

Medi-Cal FACTS AND FIGURES

A Look at California's Medicaid Program

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CALIFORNIA
HEALTHCARE
FOUNDATION

Introduction

Medi-Cal (Medicaid) is the main source of health care insurance for more than six million people, or one in six Californians. It draws nearly \$17 billion in federal funds into the state's health care system and accounts for 15 percent of General Fund spending. Medi-Cal is a complex program that pays providers for essential acute and long-term care services delivered to a wide range of beneficiaries. Although many people associate Medi-Cal with welfare, more than half of funds pay for medical and long-term care for the elderly and adults with disabilities. Medi-Cal also provides essential support to California's safety net providers. Because it is the single largest source of coverage in the state, a thorough grasp of Medi-Cal is essential to understanding how health care is financed and delivered in California.

NAVIGATION

This document highlights the most important aspects of Medi-Cal. The topics covered are listed in the contents sidebar on each page. This list serves as an interactive tool for navigating through the file. Click on the category you'd like to learn about and you're there!

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Description

- California's Medicaid program.
- A publicly funded health care program that:
 - Covers 6.4 million low-income children, parents, blind, disabled, and elderly as of June 2003.
 - Pays for acute care and long-term care services.
 - Charges no premiums for most low-income beneficiaries; some pay a share of the cost.
 - Jointly funded with federal and state dollars.
 - Is administered by state Department of Health Services and county human services offices.

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Importance of Medi-Cal

- Provides health insurance coverage and long-term care assistance to one in six Californians under age 65.
 - Insures nearly one in four of California's children.
 - Covers the majority of persons living with AIDS.
 - Fills in gaps in Medicare coverage for low-income elderly and persons with disabilities.
- Paid for 42 percent of all births in the state in 2000.
 - Pays for two-thirds of all nursing home days.
 - Is the largest source of public funding for mental health care.
- Brought nearly \$17 billion in federal revenues to California in FY 2003, which was paid to health plans and health care providers.

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Comparison to Medicare

Category	Medi-Cal	Medicare
Population	Low-income families and children, persons with disabilities, and seniors (65+)	Persons 65 years and older or permanently disabled
Services Covered	Acute and long-term care (no premiums or co-payments for lowest income beneficiaries)	Most acute care except outpatient prescription drugs (beneficiaries pay premiums and deductibles)
Funded by	Federal and California governments	Federal government and beneficiaries
Administered by	California with oversight by Centers for Medicare and Medicaid Services (CMS)	Federal government through CMS

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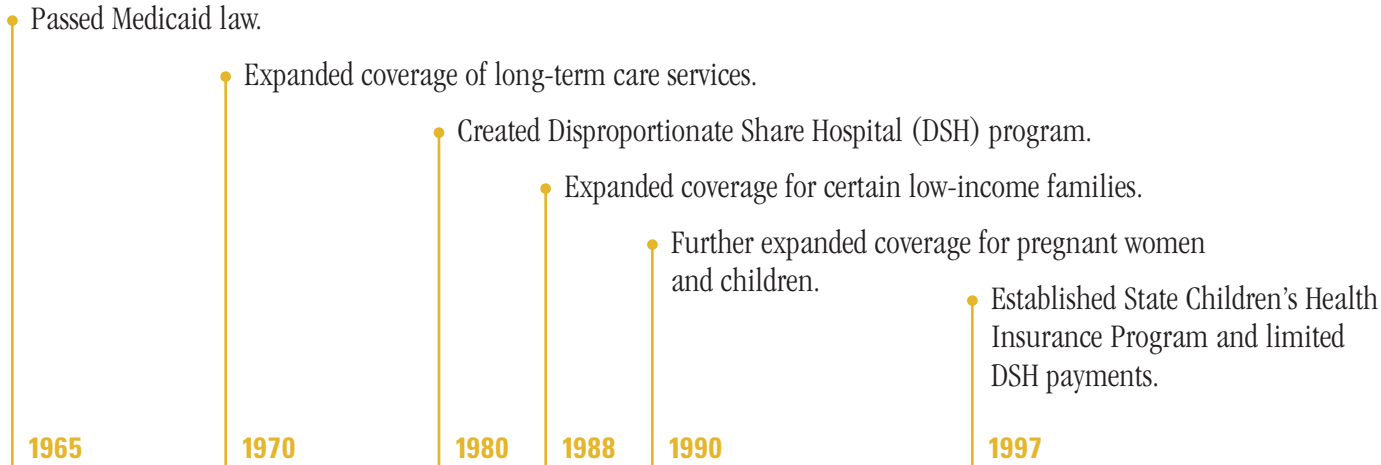
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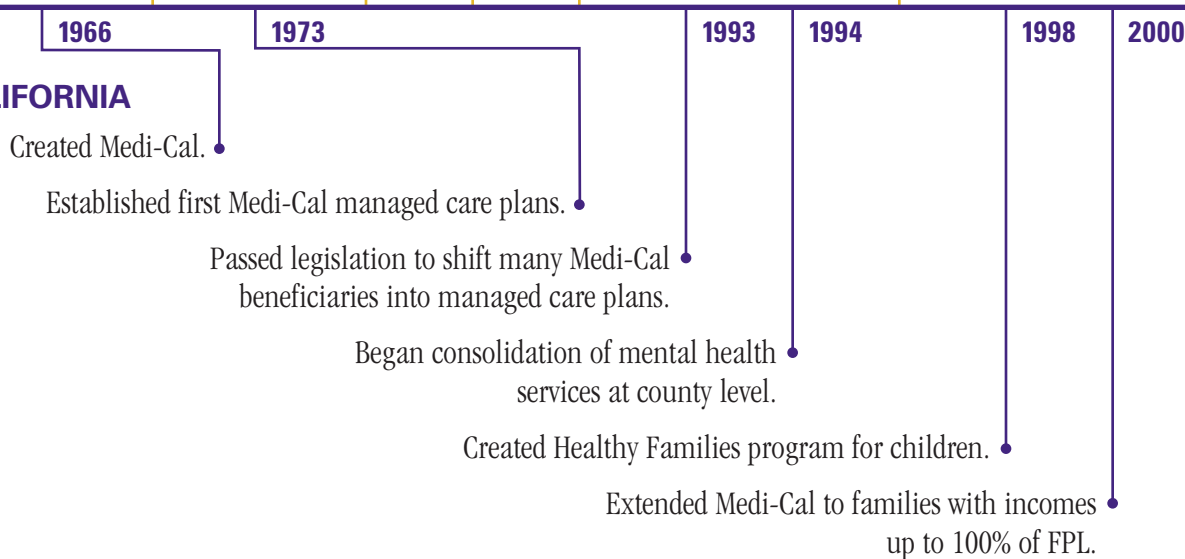
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Governing Agencies

Federal Centers for Medicare and Medicaid Services (CMS)

- Provide regulatory oversight
- Review and monitor waivers to program rules



California Department of Health Services (DHS)

- Administers Medi-Cal
- Contracts for managed care, dental care, enrollment services, and data management

County Health and Social Services Departments

- Conduct eligibility determination
- Implement state policy changes
- Oversee enrollment and recertification
- Outstation eligibility workers in community sites

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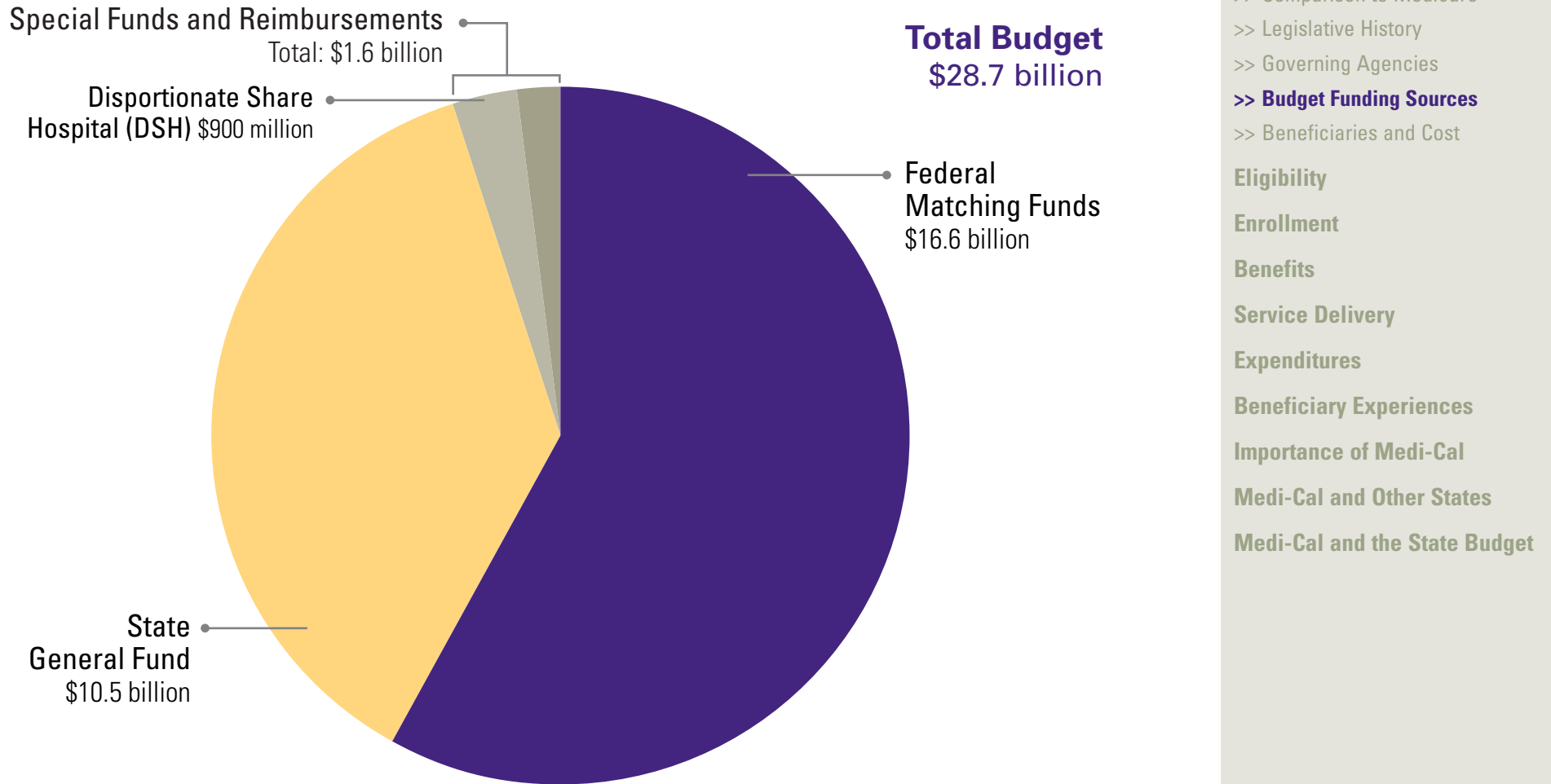
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Source: Legislative Analysts' Office, 2003.

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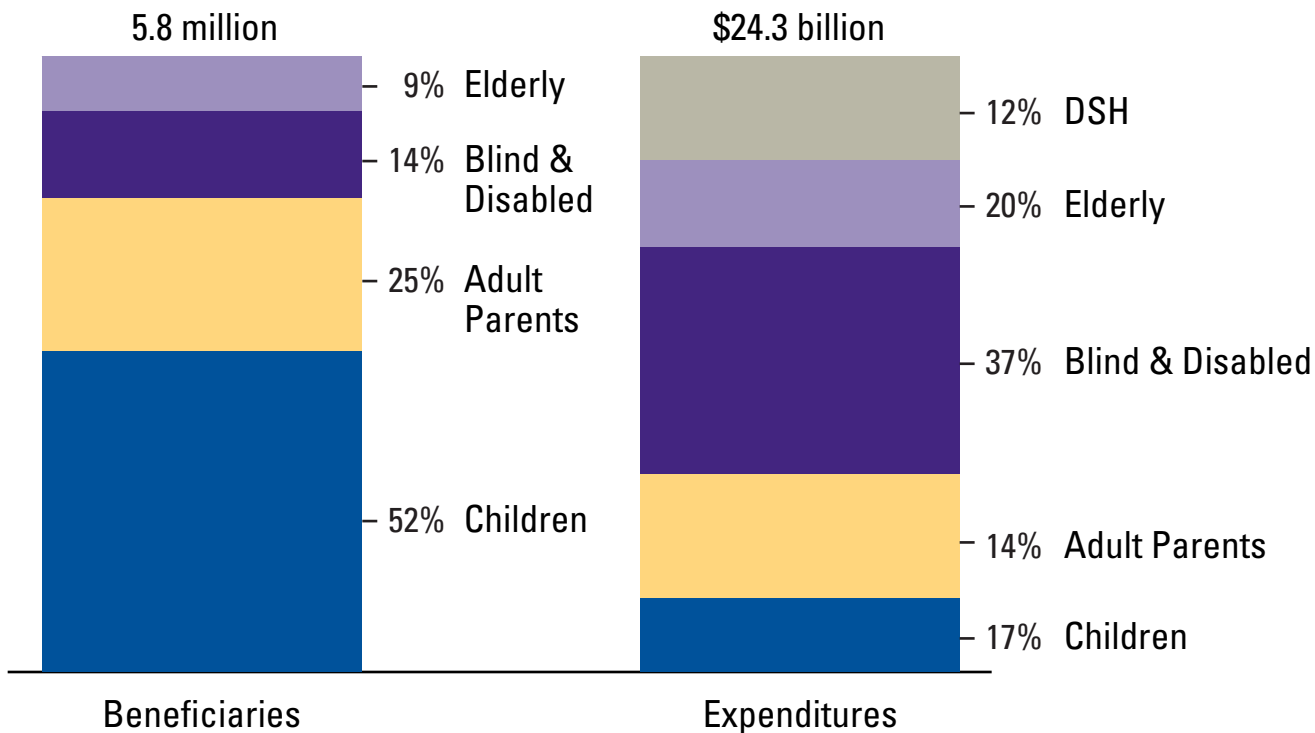
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Seniors and people with disabilities account for only **23 percent** of beneficiaries, but **57 percent** of expenditures.



Source: Department of Health Services, 2003 (2001 Data).

Eligibility Factors

- **Eligibility for Other Public Assistance Programs** (See page 10.)
- **Deprivation***
- **Institutional Status**
- **Family Income**
- **Family Assets**
 - Not considered for certain pregnant women and children who are under certain levels of federal poverty.
 - The home is usually not considered.
 - Countable personal property includes but is not limited to savings, checking, stocks, bonds, and certain life insurance policies and annuities.
 - For most beneficiaries, the upper limit starts at \$2,000 for one person and increases with family size.
- **U.S. Citizenship**
 - Some legal immigrants are eligible.
 - Undocumented aliens and certain other immigrants are eligible only for emergency and pregnancy-related services and some nursing home care.
- **California Residency** (documented)

*Deprivation exists when a parent is absent from the home, or is incapacitated, disabled, deceased, employed less than 100 hours per month, or has earnings that are below 100 percent of the Federal Poverty Level.

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Profile of Eligible Groups*

- **Recipients of Other Public Assistance Programs**
 - Low-income families participating in such programs as CalWORKS or those that can show deprivation
 - Seniors and persons with disabilities through participation in the Supplemental Security Income (SSI) program
- **Pregnant Women and Children**
 - Based on their income levels and family size according to the Federal Poverty Level (FPL) (See note on page 11.)
- **Other Medical Conditions or Life Situations**
 - Individuals transitioning off of public assistance programs
 - Refugees
 - Persons receiving treatment for Tuberculosis or End Stage Renal Disease

*Not a comprehensive list. Multiple criteria have contributed to the creation of more than 100 eligibility categories or aid codes for beneficiaries.

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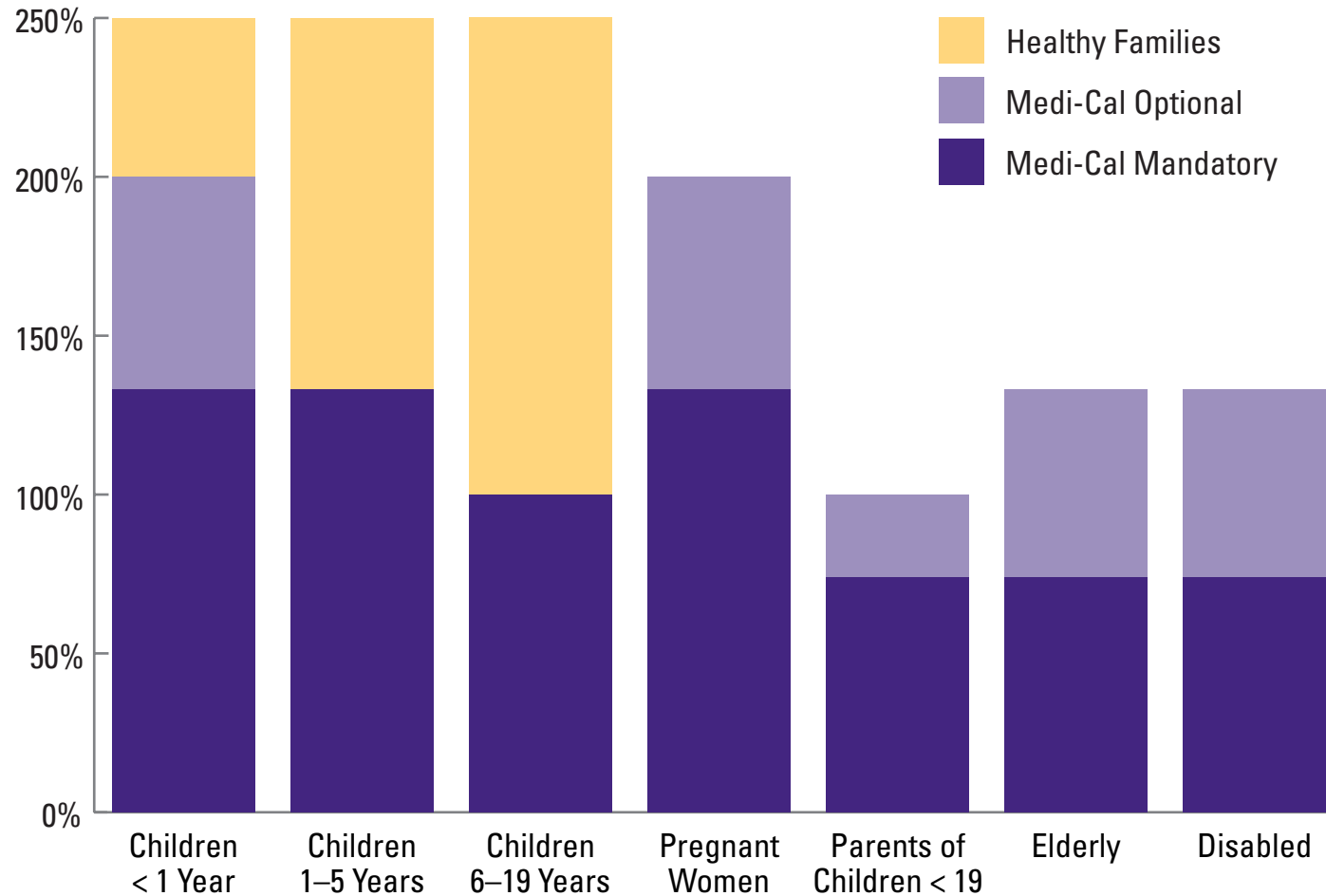
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Income Limits*

Federal Poverty Level



*As of April 2003, 100 percent of FPL for a family of three is \$15,260. Excludes Medi-Cal spend-down and share-of-cost Medi-Cal. Source: Department of Health Services, 2003.

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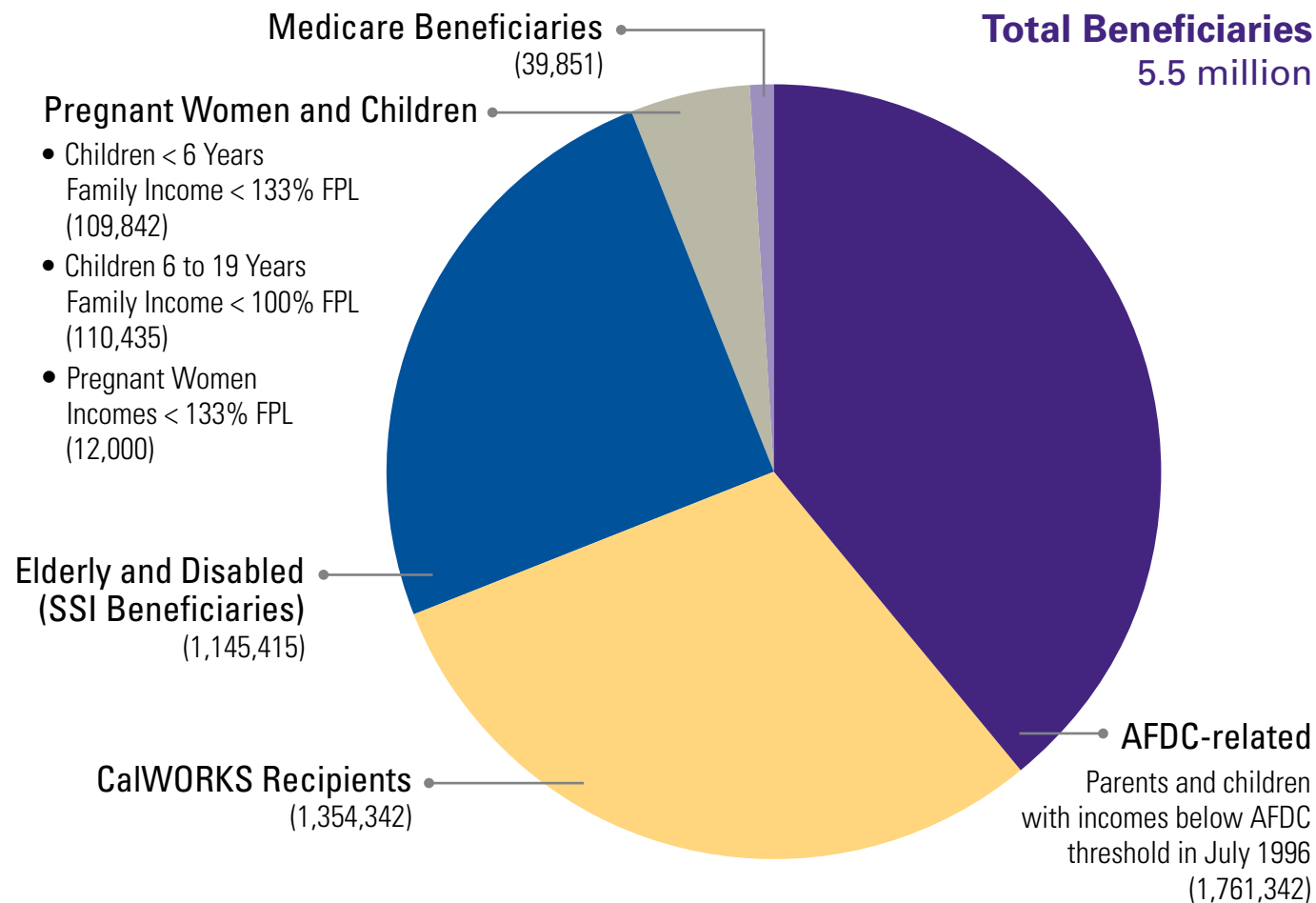
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Mandatory Eligibility Categories Required by Federal Law



*Not included in the distribution above were 46 working disabled people.

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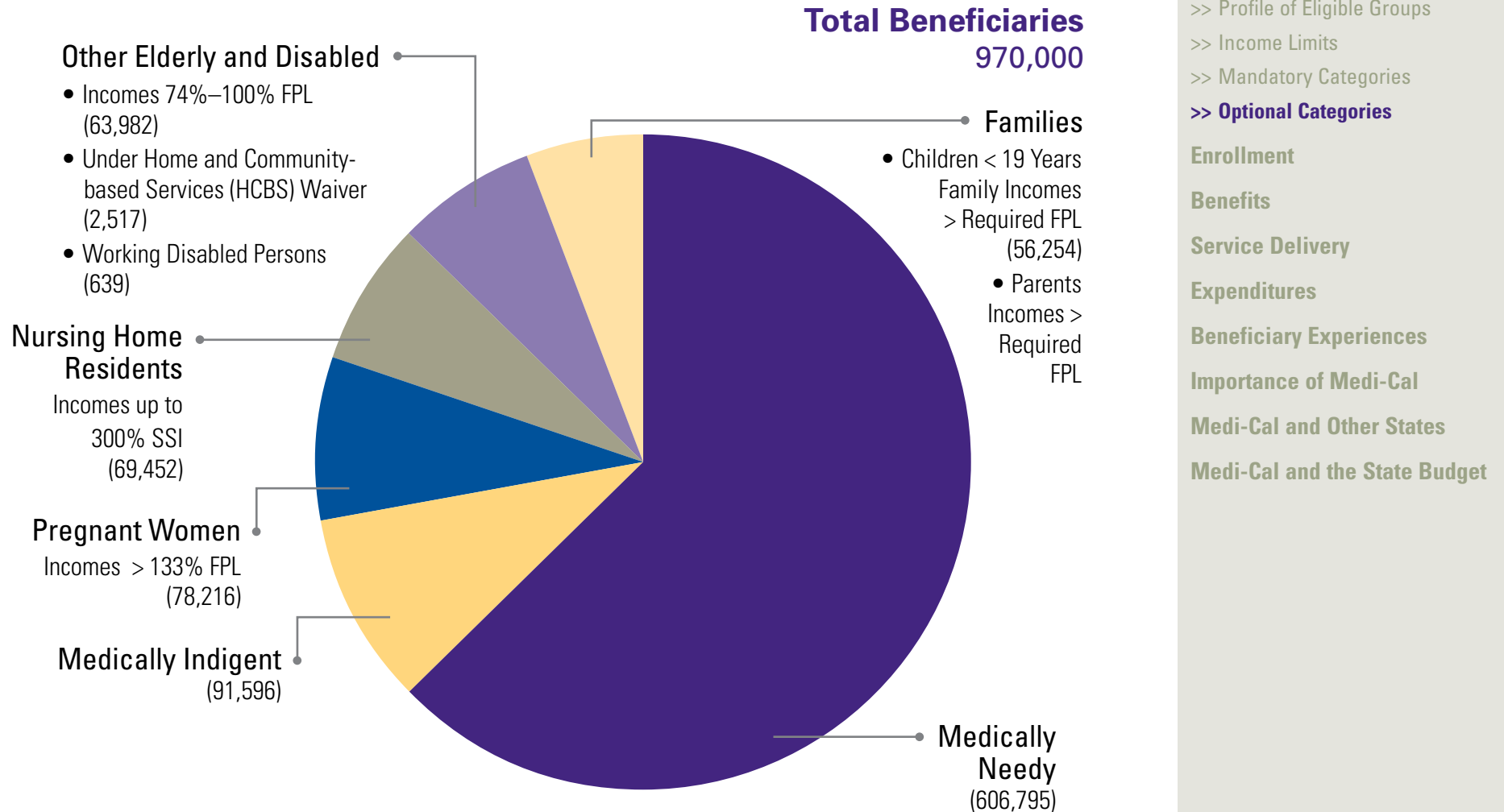
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Individual Application Process

- For those receiving Supplemental Security Income (SSI) or CalWORKs, Medi-Cal coverage is automatic.
- Other individuals may apply for Medi-Cal at their local county social services office or at hospitals and clinics where county eligibility workers are located.
- Doctors can request immediate temporary coverage for pregnant women and children while they apply for the program.
- Pregnant women, children, and adults may also apply for Medi-Cal using a mail-in application. (See page 15.)
- Applicants can now submit Medi-Cal applications electronically using Health-e-App, an Internet-based system, with the help of certified application assisters. (See page 15.)

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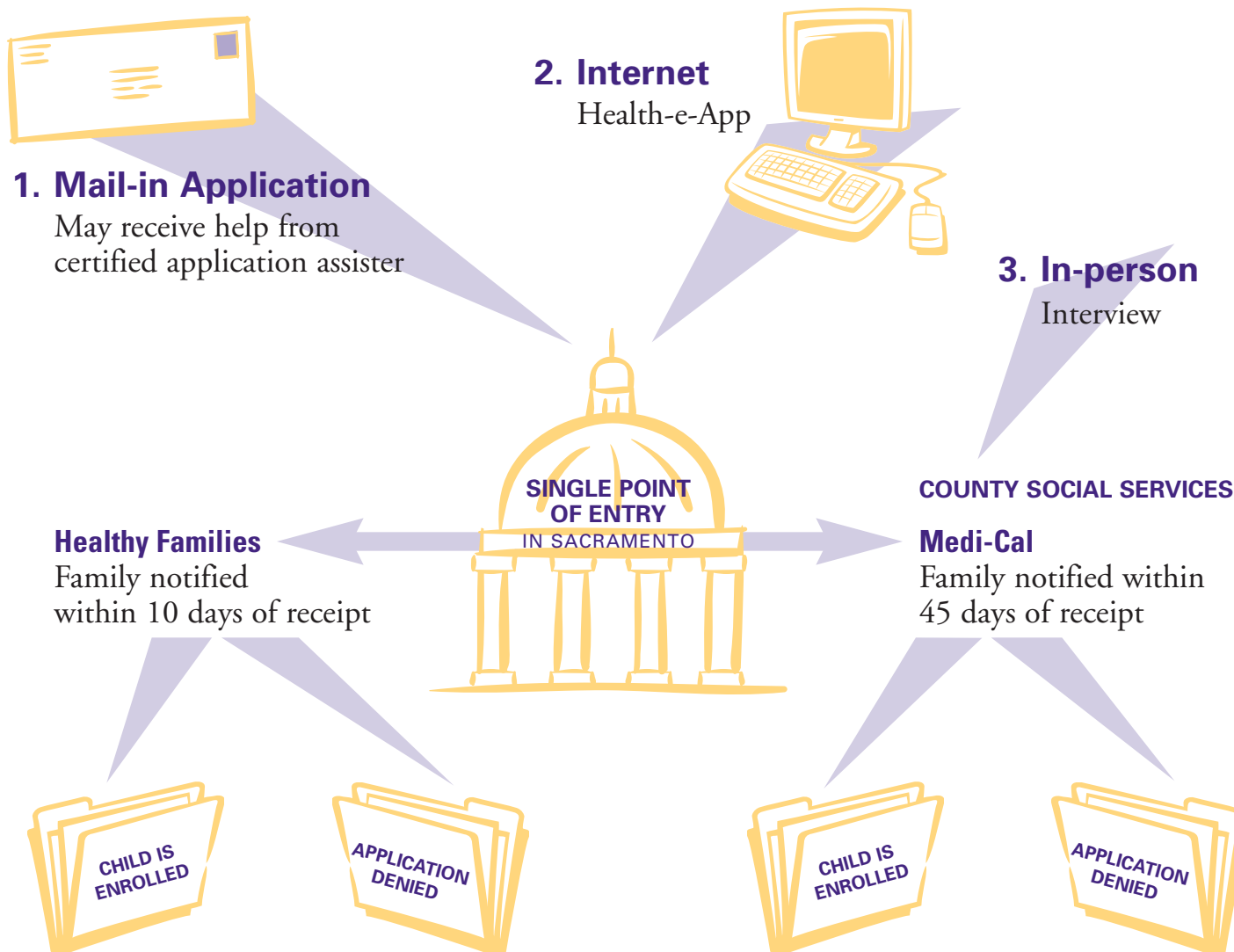
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Child Application Process



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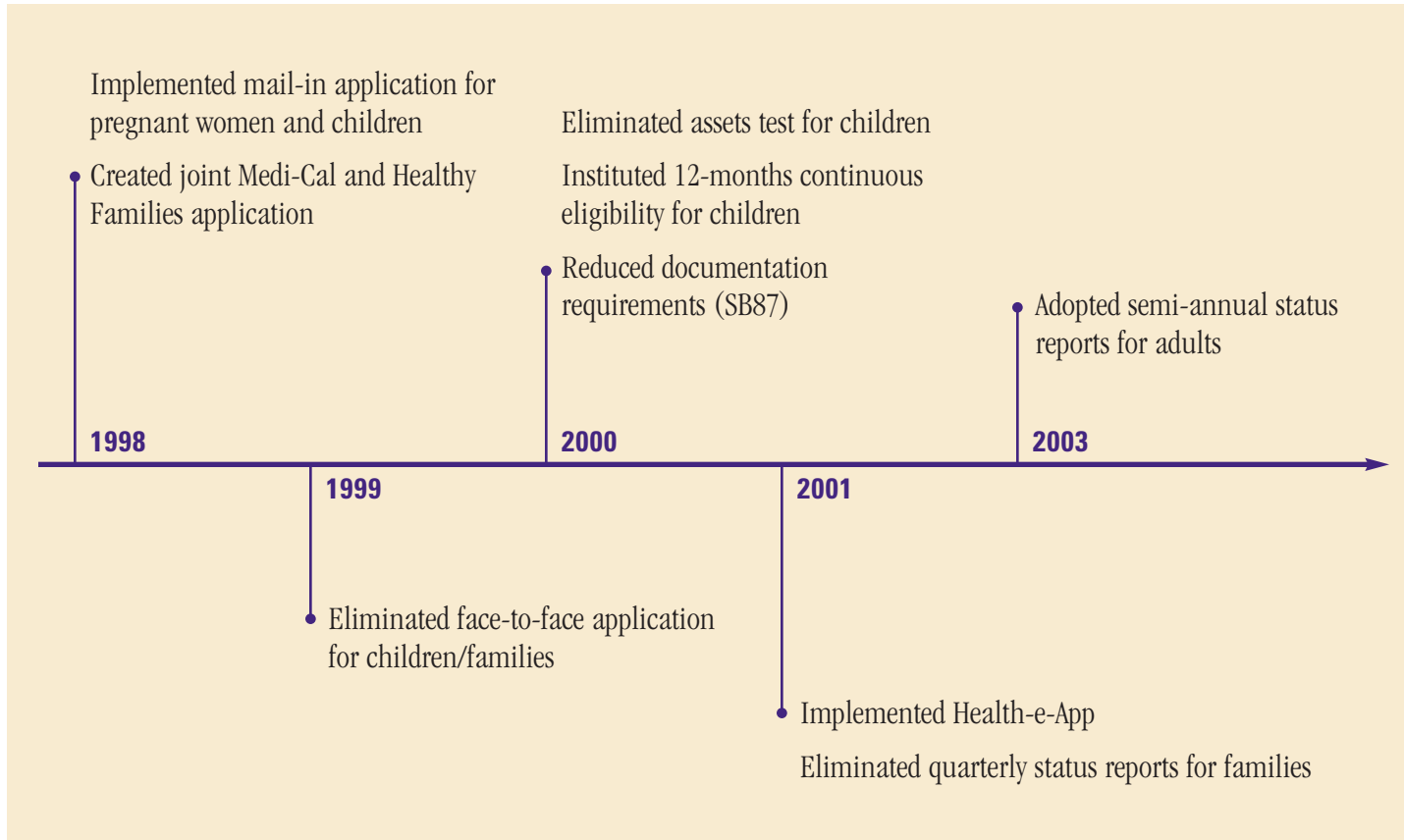
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Recent Enrollment Process Changes



Source: The Lewin Group, 2003

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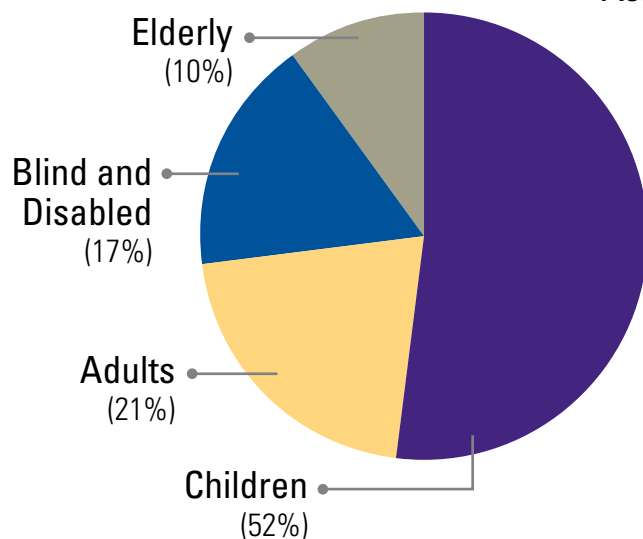
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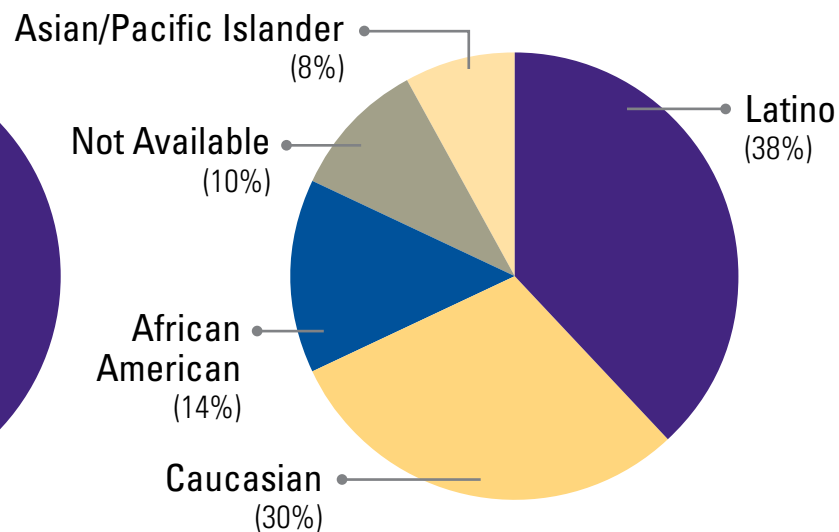
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Children comprise more than half the beneficiaries while **Latinos** represent the largest ethnic group.

Age/Disability



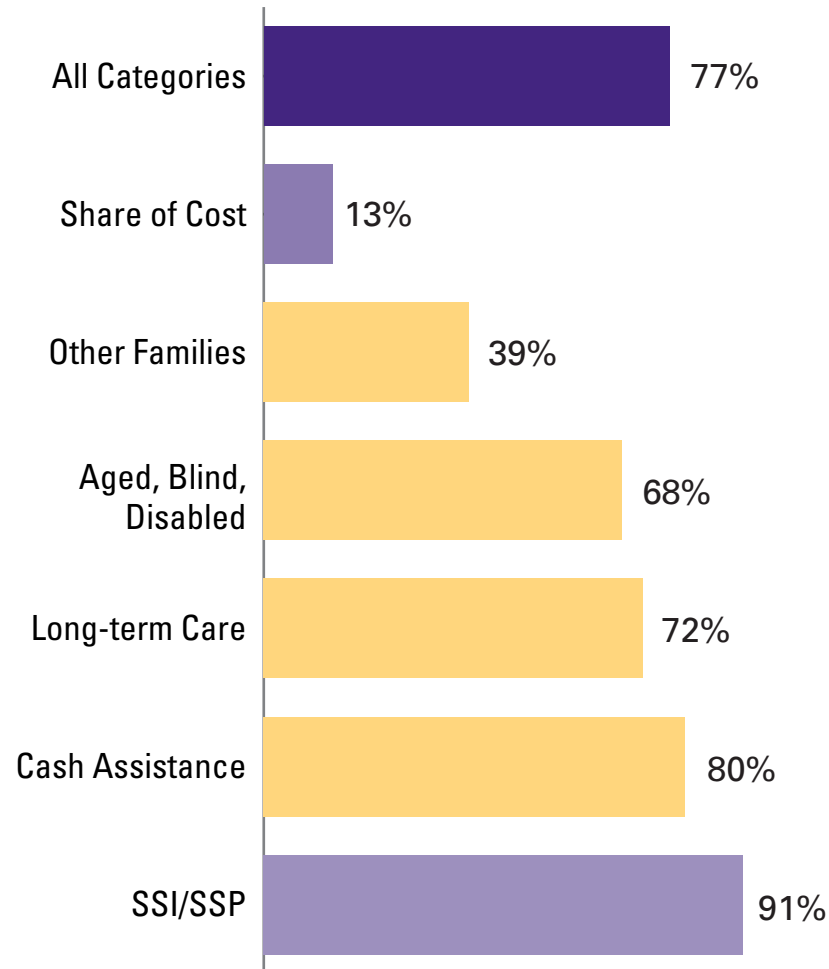
Ethnicity



Source: Department of Health Services, 2003 (2002 Data)

Enrollment After One Year

- More than **75 percent** of all beneficiaries remain enrolled after one year.
- Individuals who are required to pay a share of their costs are much less likely to retain coverage.
- Nearly all disabled persons who qualify for Medi-Cal through SSI/SSP stay covered after 12 months.



Source: DHS Annual Managed Care Statistical Reports, 2002. (1998 Data)

Medi-Cal Benefits

All states are federally required to provide certain benefits. California offers a number of additional benefits. The following are partial lists of both.

Required Services

- In/outpatient hospital
- Physician visits
- Lab tests and x-rays
- Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21
- Family planning and supplies
- Clinic in Federally Qualified Health Centers (FQHC)
- Certified midwife
- Certified nurse practitioner
- Nursing home care for adults over 21

Optional Services

- Prescription drugs
- Vision services and eyeglasses
- Dental care and dentures
- Physical therapy
- TB-related
- Provided by Intermediate Care Facilities for Mentally Retarded (ICF/MR)
- Inpatient/nursing for adults over 65
- Inpatient psychiatric for children under 21
- Rehabilitation for mental health and substance abuse
- Personal and home health care
- Hospice

Source: Department of Health Services, 2003

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Medicare Beneficiary Coverage

Category	Eligibility (FPL)	Covered Services	Coverage Entitlement
Dual Eligibles	Up to 100%	<ul style="list-style-type: none"> • Additional benefits such as prescription drugs and long-term care. • Medicare Part B premium • Cost-sharing 	Yes, up to 74% FPL (SSI eligibility level)
Qualified Medicare Beneficiary	Up to 100%	<ul style="list-style-type: none"> • Medicare Parts A and B premiums • Cost-sharing 	Yes
Specified Low-income Beneficiary (SLMB)	101–120%	<ul style="list-style-type: none"> • Medicaid Part B premium 	Yes
Qualifying Individuals:			
Q11	121–135%	<ul style="list-style-type: none"> • Medicare Part B premium 	No
Q12*	136–175%	<ul style="list-style-type: none"> • Portion of Medicare Part B premium 	No

*Enrollment is closed as of December 2002.

Source: Kaiser Commission on Medicaid and Uninsured, 2003.

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Delivery Systems

Area	Fee-for-Service	Managed Care
Availability	All 58 counties	25 large counties
Market Share	55% of all beneficiaries	45% of all beneficiaries
Population	<ul style="list-style-type: none"> • Most elderly and disabled <p>In counties without Managed Care</p> <ul style="list-style-type: none"> • Children • Pregnant women • Non-disabled parents 	<p>Mandatory Enrollment</p> <ul style="list-style-type: none"> • Children • Pregnant women • Non-disabled parents <p>Voluntary Enrollment</p> <ul style="list-style-type: none"> • Most elderly and disabled
Expenditures*	74%	16%
Exclusions	N/A	<ul style="list-style-type: none"> • Mental health • Dental • Long-term care • California Children Services (CCS) for the seriously ill and disabled

*Do not include services delivered in Disproportionate Share Hospitals (DSH).

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Managed Care Models by County

County Organized Health System (COHS)

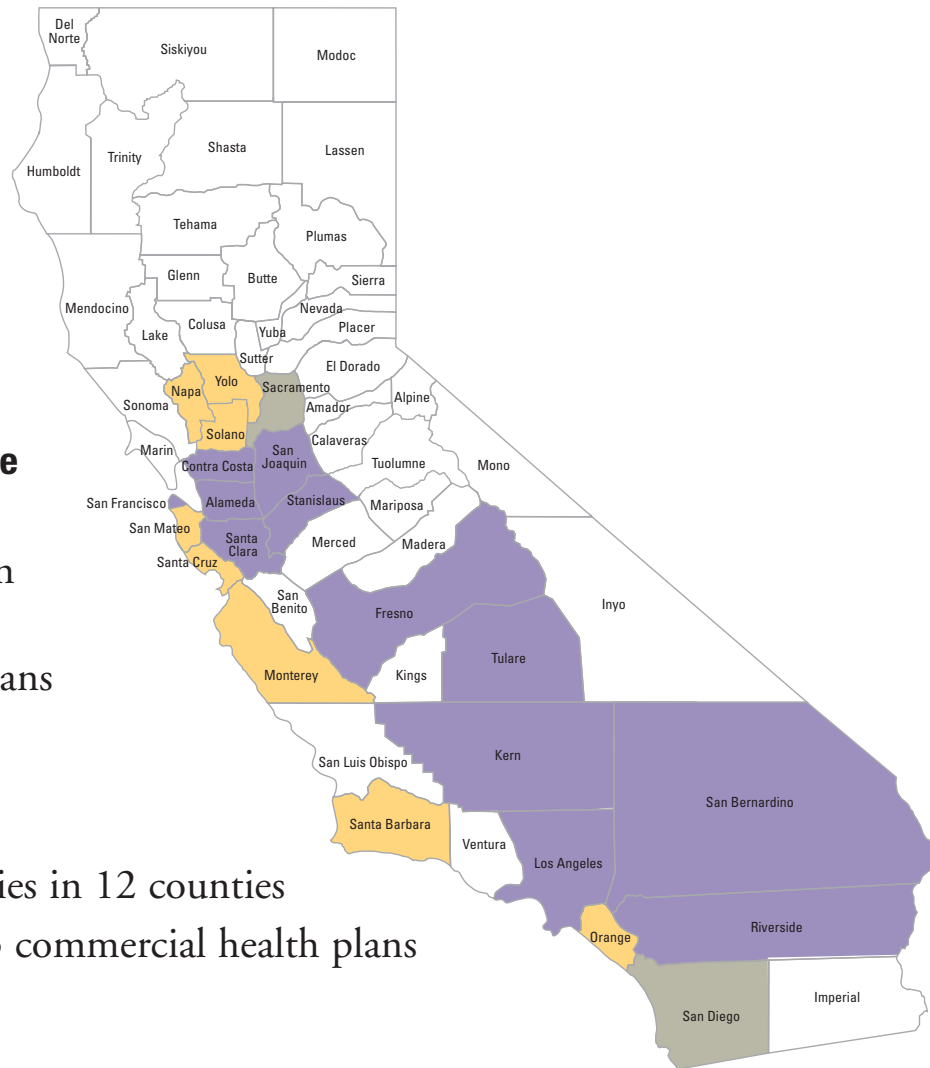
- 550,000 beneficiaries in 8 counties
- 5 county organized health plans
- Implemented in 1983

Geographic Managed Care (GMC)

- 340,000 beneficiaries in 2 counties
- 9 commercial health plans
- Implemented in 1993

Two-plan

- 2.41 million beneficiaries in 12 counties
- 8 local initiatives and 3 commercial health plans
- Implemented in 1993



Source: Department of Health Services, May 2003 Enrollment by Plan Type. Excludes special plans.

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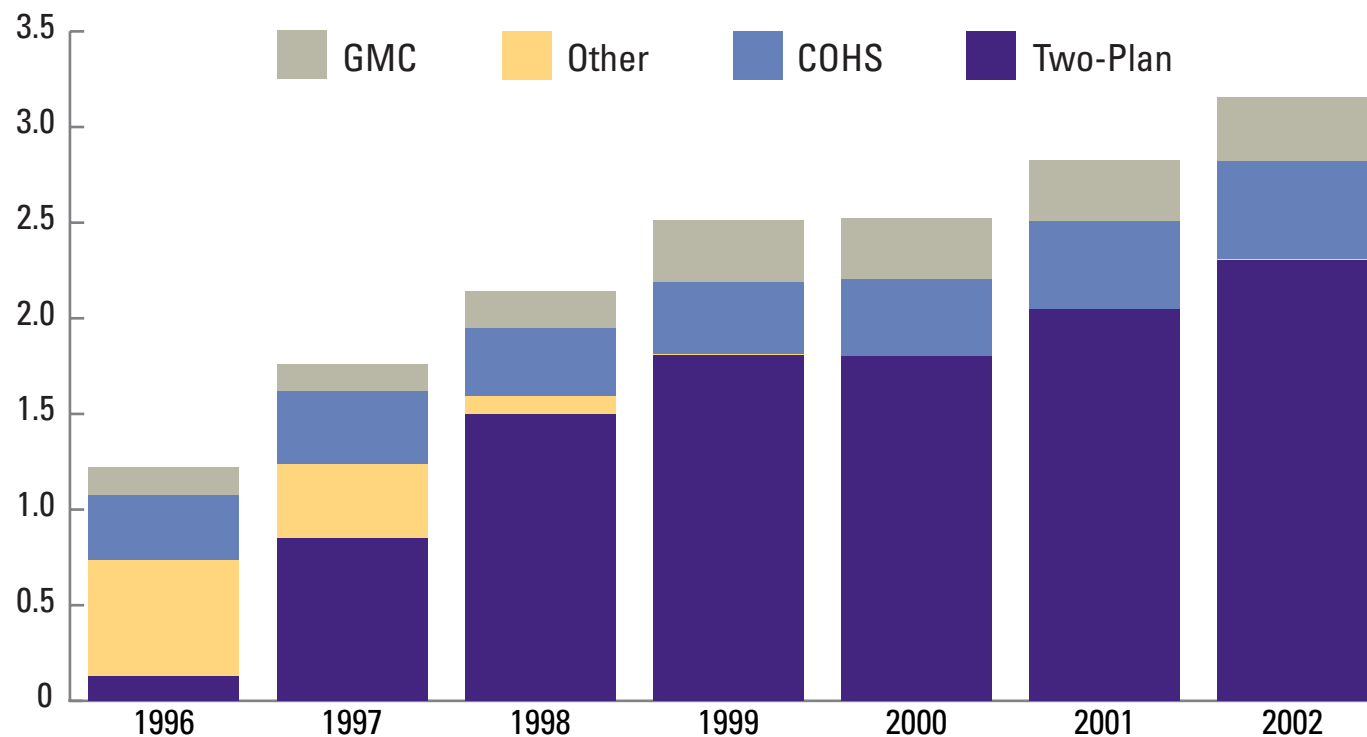
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The **two-plan** model experienced dramatic enrollment growth between 1996 and 2002.

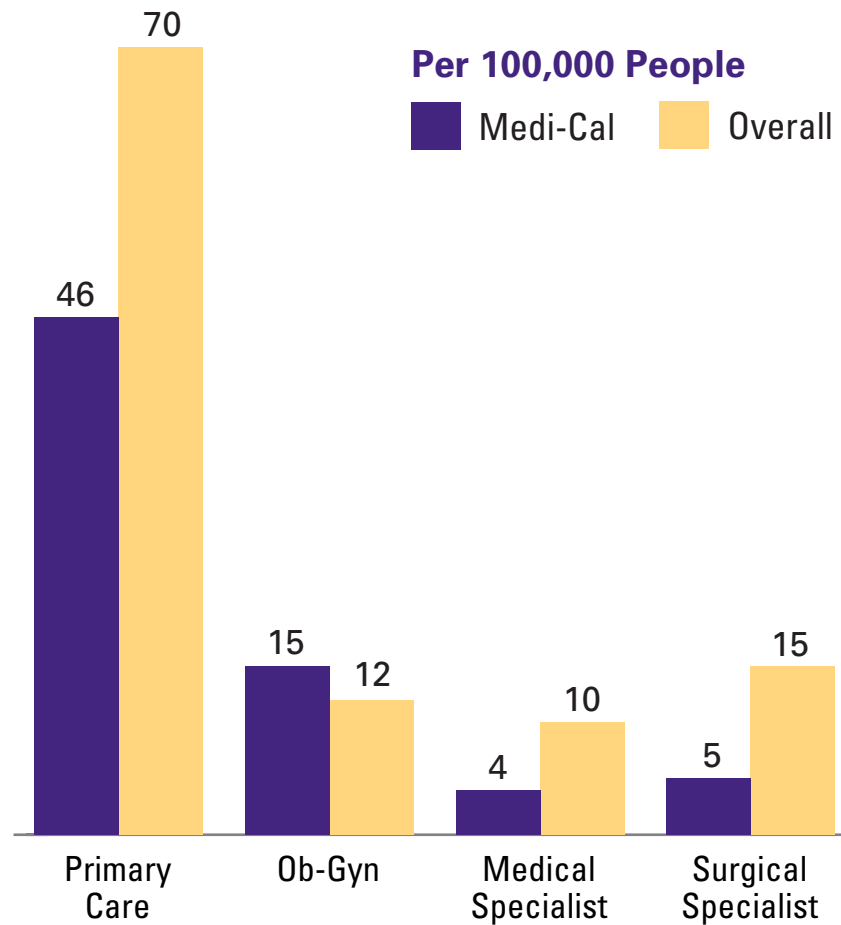
millions



Source: DHS Annual Managed Care Statistical Reports. (1996–2002 Data)

Physician Participation

There are only **46 primary care providers** for every 100,000 beneficiaries, well below the federal minimum standard of **60 to 80**.



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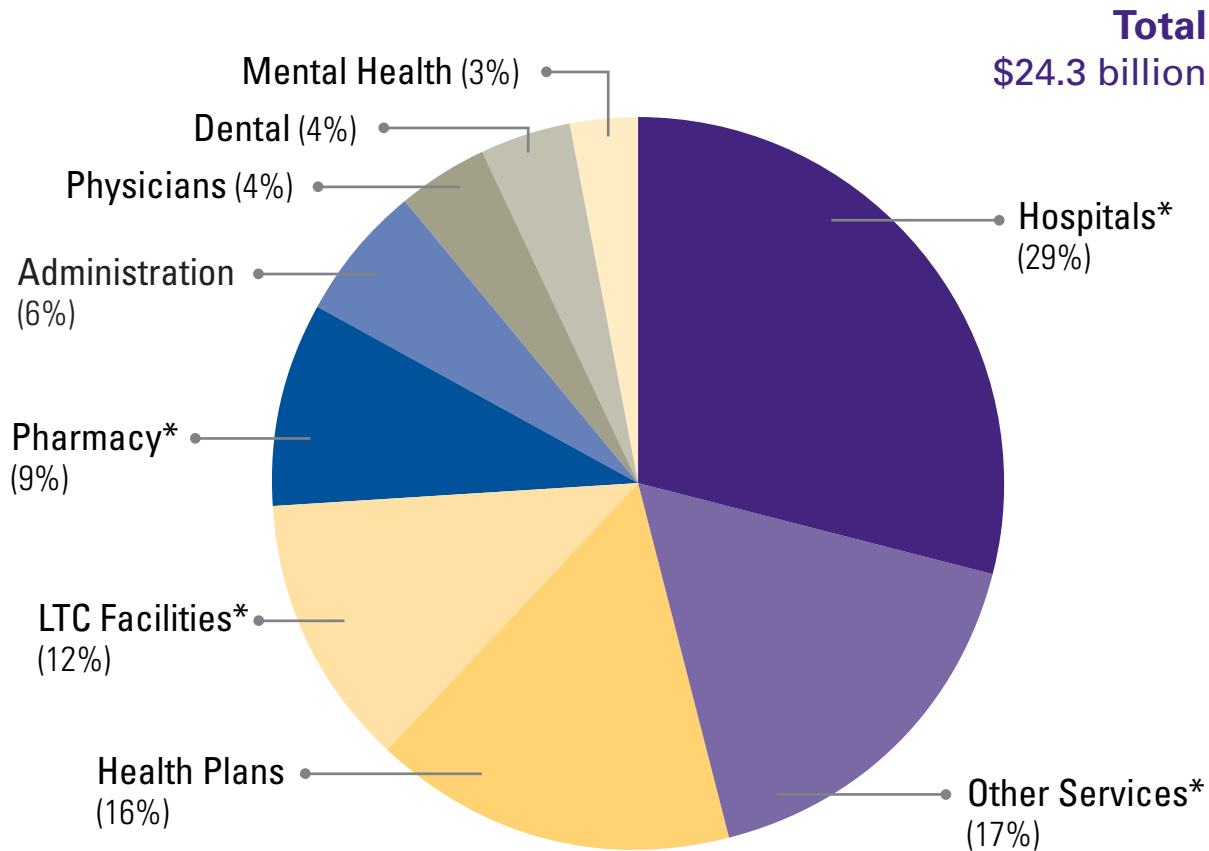
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Expenditure Distribution



*Fee-for-service payments only. Excludes DSH.

Source: Department of Health Services, 2002. (2001 Data)

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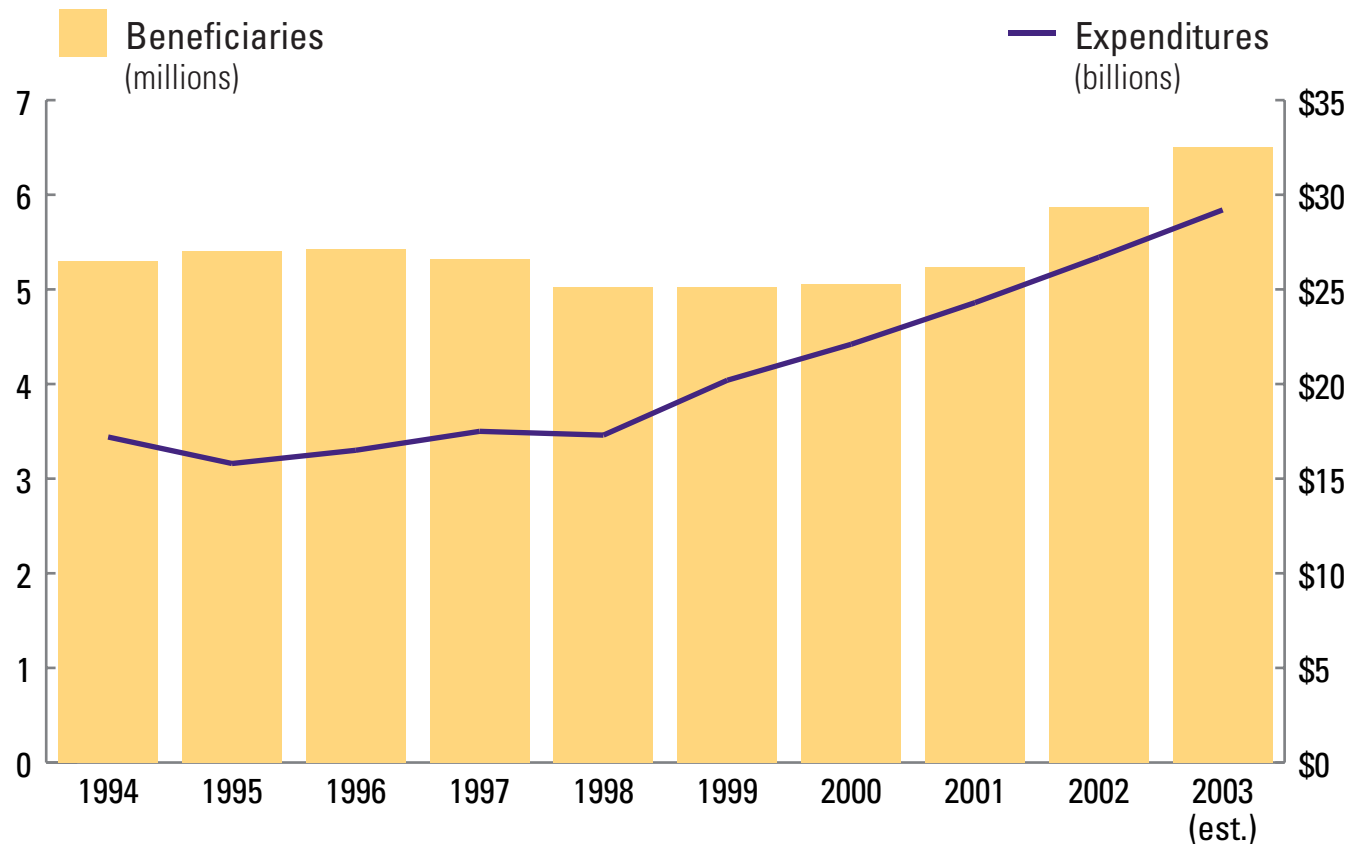
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Enrollment and Expenditure Trends

Over the past decade, Medi-Cal expenditures increased by **more than 60 percent** due to enrollment growth and rising costs per beneficiary.



Source: California Department of Health Services.

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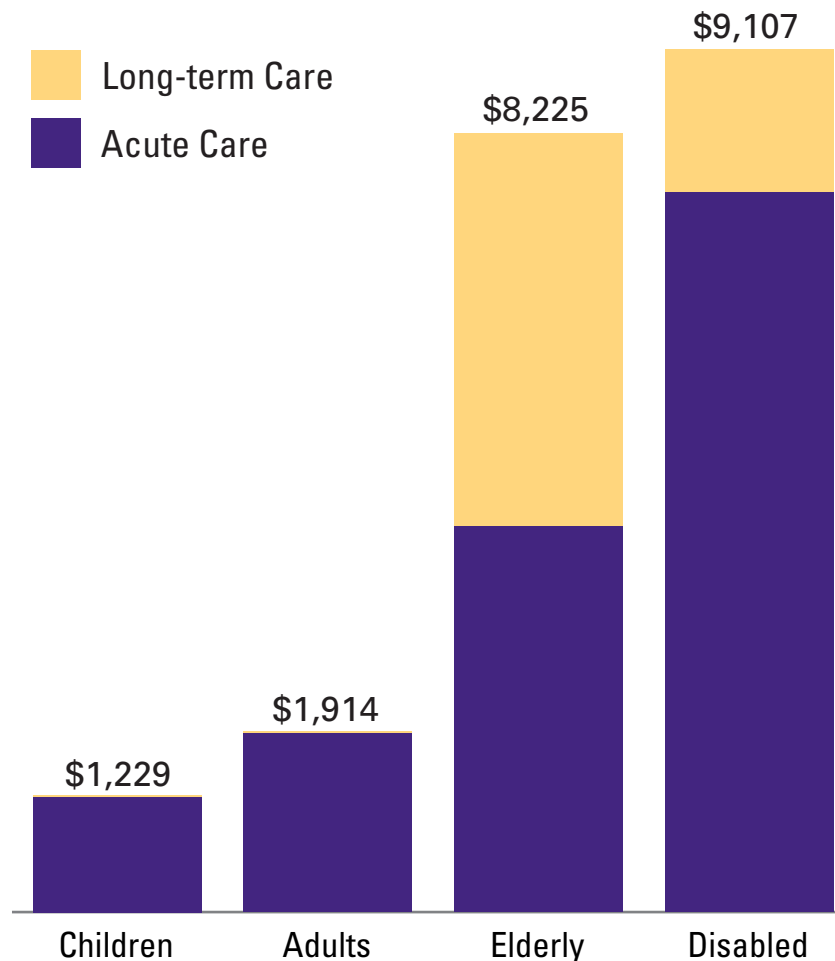
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Average Annual Cost Per Beneficiary

Due to intensive use of both acute and long-term care services, expenditures are **seven times** greater for the elderly and disabled than for children.



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Source: Based on analysis of 20 percent sample of Medi-Cal fee-for-service claims (2001 Data).

Average Annual Cost Trends

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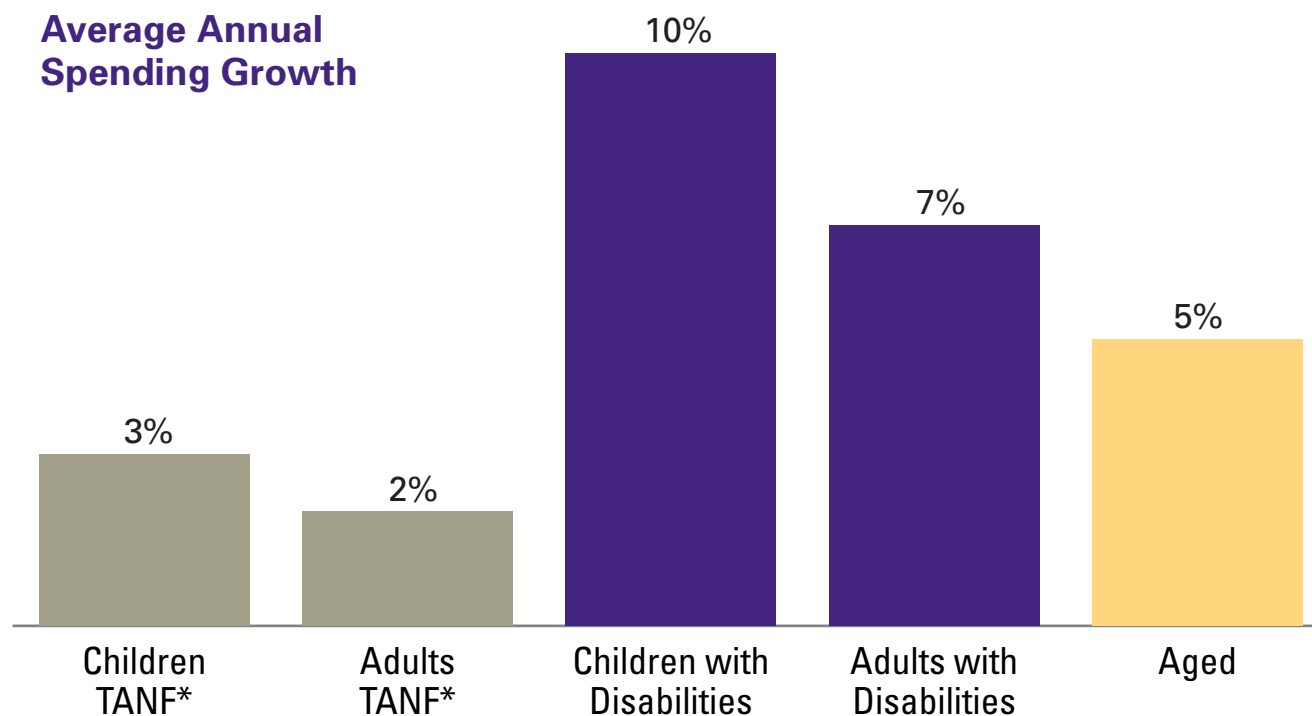
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The cost per person for **children and adults with disabilities** increased the most rapidly.



*Temporary Assistance for Needy Families.

Expenditure Trends by Service

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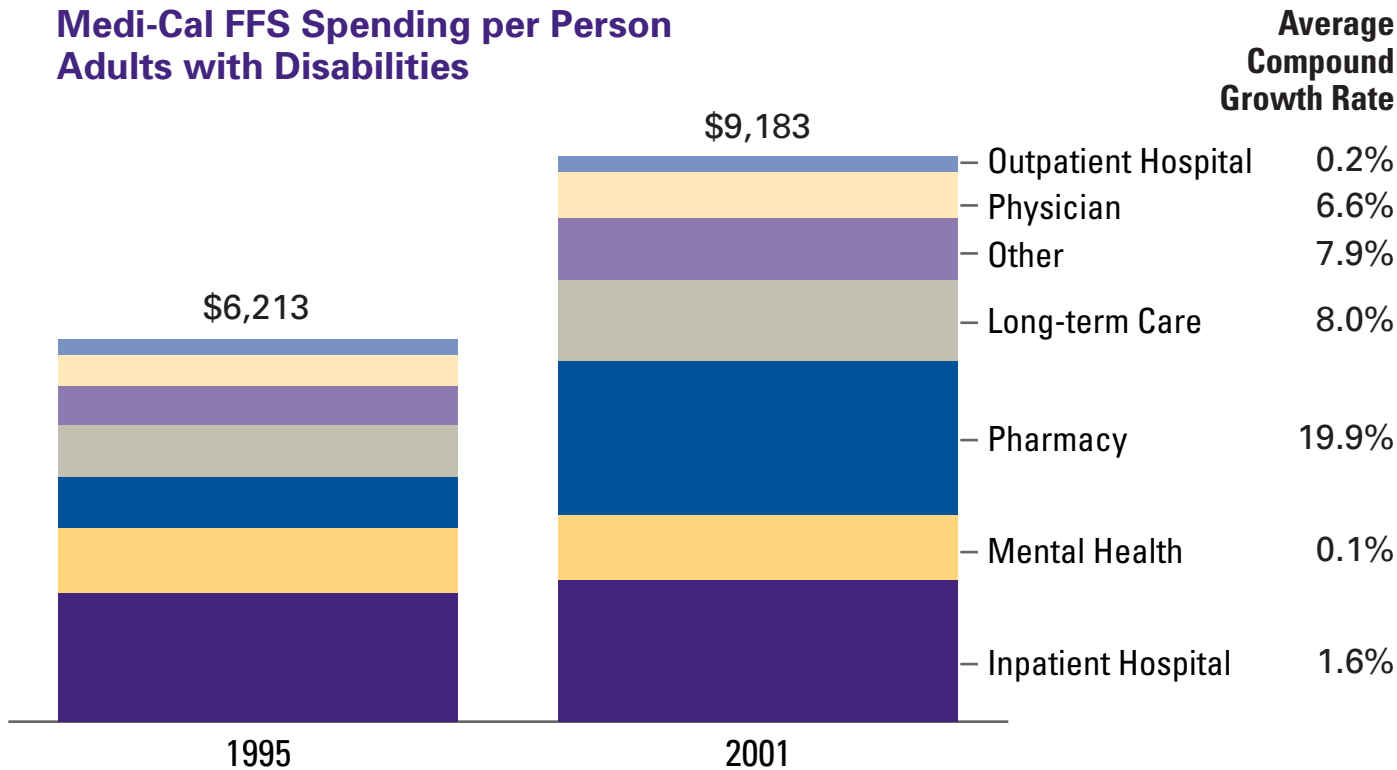
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Rising **drug costs** have fueled recent growth in spending.

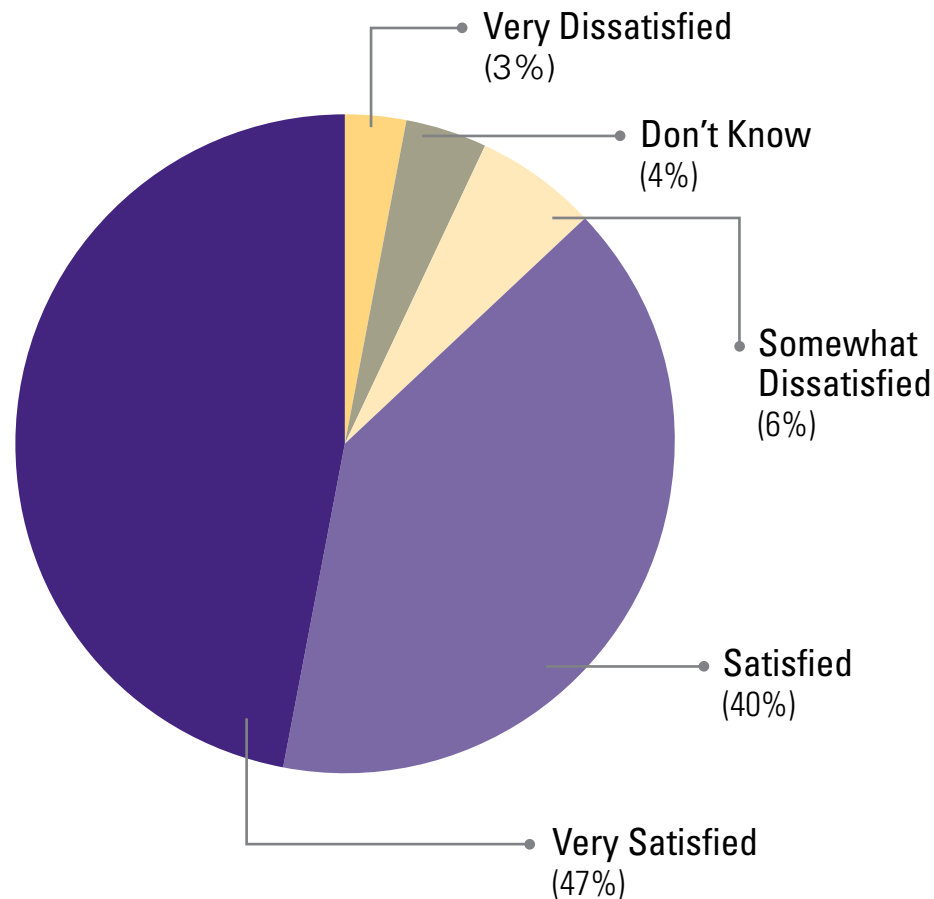
Medi-Cal FFS Spending per Person Adults with Disabilities



Overall Program Experience

- **87 percent** of Medi-Cal beneficiaries report that they are satisfied with the program
- Satisfaction levels are comparable to employer-sponsored coverage
- “Medi-Cal is worth the hassle because of what you get in return.”

“Overall, how satisfied are you with Medi-Cal?”



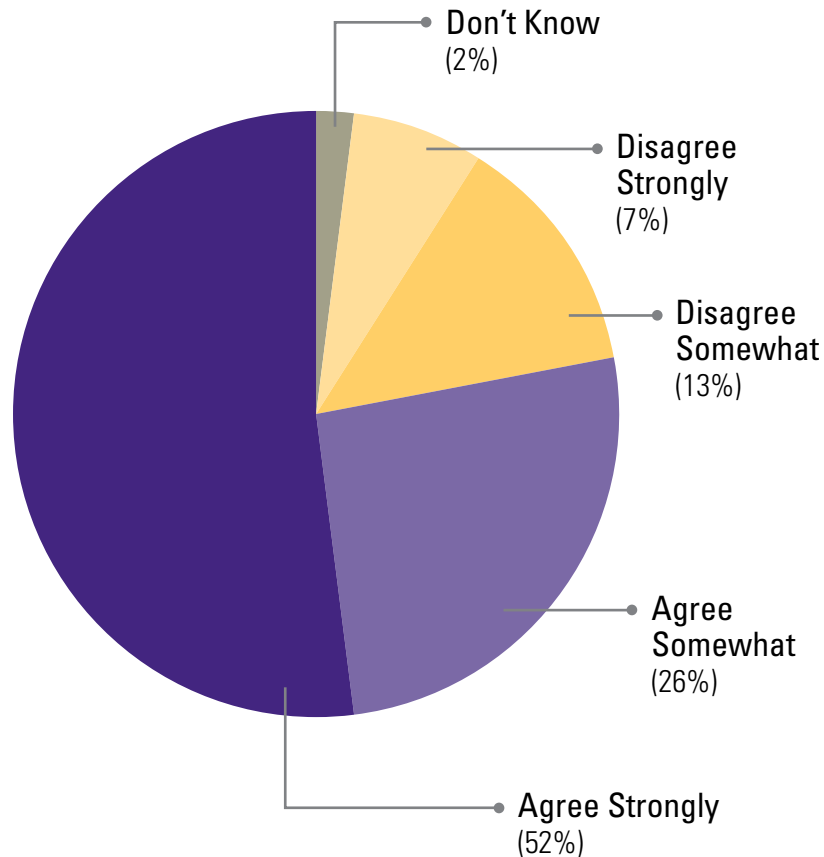
Source: Medi-Cal Policy Institute, Medi-Cal Beneficiary Survey, 1999.

Enrollment Process Experience

Barriers to Enrollment

- Complexity of application process
- Difficulty obtaining required documentation such as income verification
- Lack of knowledge about the program
- Stigma associated with Medi-Cal because of its historic links to welfare
- Fear that enrollment in Medi-Cal will adversely effect future opportunities for citizenship for immigrant families

“Signing up for Medi-Cal requires too much paperwork.”

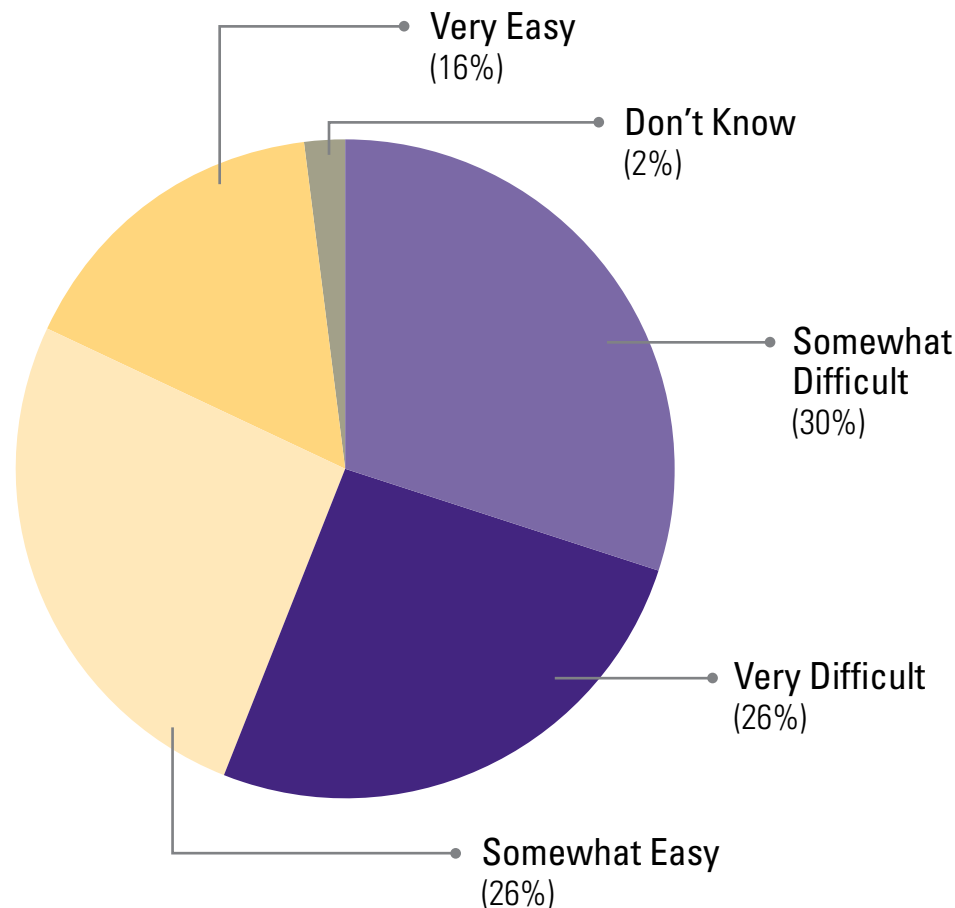


Source: Medi-Cal Policy Institute, Medi-Cal Beneficiary Survey, 1999.

Experience Locating a Doctor

- More than half of beneficiaries reported some difficulty in finding a doctor.
- “Medi-Cal is good until you actually go and try to find a doctor. That’s the hardest part.”
- State and counties provide limited help in this area.

“Finding a doctor nearby is...”

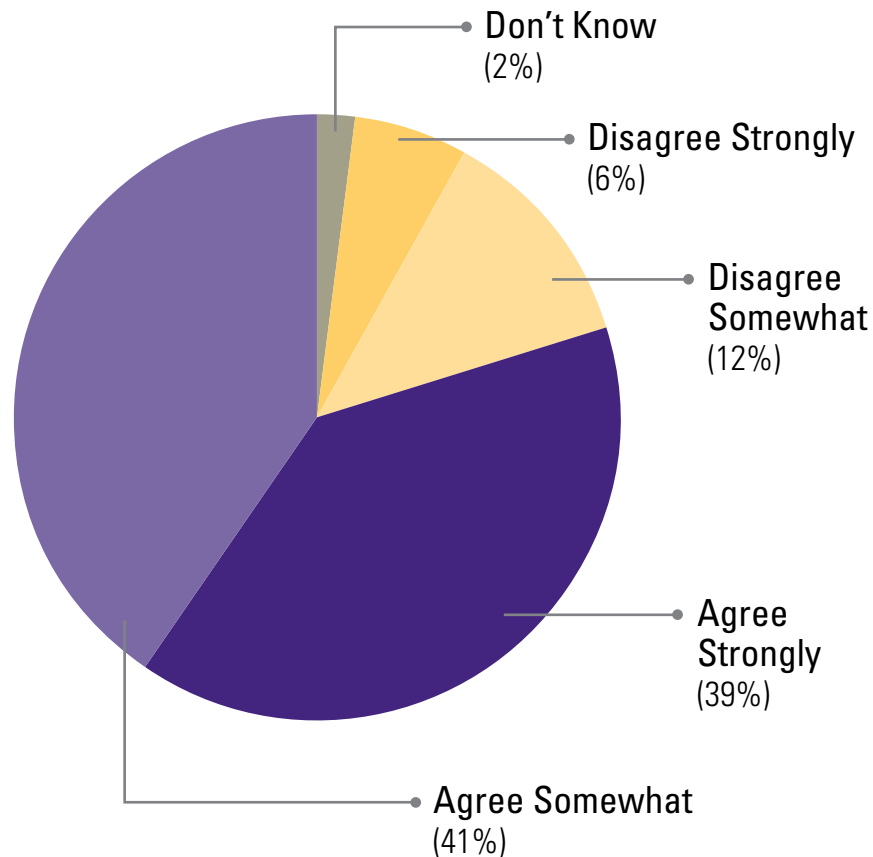


Source: Medi-Cal Policy Institute, Medi-Cal Beneficiary Survey, 1999.

Quality of Care Experience

- **Eight in ten** Medi-Cal beneficiaries report that it provides high quality services.
- This result is comparable to that for commercial health plans.
- However, nearly all beneficiaries **(92 percent)** believe that it is important to improve the quality of services.

“Medi-Cal provides high quality services.”



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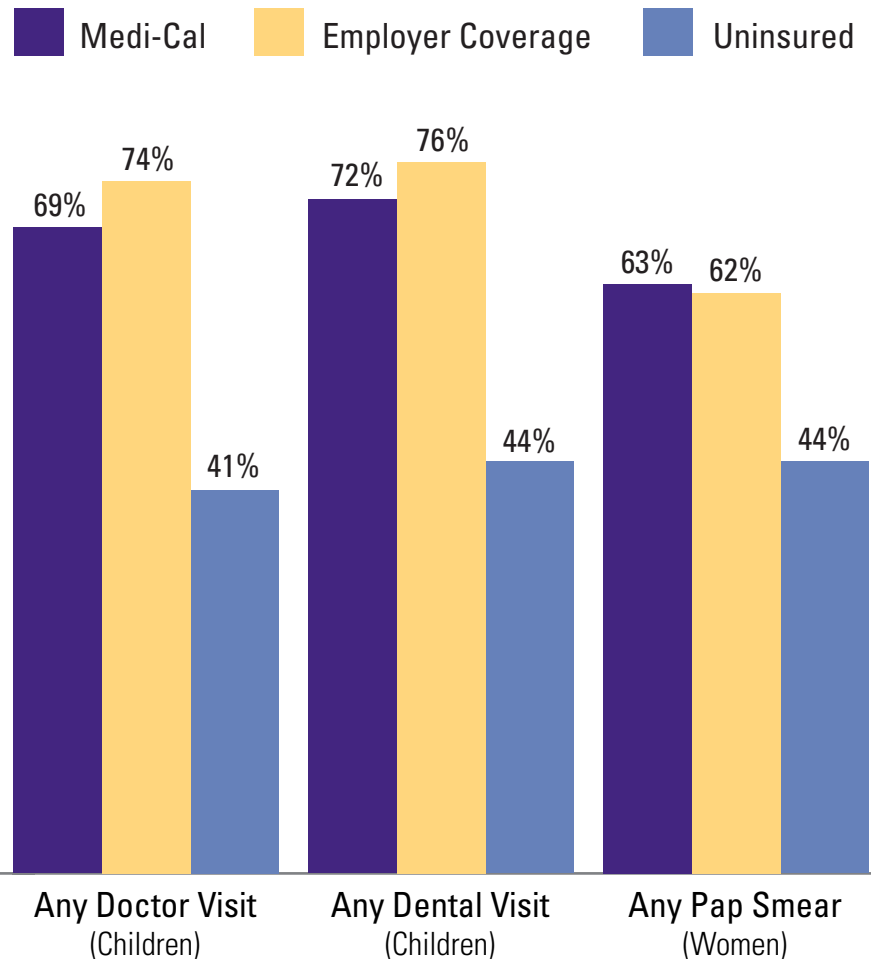
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Source: Medi-Cal Policy Institute, Medi-Cal Beneficiary Survey, 1999.

Access to Care Experience

Children and women enrolled in Medi-Cal report use rates for primary care services that are comparable to those for people enrolled in employer coverage and much greater than the uninsured.

Use Rates for Primary Care Services



Percent who report. Source: Urban Institute, 2001. (1999 Data)

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Low-Income Californians

Medi-Cal acts as a vital safety net for residents of limited means.

Among Other Services, Medi-Cal:

- Provides health coverage for many poor children and some poor adults.
 - 55 percent of California's children with family incomes below 100 percent of FPL
 - 20 percent of all people with family incomes below 100 percent of FPL
- Pays for 42 percent of all births in the state.
- Covers the majority of persons living with AIDS.
- Fills in Medicare coverage gaps for low-income elderly.

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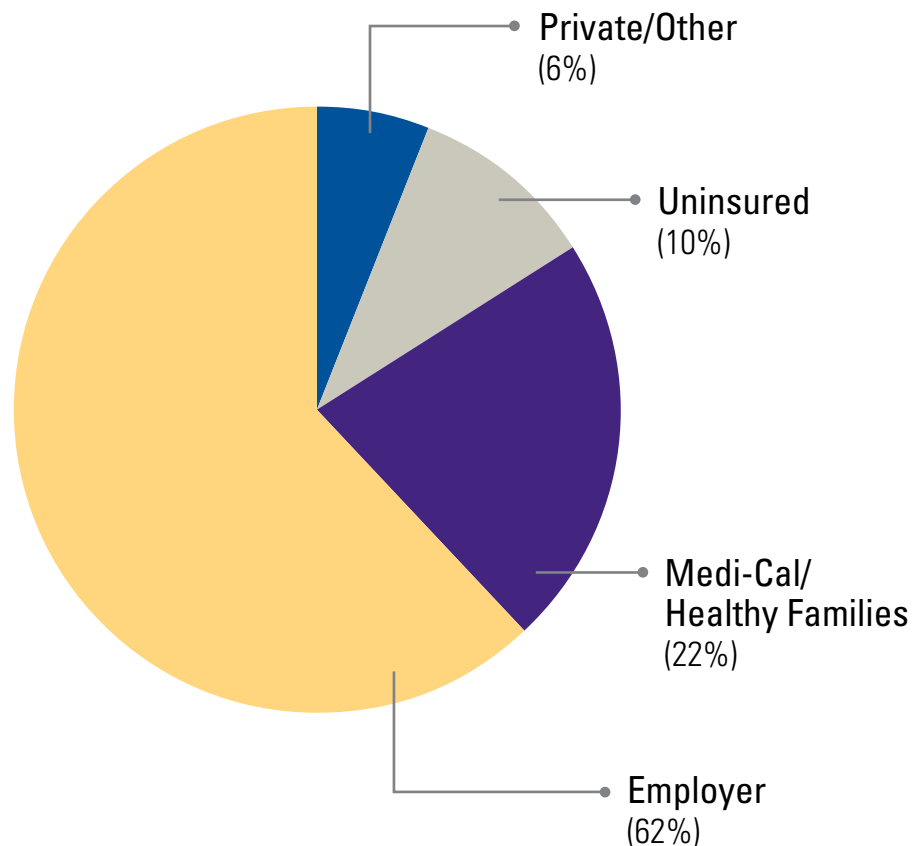
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Children's Coverage

- **Nearly one in four** of California's children are insured by Medi-Cal and Healthy Families
- Among the one million uninsured children in the state, **two-thirds** are eligible for Medi-Cal or Healthy Families

Total: 10 million



Source: California Health Interview Survey. (2001 Data)

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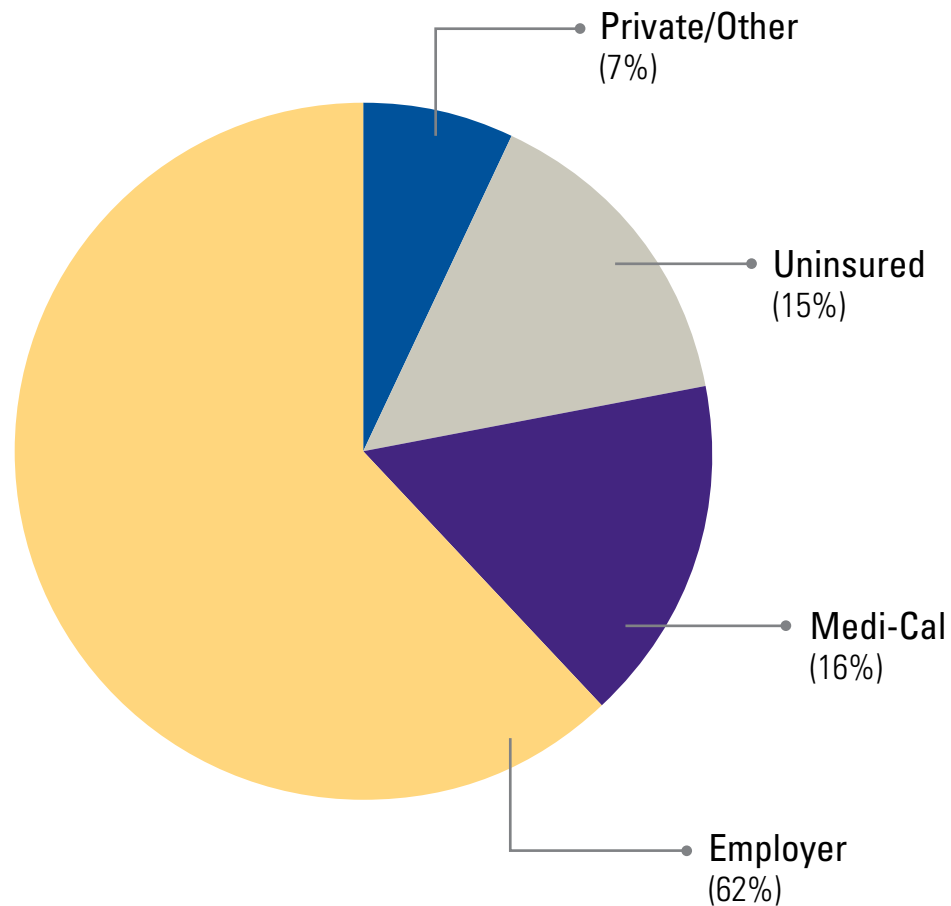
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Non-Elderly Coverage

- **One in six** individuals under age 65 is covered by Medi-Cal
- **Two-thirds** receive coverage through their employer
- Among the state's 4.6 million uninsured, **25 percent** may be eligible for Medi-Cal or Healthy Families

Total: 29.6 million



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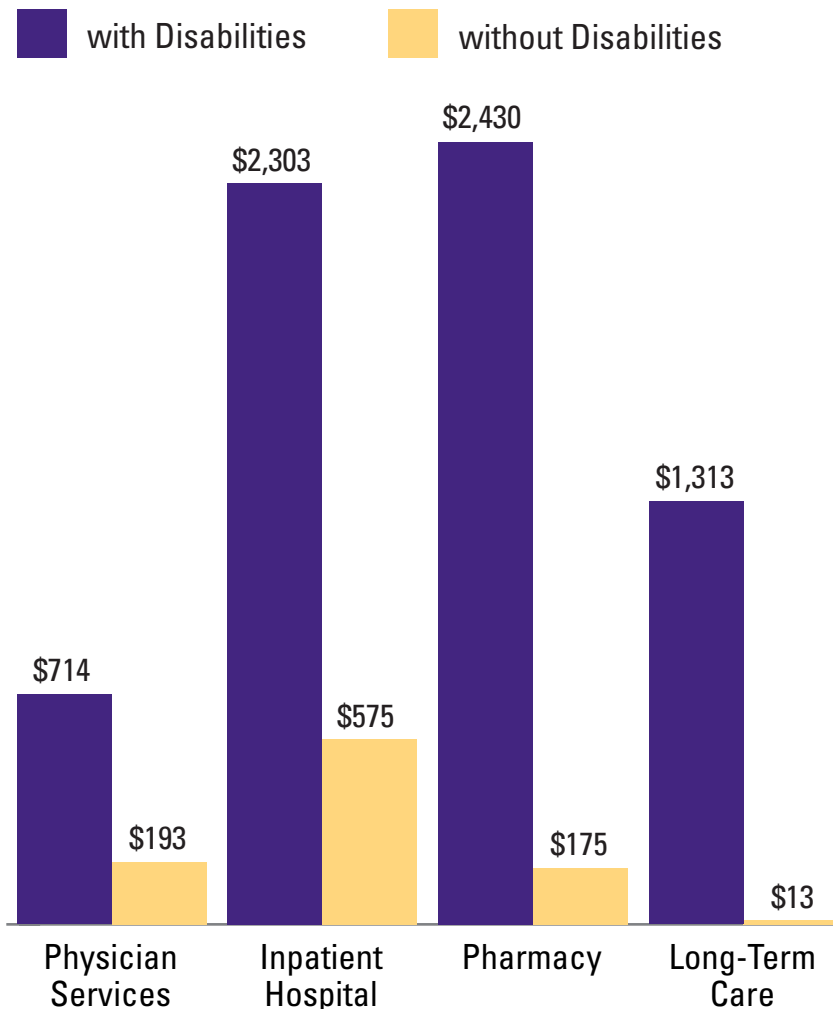
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Source: California Health Interview Survey. (2001 Data)

Adults with Disabilities Coverage

- Medi-Cal covers **750,000** people with disabilities
- Types of disability include:
 - Physical
 - Developmental
 - Mental
 - Other conditions such as HIV/AIDS
- On average, people with disabilities consume **seven times** the health care resources used by other categories

Average Annual Spending Per Beneficiary*



*Fee-for-service expenditures only.

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Role in Health System

- Medi-Cal pays:
 - \$1 out of every \$6 spent on health care in California
 - 64 percent of all nursing home days
- Largest source of public funding for mental health services
- Enrolls one-quarter of community health center and public hospital patients
- Accounts for two-thirds of revenues at California's public hospitals

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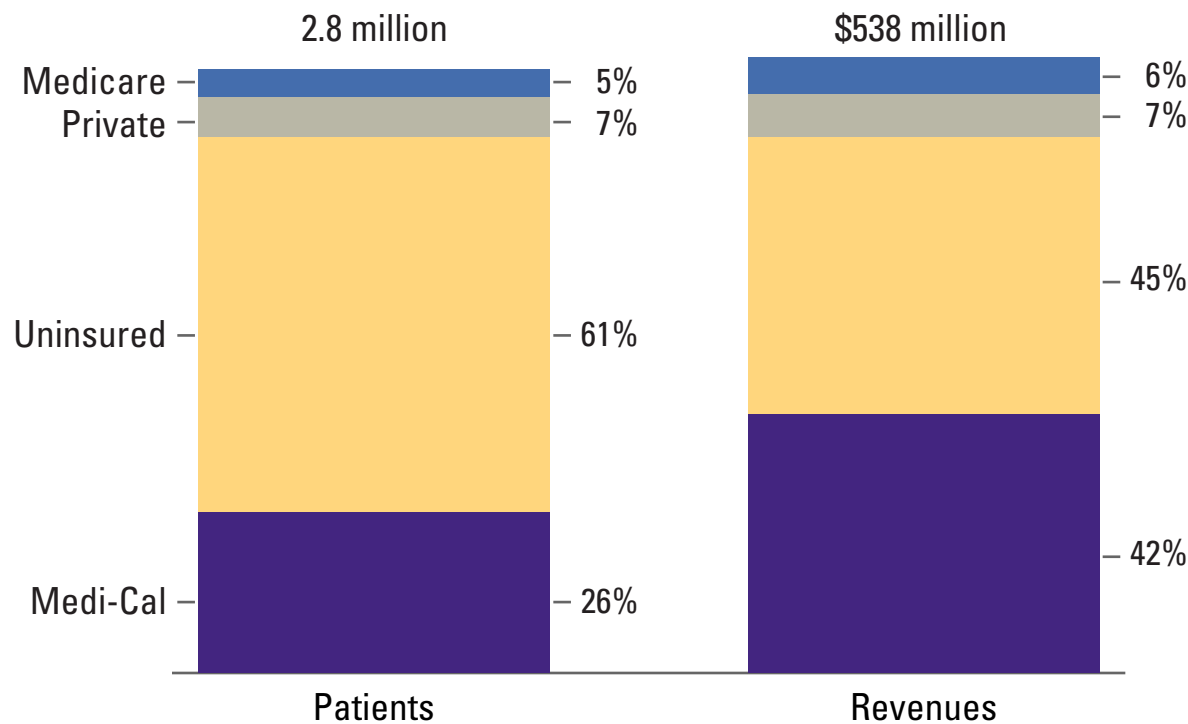
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Medi-Cal accounts for **one-quarter** of patients and **42 percent** of revenues at community health centers in California.



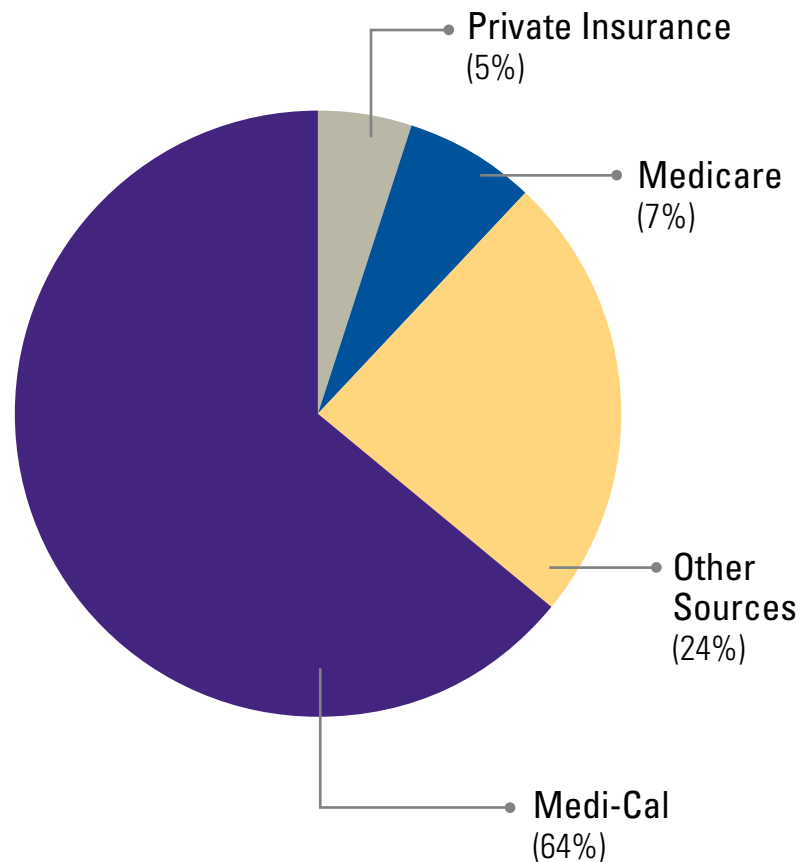
Percentages may not total 100 percent due to rounding.

Source: Office of Statewide Health Planning and Development, 2002. (2001 Data)

Public Hospitals

- Medi-Cal accounts for **64 percent** of net revenues at public hospitals
- Public and some non-profit hospitals receive supplemental payments (DSH and SB 855) to reimburse them for treating Medi-Cal patients and the uninsured
- Federal supplemental payments to California hospitals have declined from \$1.1 billion in 1998 to \$900 million in 2002

Total Revenue
\$5 billion



Source: Office of Statewide Health Planning and Development, 2002. (2001 Data)

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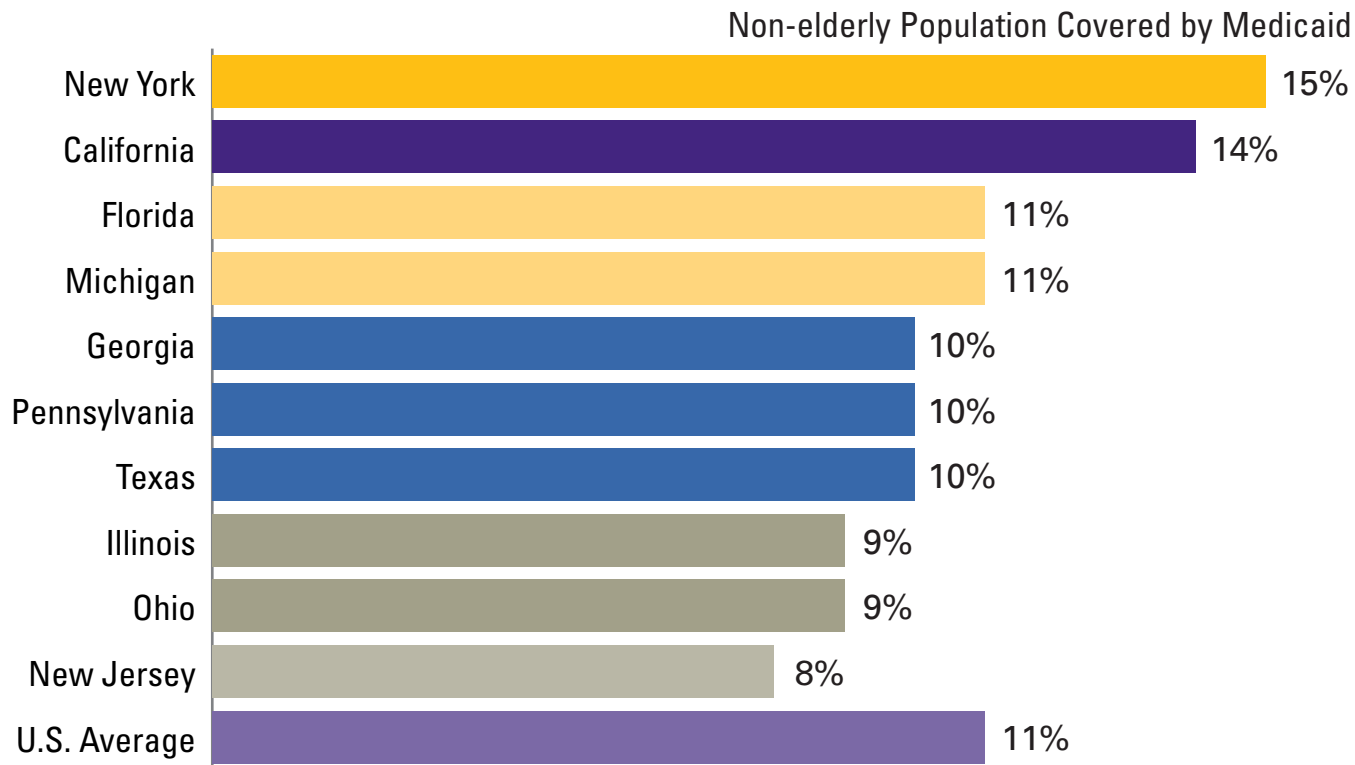
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Enrollment in Other States

California ranks **second** among the ten largest states.



Source: Kaiser State Health Facts. (2000–2001 Data)

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Low-Income* Child Coverage

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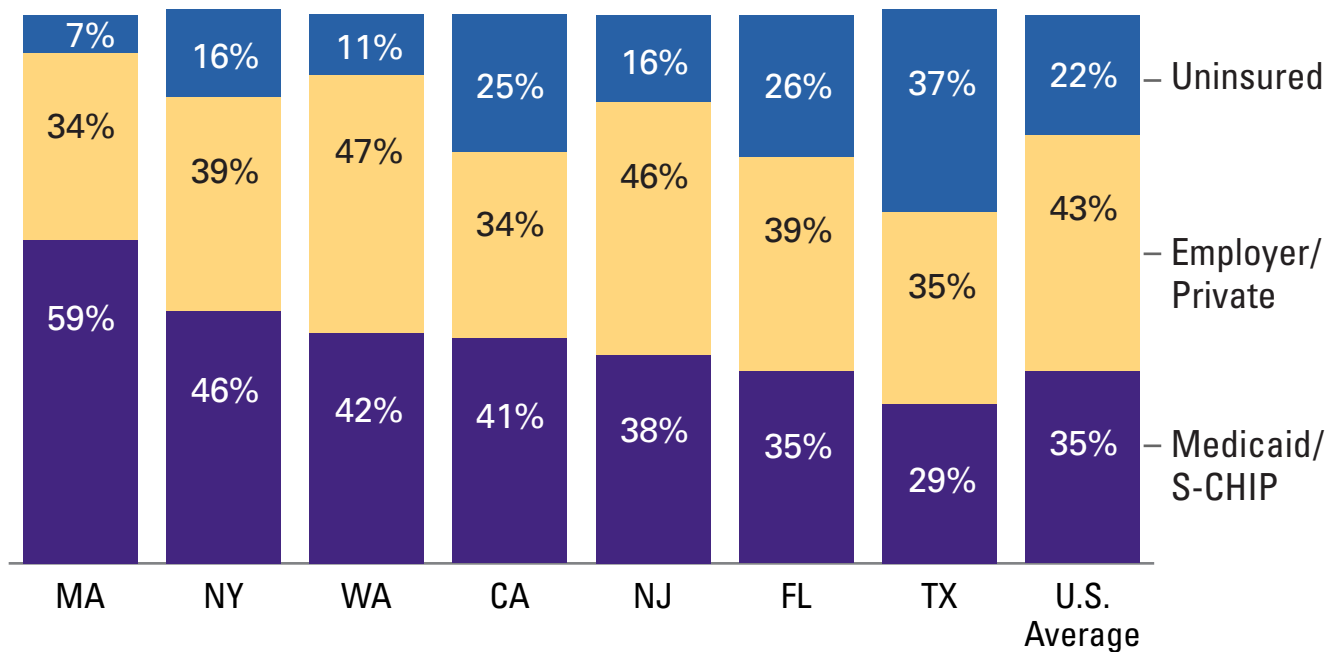
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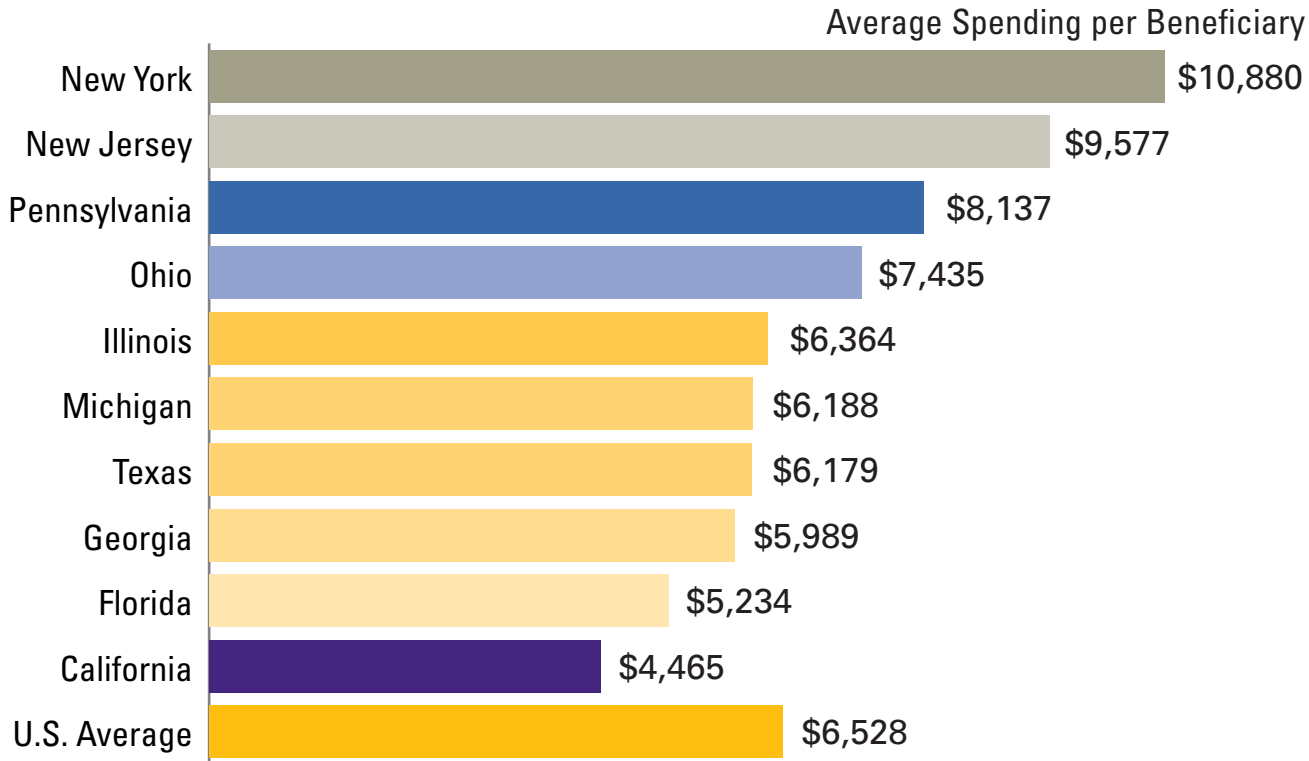
Medi-Cal and Healthy Families cover a greater percentage of low-income children than the U.S. average, but 25 percent are uninsured.



*Percentages may not total 100 percent due to rounding. Less than 200 percent FPL.
Source: Urban Institute, 2001. (1999 Data)

Spending in Other States

California spends less per beneficiary than other states due to a variety of factors, including low provider payment levels and its lower percentage of elderly and disabled beneficiaries.



Source: Kaiser State Health Facts. (Federal FY 2002 Data)

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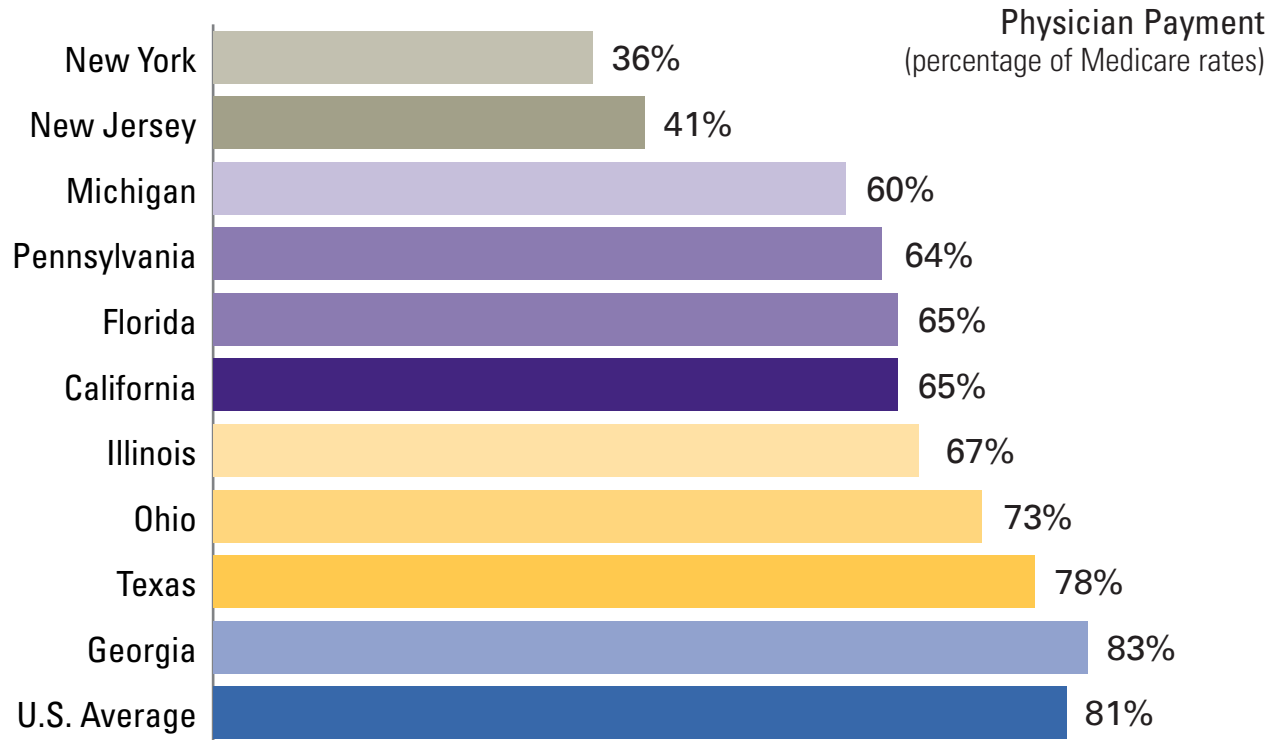
>> Major Optional Benefits Covered

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Physician Payment Rates

Medi-Cal pays physicians about **two-thirds** of Medicare rates. This is less than the national average, but more than the payment rates of several other large states.



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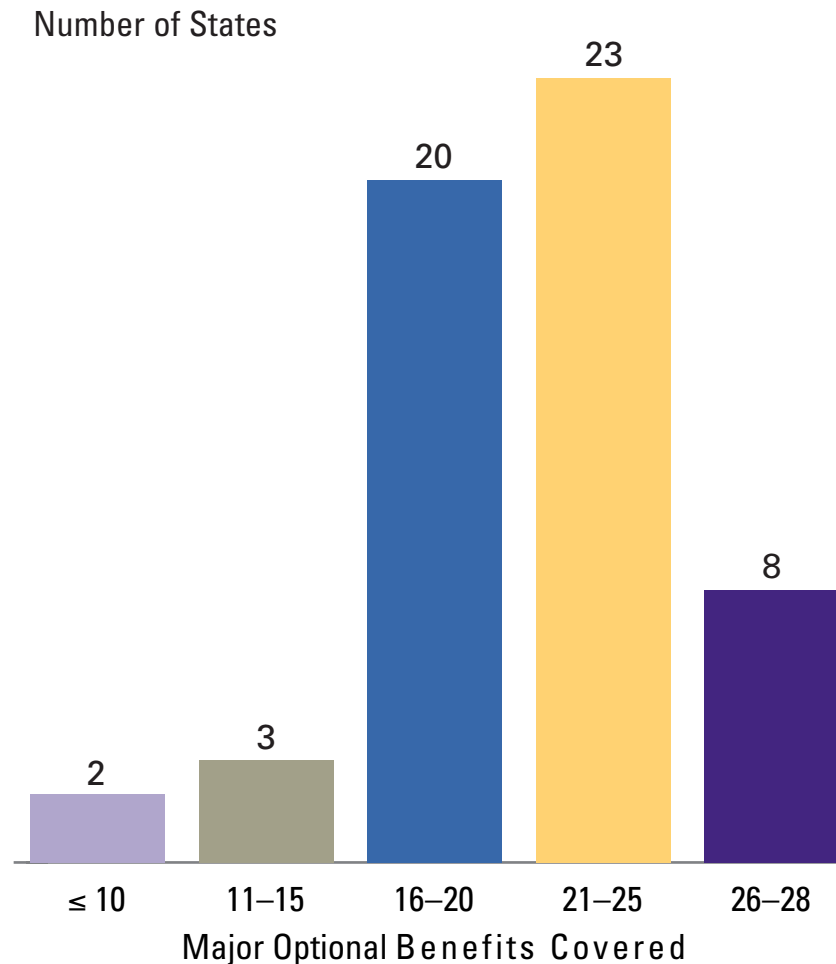
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Major Optional Benefits Covered

- Medi-Cal covers **27 out of 29** major optional benefits such as prescription drugs, dental services, and physical exams
- California is among the **8 most generous** states in the nation in terms of its coverage of optional benefits



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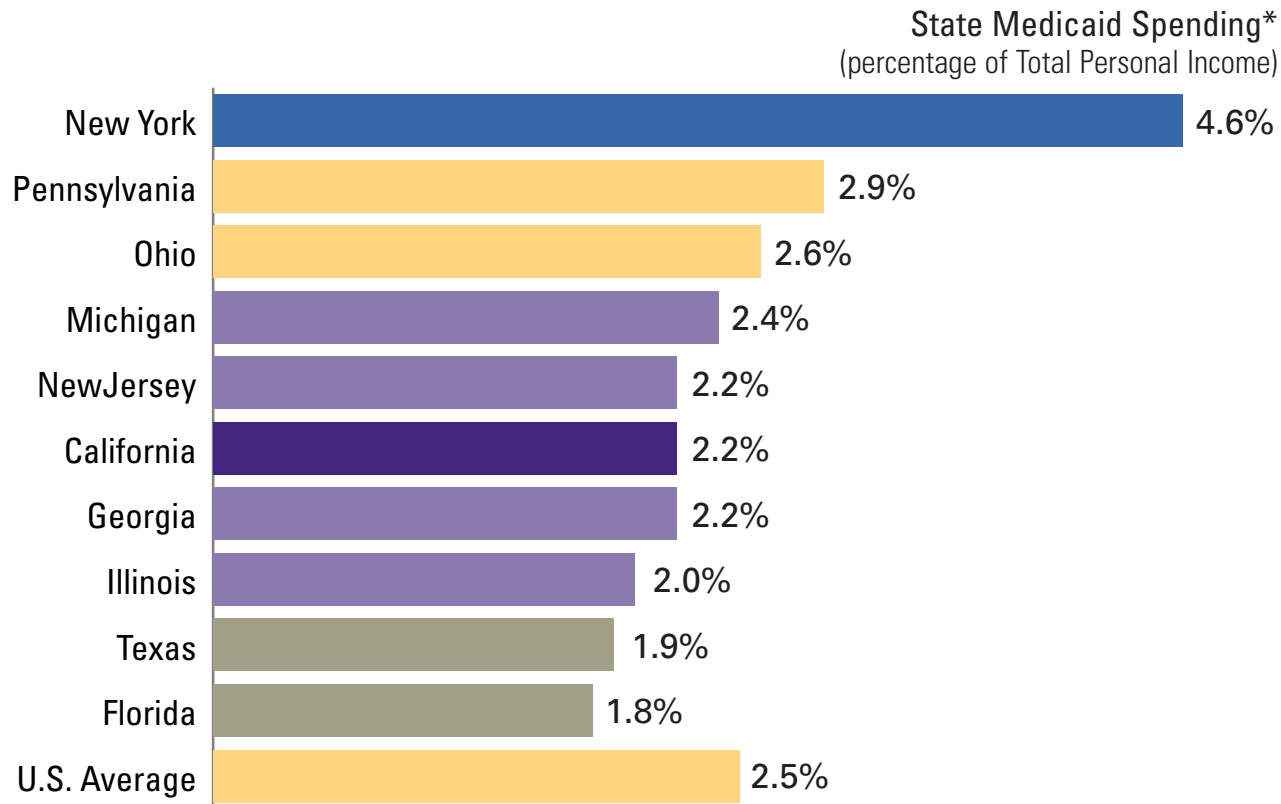
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Source: Kaiser Commission on Medicaid and Uninsured, 2003.

State Medicaid Generosity

California spends about 2 percent of total personal income on Medi-Cal, comparable to many other states, but less than the national average.



*Includes federal and state funds.

Source: CHCF analysis of Kaiser State Health Facts and census. (2001)

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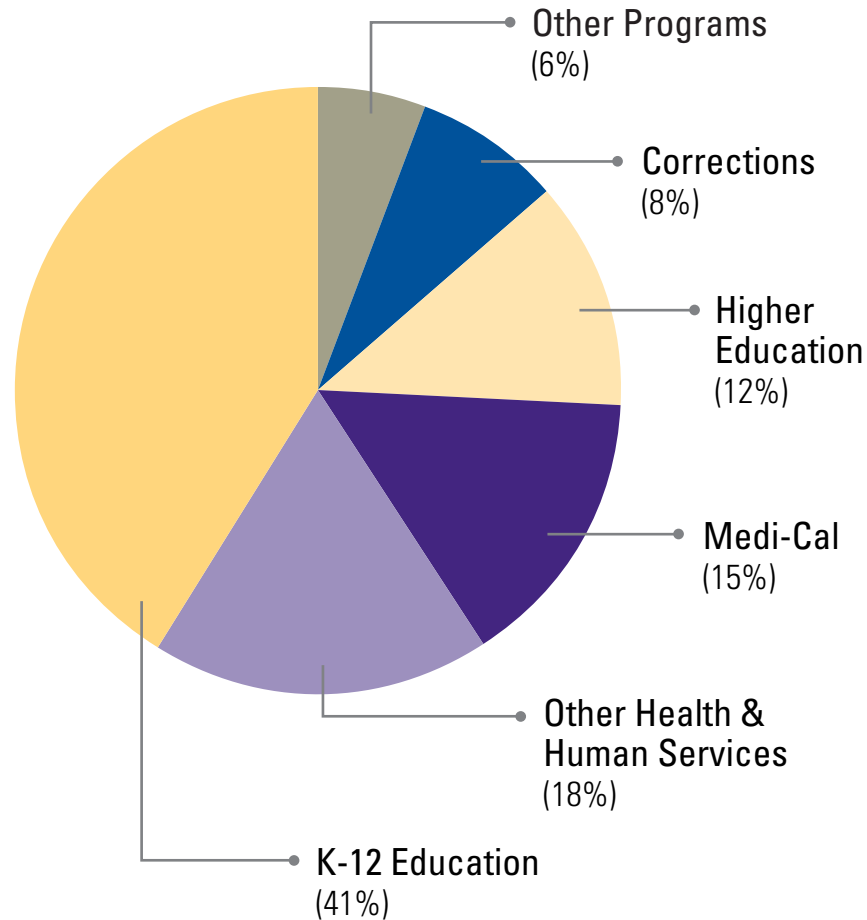
>> **Overall Generosity**

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State Budget Distribution

- Medi-Cal accounts for the **third largest share** of the state's General Fund behind primary education and all other HHS programs combined
- California receives \$1 from the federal government for every dollar that it spends on Medi-Cal
- Medi-Cal expenditures are growing faster than other programs

Total Budget: \$71 billion



Source: Department of Finance, 2003. (State FY 2003–04 Data)

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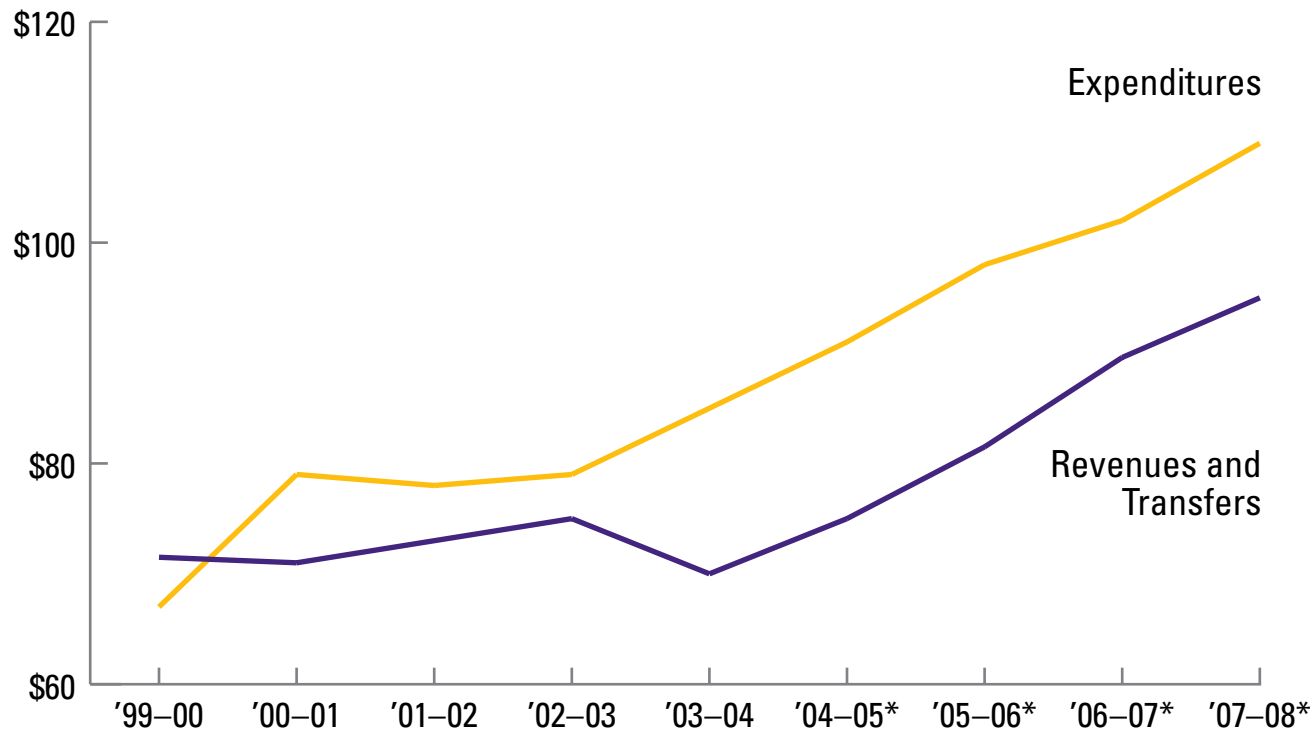
>> Projected State Budget Trends

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Projected State Budget Trends

Since 2000/01, the state has faced **growing budget deficits** due to slower revenue growth relative to expenditures.



*Projected. Source: Department of Finance and Legislative Analyst's Office, 2003.

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State Policy Options to Limit Medicaid Expenditures

- Improve efficiency
- Reduce provider fraud and abuse
- Reduce enrollment in the program
- Reduce spending on benefits and services
- Reduce payments to providers and suppliers

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Important Challenges in Medi-Cal's Future

- Sustain enrollment gains of past decade
- Control state spending
- Ensure reasonable access to care for beneficiaries by maintaining adequate provider participation
- Provide appropriate community-based long-term care per Olmstead vs. L.C.
- Improve quality of care delivered, including customer service
- Simplify the enrollment process by adopting new technologies
- Respond to changing demographic composition of population and increased demand for acute and long-term care services
- Respond to policy changes at federal level

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About the Foundation

The **California HealthCare Foundation**, based in Oakland, is an independent philanthropy committed to improving California's healthcare delivery and financing systems.

Formed in 1996, our goal is to ensure that all Californians have access to affordable, quality healthcare.

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