



PRICED OUT: SHARE OF COST MAKES MEDI-CAL UNAFFORDABLE

What Is a Share of Cost?

Some Medi-Cal beneficiaries do not get free Medi-Cal, but instead are required to pay or incur a certain amount of medical expenses each month before Medi-Cal pays for their health services. This amount is called a “share of cost.” Many of these beneficiaries cannot access health care services because their share of cost far exceeds their ability to pay.

How Is Share of Cost Calculated?

A Medi-Cal beneficiary’s share of cost is the difference between her income after allowable deductions and the Maintenance Need Level (MNL), which is a set amount allocated for her living expenses. The MNL has not changed since 1989 and is \$600 for an individual. Thus, anything an individual earns over \$600 a month becomes that individual’s share of cost. For example, if an individual earns \$1,100 a month, that person must incur \$500 in medical costs each month before receiving any coverage from the Medi-Cal program. For consumers with a high share of cost, Medi-Cal provides little more than catastrophic coverage and does not enable them to access health care services.

Who Has a Share of Cost and How Much Do They Pay?

According to 2005 state data, each month there was an average of 403,984 Medi-Cal beneficiaries with a share of cost. Of the 403,984 total Medi-Cal beneficiaries with a share of cost, fewer than twenty percent (73,718) actually met their share of cost each month. This percentage is not surprising as state data shows that ten percent of Medi-Cal share-of-cost beneficiaries have a share of cost over \$2,000. Therefore, these individuals must spend \$2,000 a month on medical services before Medi-Cal covers any of their health care costs. HCA experience and data demonstrates that many of the remaining 330,266 individuals with a share-of-cost are unable to access needed medical services because they cannot afford to pay this monthly cost.

Common Share of Cost Problems

Medi-Cal beneficiaries, county eligibility workers, and providers alike do not fully understand how to use the share-of-cost program. These problems create a barrier to accessing health care services. Even when the program is correctly implemented, many beneficiaries still cannot afford their share of cost.

A consumer contacted the Health Rights Hotline (the Health Consumer Center in Sacramento) after learning she would now have to pay a share of cost before she could get Medi-Cal services. The consumer is elderly, diabetic, has angina, high blood pressure, high cholesterol, arthritis, and needs a wheelchair to leave the house. In addition, the client cares for her husband who has Alzheimer's. For years, she was receiving SSI and getting free Medi-Cal. However, when she became eligible for social security through her husband, this slight increase in income caused the consumer to have a Medi-Cal share of cost. As a result, she could no longer afford the care she needed.

A 64-year-old disabled woman contacted the Health Consumer Center in Orange County after receiving a notice that she would begin having a share of cost of \$769. Her Social Security income had increased when she began receiving survivor benefits after the recent death of her husband. The client has numerous disabilities, some resulting from a severe automobile accident which caused multiple injuries and several surgeries. Because the client could not meet her share of cost, she had to pay her Medicare premium and could not afford the co-pays for her doctor visits or medications. The Consumer Center advocate informed the consumer of another Medi-Cal category she could be eligible for which would not require a high share of cost. The consumer's eligibility worker, however, was not well informed and the Consumer Center advocate had to resort to the Medi-Cal supervisor to get the client approved. The consumer now receives full-scope Medi-Cal for \$20 per month.

Inaccurate Calculations

Health Consumer Centers see numerous cases where a consumer's share of cost is incorrectly calculated. Often, consumers go for months or years paying more in out-of-pocket costs than they are required to by law, or do not receive necessary care because they are unable to pay their inaccurate share of cost. This generally happens when county eligibility workers incorrectly count a beneficiary's income and resources. For example, when a beneficiary's income decreases, the share of cost often erroneously stays the same, even after the beneficiary reports this change to her eligibility worker. This also happens, as in any other Medi-Cal case, when assets and exemptions are incorrectly applied.

Failure to Screen

Another problem Health Consumer Centers frequently see is that consumers are given a Medi-Cal share-of-cost even though they are eligible for free Medi-Cal because they are not properly screened. For example, some women with a share of cost are not evaluated for free pregnancy services when they become pregnant and continue paying a share of cost even though they qualify for free services. Additionally, some children are given a share of cost when they could be enrolled in Healthy Families with a smaller monthly premium.

Consumer Education

Many Health Consumer Center clients do not understand how to meet their share-of-cost Medi-Cal or how it is calculated. For example, many consumers do not understand what bills qualify to meet their share of cost, nor do they understand that the more they group their health services into one month, the more likely it is that the Medi-Cal program will pay some of the cost of care. A lack of understanding of how share of cost is calculated inhibits their ability to challenge inaccurate share-of-cost calculations or obtain free Medi-Cal. While advocates are able to educate consumers on this issue, there are many individuals who do not reach an advocate and do not have the benefit of this information.

Provider Education

While share-of-cost Medi-Cal is confusing to consumers, Health Consumer Centers have found that it is also confusing to providers. This confusion causes some providers to bill consumers for amounts that should be

A consumer called the Los Angeles Health Consumer Center after her son had been hospitalized for bronchitis and sinusitis. Prior to the hospitalization, he had been switched from free Medi-Cal to Medi-Cal with a share of cost of \$1,544 per month due to an increase in family income. While her son was in the hospital, she found out that he qualified for Healthy Families for a much lower monthly premium. She applied, but the application was delayed. The Consumer Center advocate was able to help her get her son enrolled in Healthy Families to avoid future bills, but the family still had to pay the \$1,544 for the month of the hospitalization. Their only option was to hope for hospital charity care. Had the Medi-Cal eligibility worker forwarded the child's information to Healthy Families as required when the share of cost was assessed, the family might have avoided this bill.

billed to Medi-Cal.

Unaffordability

The monthly share of cost is unaffordable for many consumers. These beneficiaries are low-income, thus have limited funds to spend each month on their share of cost. As a result, many beneficiaries with share-of-cost Medi-Cal go without needed medications or services for conditions such as diabetes, high blood pressure, mental health issues, and HIV/AIDS because they are unable to meet their share of cost on a regular basis.

What Can Be Done to Correct the High Shares of Cost?

As explained above, a share of cost is calculated by subtracting the Maintenance Need Level (MNL) from a Medi-Cal beneficiary's countable income. Therefore, to lower the share of cost imposed on Medi-Cal beneficiaries, legislation should be enacted to raise the MNL. This is long overdue since the MNL has not been raised since 1989 and has not kept up with inflation. The following chart shows that the MNLs have lost real value since they were established in 1989. To keep pace just with federal inflation (not taking into account higher costs of living in California), the MNL would have to be raised 34%.

Family Size	Actual MNL (since 1989)	MNL adjusted for inflation	Percent Change
Individual	\$600	\$975	34%
One Adult & One Child	\$750	\$1,219	34%
Adult Couple or Family of Three	\$934	\$1,519	34%
Family of Four	\$1,100	\$1,788	34%

In addition to increasing the Maintenance Need Levels, a variety of other steps should be taken to minimize inaccurate share-of-cost amounts. County eligibility workers should be trained thoroughly on how to calculate shares of cost and eligibility rules should be simplified to ease miscalculations. Quality control measures should be put in place to ensure that beneficiaries are not placed into Medi-Cal with a share of cost until they have been fully evaluated for free Medi-Cal, including supervisory reviews. Consumers must also be educated on share of cost and their right to request an appeal if they believe the share of cost is inaccurate.

A consumer in San Diego was diagnosed with cancer. The consumer had been on free Medi-Cal and receiving services from a local clinic. Her cancer was in remission but required regular check ups. At her most recent appointment, the clinic refused to provide services until the consumer paid her share of cost. The client had never had a share of cost before and had not received a notice from the county explaining this change to her. The change appears to have been caused because the consumer's daughter moved out of the house. The consumer's share of cost was \$1,400, far above what she could afford to spend to get services. While the Health Consumer Center advocate determined that the share of cost was \$200 higher it should be, there was nothing that could be done to alleviate the new \$1,200 monthly obligation or to ensure that the client continued to receive her necessary medical services.

A Health Consumer Center client from San Diego was married and pregnant with her third child. During this time, she received a Notice of Action that she had a \$1,292 share of cost for any services that were not pregnancy-related. Sadly, the consumer miscarried. She then received a bill from the hospital for the cost of the services she received because of the miscarriage. The client was understandably distraught. The Consumer Center advocate recalculated the share of cost and found that it should have been \$1,045 a month, almost \$250 lower. In addition, the Health Consumer Center worked with the hospital to inform them that the services related to the miscarriage should be covered under free pregnancy-related Medi-Cal.



Health Consumer Alliance

The Health Consumer Alliance is a collaboration of nine local health consumer centers that cover thirteen counties and are home to over three-fifths of California's low-income residents. HCA offices cover both urban and rural counties providing a broad picture of the health care needs of individuals in different settings and systems. The local HCA offices are supported by two statewide support centers, the National Health Law Program and Western Center on Law and Poverty.

Fresno County

Fresno Health Consumer Center
Central California Legal Services
1999 Tuolumne Street, Suite 700
Fresno, CA 93721
(800) 300-1277

Imperial County

Health Consumer Center of Imperial Valley
California Rural Legal Assistance, Inc.
449 Broadway Avenue
El Centro, CA 92243
(800) 935-9288

Kern County

Kern Health Consumer Center
Greater Bakersfield Legal Assistance
615 California Avenue
Bakersfield, CA 93304
(800) 906-3982

Los Angeles County

Health Consumer Center of Los Angeles
Neighborhood Legal Services of Los Angeles
13327 Van Nuys Blvd.
Pacoima, CA 91331
(800) 896-3203

Orange County

Orange County Health Consumer Action Center
Legal Aid Society of Orange County
2101 N. Tustin Avenue
Santa Ana, CA 92705
(800) 834-5001

Sacramento, El Dorado, Placer & Yolo Counties

Health Rights Hotline
Legal Services of Northern California
519 12th Street

Sacramento, CA 95814
(888) 354-4474

San Diego County

Consumer Center for Health Education & Advocacy
Legal Aid Society of San Diego County
1475 Sixth Avenue, 4th Floor
San Diego, CA 92101
(877) 734-3258

San Francisco & Alameda Counties

Community Health Advocacy Project
Bay Area Legal Aid
50 Fell Street, 1st Floor
San Francisco, CA 94102
(415) 354-6360 for San Francisco and
(510) 250-5270 for Alameda

San Mateo County

Health Consumer Center of San Mateo County
Legal Aid Society of San Mateo County
521 East Fifth Avenue
San Mateo, CA 94402
(800) 381-8898 and (650) 558-0915

Statewide Support

National Health Law Program
2639 South La Cienega Blvd.
Los Angeles, CA 90034
(310) 204-6010

Western Center on Law and Poverty

3701 Wilshire Blvd., Suite 208
Los Angeles, CA 90010
(213) 487-7211 and
1107 9th Street, Suite 801
Sacramento, CA 95814
(916) 442-0753