

## IMPLEMENTATION OF THE AFFORDABLE CARE ACT



1100 K Street  
Suite 101  
Sacramento  
California  
95814

Telephone  
916.327-7500

Facsimile  
916.441.5507

**REQUESTED ACTION:** Ensure the successful implementation of the Affordable Care Act (ACA) by recognizing the current health care delivery role and expertise of counties and mitigate new risks to counties as the state implements the ACA's Medicaid expansion and other related provisions.

**BACKGROUND:** Counties are at the center of ACA implementation discussions due to Governor Jerry Brown's desire to have counties share in the risks associated with the expansion of the Medicaid program and other required changes to health care delivery in the state. California counties provide health care through networks of hospitals and clinics, determine Medicaid eligibility, and provide and fund behavioral health services.

The fiscal impact of the ACA on counties is uncertain. There will be significant county-by-county variation, given that counties fulfill their indigent care responsibilities differently. The Brown administration is proposing two options to expand Medicaid – a state-based approach and a county-based approach. In each case, the state assumes that counties will achieve savings by extending federal eligibility to individuals currently served by county systems.

Numerous questions have arisen about how a county-based ACA implementation option would work and how to ensure compatibility with federal requirements. Moreover, it is not clear that there is sufficient time for the federal government to review and approve the necessary waivers before the expected January 1, 2014 implementation date.

Regardless of which level of government in California will administer the ACA Medicaid expansion, counties are raising a number of questions. They include:

- **Will revenues and new program responsibilities match?** Part of the formula for a successful realignment of responsibilities to counties has been a commitment by the state to align resources with new responsibilities. To date, the Brown administration has not addressed how either the state or county option functions within existing mandate protections and federal requirements.
- **Future state and federal legislative actions.** Regardless of whether counties assume new health or human services duties, counties will be vulnerable to state and federal law changes. As counties have experienced in 1991 realignment, modifications to state and federal law can increase program costs beyond what was originally projected.
- **Litigation.** Whether counties take on a new share of cost for Medicaid or for human services program(s) (under the state option), counties will be at risk for court decisions associated with litigation over how the program is administered.
- **Residual responsibilities.** The state assumes that there will be savings to county indigent programs due to the Medicaid expansion. However, it is estimated that three to four million Californians will remain uninsured in 2019. Under Welfare and Institutions Code §17000, county indigent programs will continue to serve uninsured Californians. The state must account for the costs of remaining county responsibilities.

**Contacts:** Tom Joseph, Waterman & Associates, (202) 898-1444  
Kelly Brooks-Lindsey, CSAC, (916) 327-7500, Ext. 531