid-phone-calls-california>.

<sup>20</sup> Adriana Ramos-Yamamoto et al, *Medi-Cal Coverage Loss Stings Californians: Paperwork Challenges Persist* (April 2024), <https://calbudgetcenter.org/resources/medi-cal-coverage-loss-stings-californians-paperwork-challenges-persist/>.

<sup>21</sup> Jennifer Tolbert et al, Kaiser Family Found., *Medicaid Enrollment churn and Implications for Continuous Coverage Policies* (Dec. 14, 2021), <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/>.

<sup>22</sup> *Supra* note 12.

<sup>23</sup> See Insure the Uninsured Program, *Leveraging Data to Advance Health Equity and Success in CalAIM* (April 2024), [https://www.itup.org/wp-content/uploads/2024/04/FINAL\\_ITUP-Issue-Brief-Leveraging-Data-to-Advance-Health-Equity-and-Success-in-CalAIM.pdf](https://www.itup.org/wp-content/uploads/2024/04/FINAL_ITUP-Issue-Brief-Leveraging-Data-to-Advance-Health-Equity-and-Success-in-CalAIM.pdf).; See also Ana B. Ibarra, CalMatters, *California has a lot to lose if Trump slashes Medicaid. Seniors, kids and more could face coverage cuts* (Feb. 28, 2025), <https://calmatters.org/health/2025/02/medicaid-medi-cal-trump-cuts/>.

<sup>24</sup> *Supra* note 14 at 28.

<sup>25</sup> *Supra* note 14 at 29.