

Section 5

Trends in
Public Health
Insurance Programs

Medicaid Enrollment

Medicaid is the nation's major public health insurance program for low-income Americans. The program is administered by each state under broad federal guidelines and in California is known as Medi-Cal. Medicaid finances health and long term care services for 44 million individuals in the United States, among them 32 million children and parents, nearly 7 million people with disabilities, and approximately 5 million low income seniors. In FY2000, California's Medi-Cal program provided coverage for 8 million individuals. In addition, the program covered 42% of all births in California, higher than the national average of 37%.

Medicaid is a means-tested program that is financed jointly by the federal government and the states. The federal government matches state spending at differing percents that range from 50% of Medicaid costs to 77%. Medi-Cal spending in California is matched at a 50% rate. Although low-income children and parents made up 73% of Medi-Cal enrollees in FY2000, they accounted for just 27% of spending. Comparatively, elderly, blind and disabled enrollees comprised 27% of total Medi-Cal enrollment, but accounted for 71% of all spending.

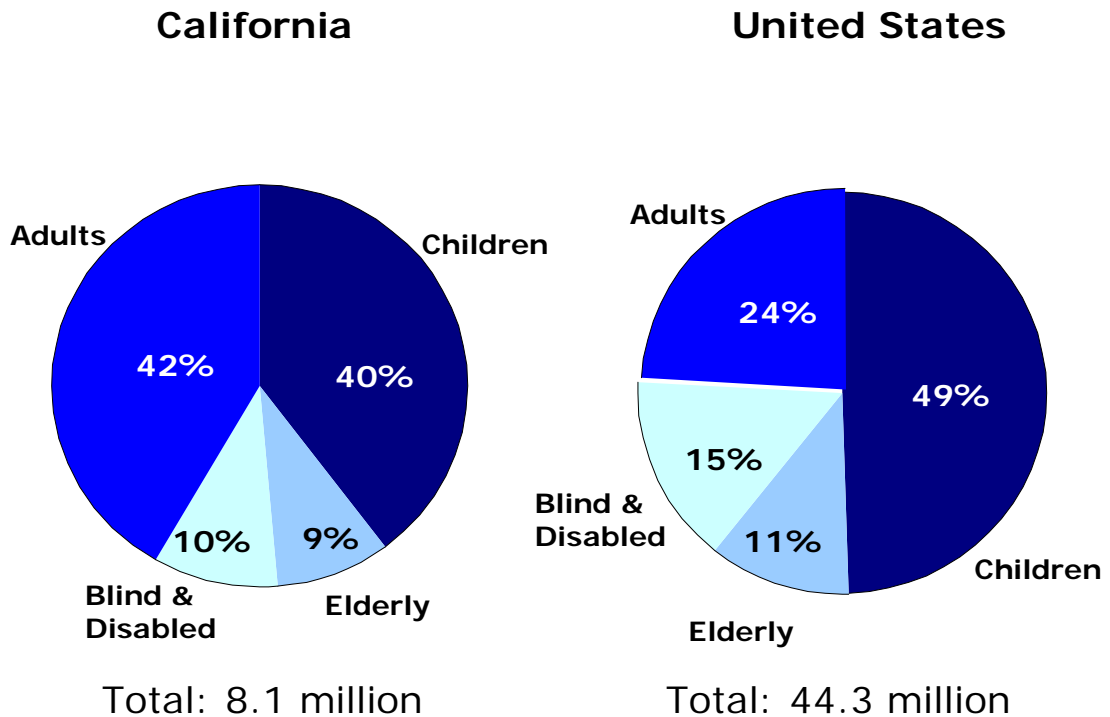
Medicaid enrollees qualify for the program based on financial criteria, and on their "categorical eligibility" as a member of a specific group. Eligible groups may include low-income children, pregnant women, the elderly, people with disabilities, and parents. California's income eligibility levels exceed the federal Medicaid requirement for many groups of enrollees.

Medicaid covers a broad range of benefits, and optional benefits are commonly offered, such as prescription drugs, clinic services, hearing aides, and dental care. Long-term care is an important benefit under Medicaid, which finances care for 60% of nursing home residents in the U.S. Due to the low-income status of enrollees, cost-sharing requirements are very limited.

Exhibit 5.1a

Medicaid Enrollees by Enrollment Group, California and the United States, FY2000

Medicaid provides health insurance to a range of low-income populations, primarily children, the elderly, the disabled, and parents of dependent children. Four in ten Medi-Cal enrollees in California in 2000 were children, which is a smaller share compared to the United States overall, where approximately half (49%) of the Medicaid population was comprised by children. Adults made up a similar share of the Medi-Cal population in California as children (42%), compared to the nation overall where only a quarter (24%) of all Medicaid enrollees were adults. Medi-Cal had a somewhat smaller share of the elderly and the disabled than the national Medicaid population, 9% vs. 11%, and 10% vs. 15%, respectively.



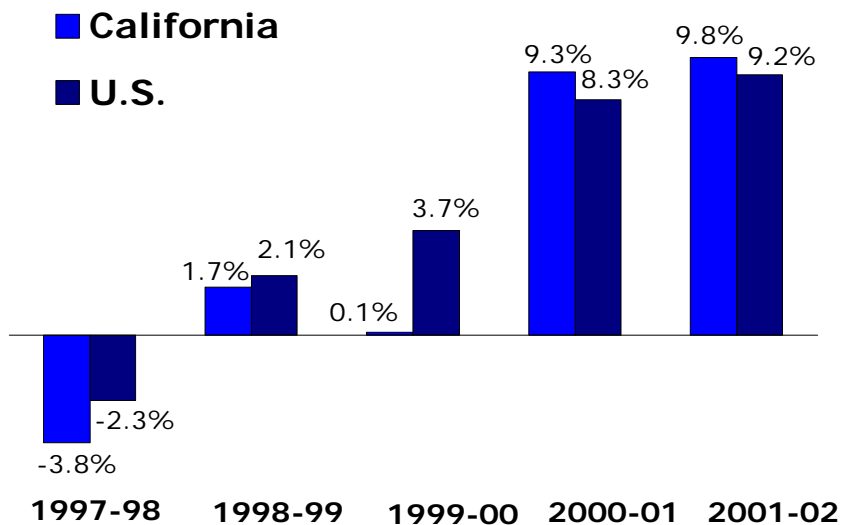
Notes: Enrollees are individuals who sign up for Medicaid for any length of time in a given fiscal year. Due to variations in the duration of enrollment periods, the reported number of enrollees tends to be higher than point-in-time estimates.

Source: Kaiser Family Foundation, Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on data from the Medicaid Statistical Information System.

Exhibit 5.1b

Monthly Medicaid Enrollment: Percent Change from Previous Year and Number of Enrollees, California and the United States, June 1997 – June 2002

Over the past six years, Medicaid enrollment has grown substantially in California and the United States. Medicaid experienced negative enrollment growth in 1997 largely due to changes made to the enrollment procedure that were related to the Temporary Assistance for Needy Families program. By 2002, however, annual enrollment was growing by over 9%. Increased enrollment under California's Medi-Cal trailed the growth of Medicaid overall in the United States from 1997 to 2000, but the state program's growth topped national figures in both 2001 and 2002 when the California economy hit a recession. From 1997 to 2002, Medicaid enrollment grew by 17.5% in California and 22.2% in the United States overall, with average annual increases of 3.3% and 4.1%, respectively.



(June enrollment in millions)

	1997	1998	1999	2000	2001	2002
California	5.2	5.0	5.1	5.1	5.5	6.1
U.S.	31.2	30.5	31.1	32.2	34.9	38.1

Notes: Data are "point-in-time" monthly enrollment counts. These figures do not include family planning waiver enrollees, which included approximately one million enrollees in California in 2002.

Source: Kaiser Commission on Medicaid and the Uninsured, Medicaid Enrollment in 50 States, 2002 Data Update, July 2003, Table 1.

Exhibit 5.1c

California's Medi-Cal Enrollment by County, January 2003

More than six million Californians were enrolled in Medi-Cal, California's Medicaid program, in January 2003. The percentage of residents covered by Medi-Cal varied in different counties. For example, 33% of Tulare County residents and 30% of Merced County residents were covered by Medi-Cal. In comparison, Medi-Cal covered 6% of Marin county residents and 7% of residents in Placer and Mono counties.

County **% of
Enrolled Population**

<i>Alameda</i>	193,736	13%
<i>Alpine</i>	262	22%
<i>Amador</i>	3,199	9%
<i>Butte</i>	46,995	22%
<i>Calaveras</i>	5,436	13%
<i>Colusa</i>	4,326	22%
<i>Contra Costa</i>	95,175	10%
<i>Del Norte</i>	7,624	27%
<i>El Dorado</i>	13,120	8%
<i>Fresno</i>	247,395	29%
<i>Glenn</i>	6,038	22%
<i>Humboldt</i>	24,671	19%
<i>Imperial</i>	44,118	29%
<i>Inyo</i>	2,649	14%
<i>Kern</i>	175,266	25%
<i>Kings</i>	28,172	21%
<i>Lake</i>	14,597	24%
<i>Lassen</i>	4,793	14%
<i>Los Angeles</i>	2,463,272	25%
<i>Madera</i>	33,738	26%
<i>Marin</i>	14,364	6%
<i>Mariposa</i>	2,250	13%
<i>Mendocino</i>	19,173	22%
<i>Merced</i>	66,850	30%
<i>Modoc</i>	2,225	24%
<i>Mono</i>	983	7%
<i>Monterey</i>	73,309	18%
<i>Napa</i>	11,467	9%
<i>Nevada</i>	7,760	8%

County **% of
Enrolled Population**

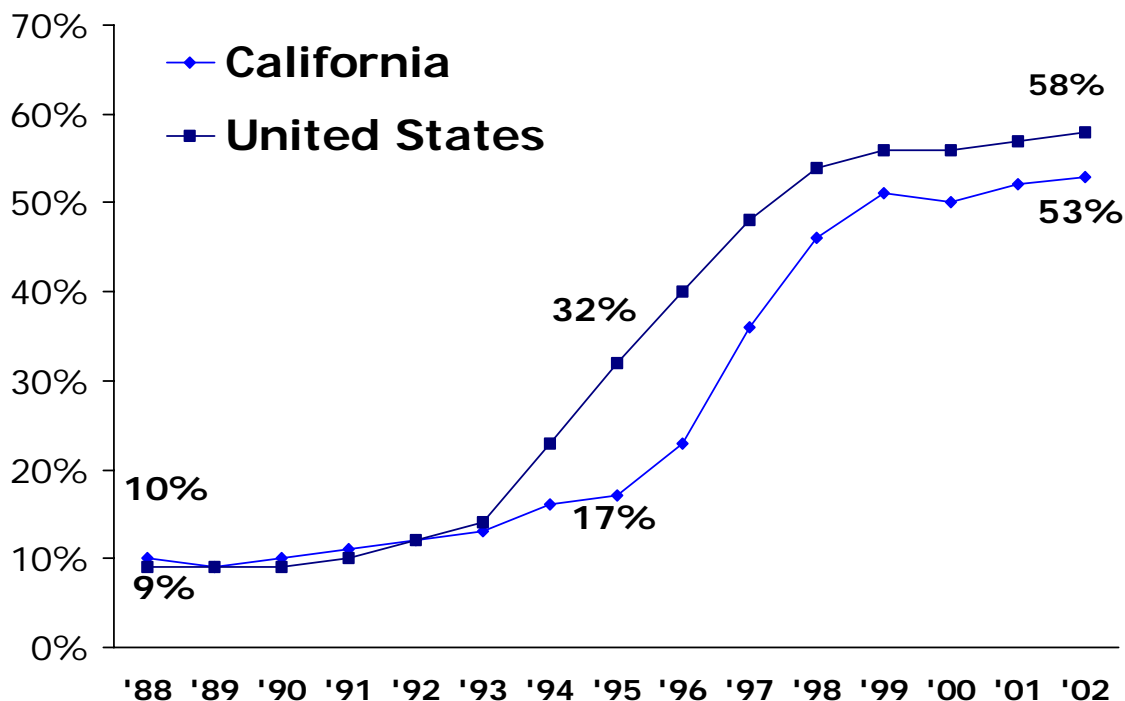
<i>Orange</i>	337,758	11%
<i>Placer</i>	18,537	7%
<i>Plumas</i>	2,816	13%
<i>Riverside</i>	253,325	15%
<i>Sacramento</i>	255,367	19%
<i>San Benito</i>	6,727	12%
<i>San Bernardino</i>	338,067	18%
<i>San Diego</i>	336,076	11%
<i>San Francisco</i>	117,265	15%
<i>San Joaquin</i>	128,934	21%
<i>San Luis Obispo</i>	26,584	10%
<i>San Mateo</i>	58,074	8%
<i>Santa Barbara</i>	59,367	14%
<i>Santa Clara</i>	190,711	11%
<i>Santa Cruz</i>	30,338	12%
<i>Shasta</i>	34,990	20%
<i>Sierra</i>	446	13%
<i>Siskiyou</i>	9,611	22%
<i>Solano</i>	48,790	12%
<i>Sonoma</i>	42,880	9%
<i>Stanislaus</i>	105,590	22%
<i>Sutter</i>	16,603	20%
<i>Tehama</i>	13,396	23%
<i>Trinity</i>	2,378	18%
<i>Tulare</i>	127,215	33%
<i>Tuolumne</i>	6,892	12%
<i>Ventura</i>	93,233	12%
<i>Yolo</i>	26,069	14%
<i>Yuba</i>	17,501	28%

Source: Kaiser Family Foundation estimates based on: (Medi-Cal enrollment) California Department of Health Services, Medi-Cal Beneficiary Profiles by County, January 2003 Month of Eligibility, and (County Population) California Department of Finance, Demographic Research Unit, E-1 City/County Population Estimates with Annual Percent Change - January 1, 2003.

Exhibit 5.2

Percent of Medicaid Enrollees in Managed Care Plans, California and the United States, 1988-2002

Enrollment in Medicaid managed care rose gradually in both California and the United States overall during the 1980s and early 1990s, similar to the growth experienced by private sector managed care during this period. Starting in the mid-1990s, Medicaid managed care enrollment began to grow rapidly. In 1994, the share of Medicaid enrollees in managed care arrangements was just 16% in California and 23% in the United States, but within 5 years managed care accounted for over half of all Medicaid enrollees. By 2002, 53% of California's Medicaid enrollees and 58% of enrollees across the United States were enrolled in managed care.

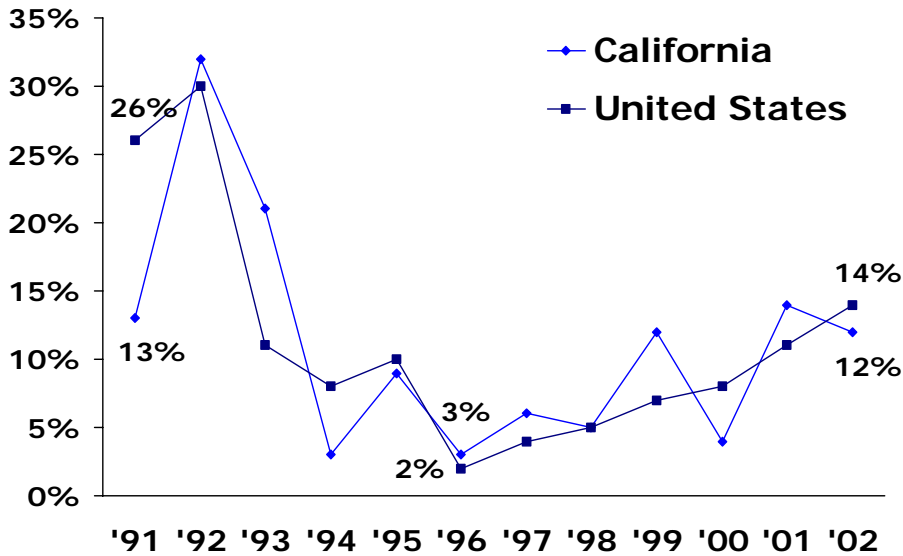


Source: California: California Department of Health Services, Medi-Cal Managed Care Annual Statistical Report, 2002. U.S.: 1991-2002 data: Centers for Medicare and Medicaid Services, "Medicaid Managed Care Enrollment Report," June 30, 1995-2002. 1990 data: Health Care Financing Administration, National Summary of Medicaid Managed Care Programs Enrollment, June 30, 1997. 1988-89 data: Kaiser Family Foundation, Kaiser Commission on the Future of Medicaid, Medicaid Expenditures and Beneficiaries, National and State Profiles and Trends, 1984-1994, 1995.

Exhibit 5.3

Annual Growth and Amount of Total Medicaid Expenditures (Federal and State), California and the United States, FY1991-FY2002

Between 1991 and 2001, Medicaid spending tripled in California and the United States. Growth in the early 1990s was due to increased use of disproportionate share hospital payments and financing methods designed to accrue additional federal matching funds. This period was followed in the mid-1990s by record low growth in response to federal limitations on state use of these financing schemes, and a prosperous economy that resulted in lower enrollment growth. As the economy began to falter during the late 1990's, a weakened job market led to declines in employer-based coverage and reductions in income, and Medicaid enrollment grew in response. Consequently, Medicaid expenditures began to climb.



	1991	1993	1995	1996	1997	1998	1999	2000	2001	2002
California	\$9.0	\$14.4	\$16.2	\$16.6	\$17.5	\$18.4	\$20.5	\$21.4	\$24.3	\$27.2
U.S.	\$88.6	\$128.0	\$151.9	\$155.4	\$161.3	\$169.3	\$181.8	\$196.5	\$217.8	\$248.7

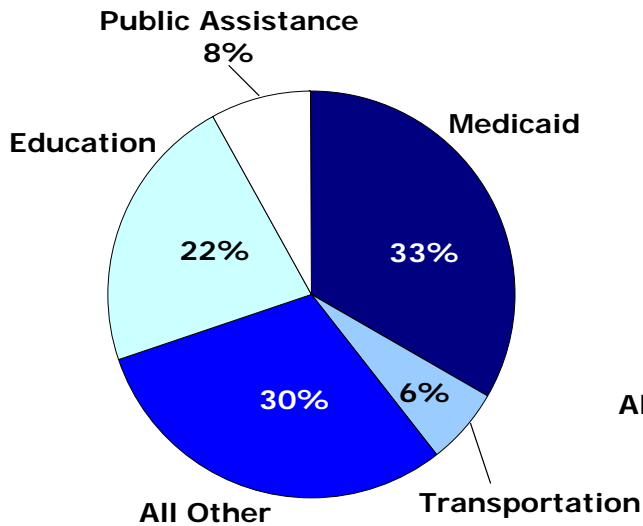
Source: Kaiser Commission on Medicaid and the Uninsured and Urban Institute unpublished estimates based on CMS-64 reports.

Exhibit 5.4a

Federal Medicaid Funds as a Percent of Total Federal Funds to States, California and the United States, FY2001

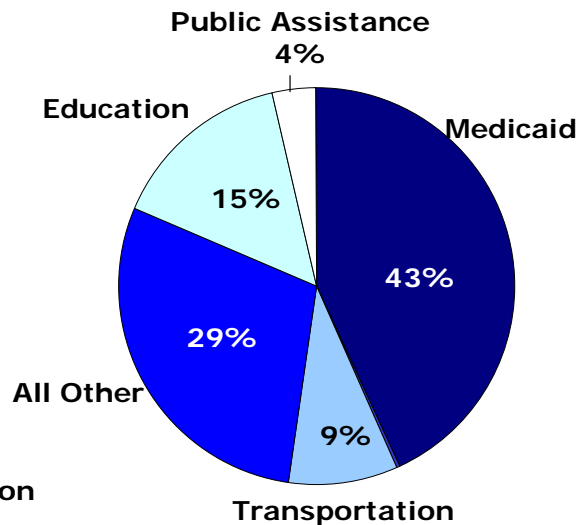
In California, federal funds spent on Medicaid as a share of all federal spending account for a smaller proportion than the average federal spending for Medicaid among all states. One-third of federal dollars spent in California in fiscal year 2001 supported Medicaid, while the program accounted for 43% of federal spending among all states. Twice as many federal funds spent in California went towards public assistance as in the United States overall (8% vs. 4%), and a larger share of federal funds was also spent on education (22% in California vs. 15% among all states).

California



Total: \$46.6 billion

United States



Total: \$288.5 billion

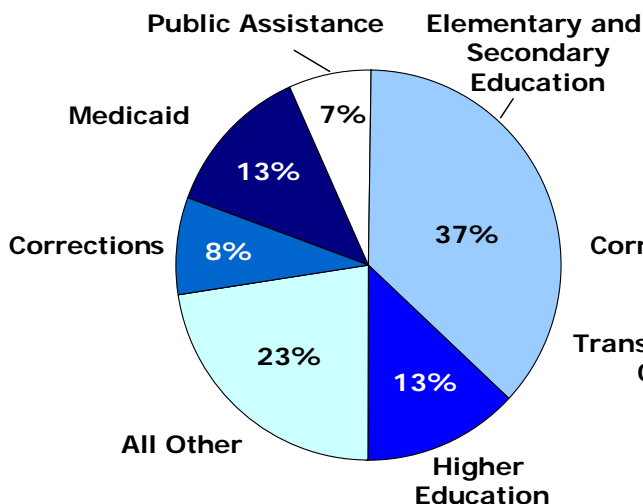
Source: National Association of State Budget Officers, 2002 State Expenditure Report, 2003, at www.nasbo.org/Publications/2002ExpendReport.pdf.

Exhibit 5.4b

State Medicaid General Fund Spending as a Percent of Total General Fund Expenditures, California and the United States, FY2001

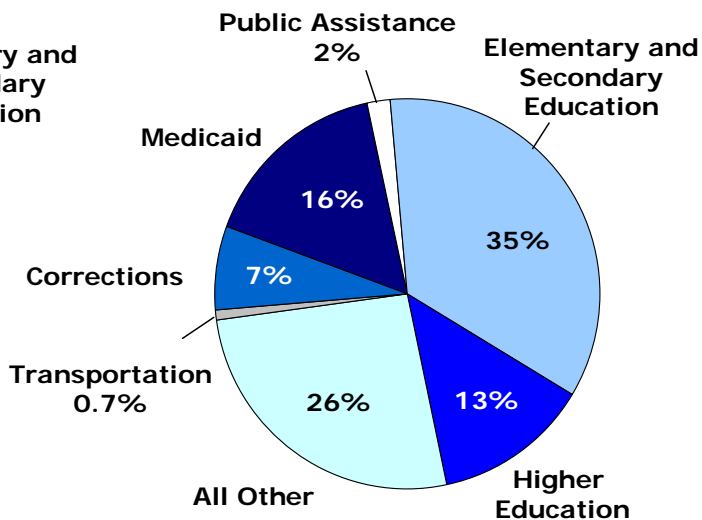
California spends a smaller share of total general fund spending on Medicaid than the average spent by all states. In 2001 nationwide, states spent an average of 16% of all general fund expenditures on Medicaid overall, compared to 13% in California. The highest share of general fund spending went toward education, and California spent a slightly larger share than all states overall (50% vs. 48%).

California



Total: \$76.8
billion

United States

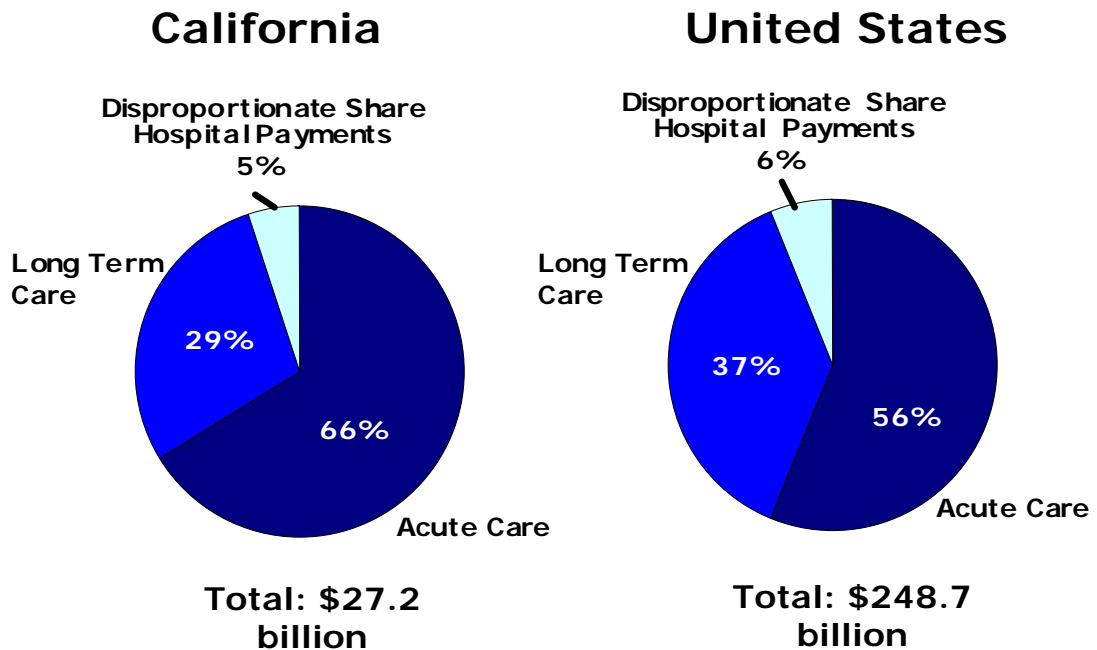


Total: \$495.6
billion

Exhibit 5.4c

Medicaid Spending by Type of Service, California and the United States, FY 2002

Medicaid spending primarily goes toward acute care in both California and the United States, which includes spending for inpatient and outpatient services, prescription drugs, managed care payments, and payments to Medicare. Acute care spending in fiscal year 2001 accounted for over half of all Medicaid spending (56%), and approximately two-thirds of Medicaid spending in California (66%). California's younger population contributes to a greater need for acute care compared to long-term care services. Long-term care spending accounted for 37% of Medicaid spending overall but only 29% of total Medicaid spending in California. Payments to hospitals that care for a disproportionately high share of Medicaid and low-income populations, called disproportionate share hospital payments, accounted for just a small share of Medicaid spending in both California and the United States.



Notes: Includes both federal and state funding. Does not include administrative costs, accounting adjustments or the U.S. Territories. "DSH" refers to disproportionate share hospital payments, which are special payments Medicaid makes to hospitals that treat a disproportionately high number of low-income patients. Acute care services include inpatient, physician, lab, X-ray, outpatient, clinic, prescription drugs, EPSDT, family planning, dental vision, other practitioners' care, payments to managed care organizations, and payments to Medicare. Long-term care services include nursing facilities, intermediate care facilities for the mentally retarded, mental health, home health services, and personal support services.

Source: Urban Institute and the Kaiser Commission on Medicaid and the Uninsured estimates based on CMS-64 reports.

Exhibit 5.5

Public Coverage for Low-Income Children

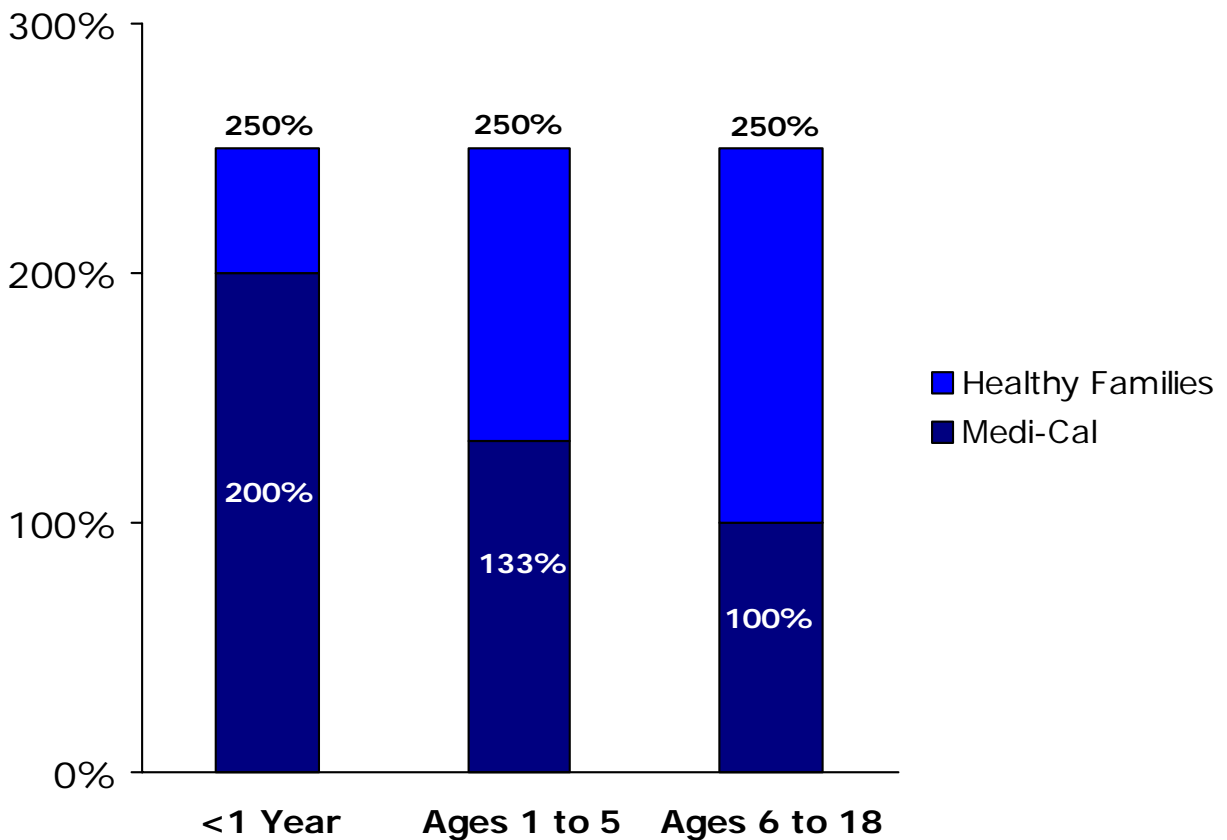
Medi-Cal, California's Medicaid program, and Healthy Families, California's State Children's Health Insurance Program (SCHIP), are critical sources of health insurance for low-income children. In 2001, these two programs provided coverage for over half of poor children (54%) and nearly four in ten (39%) near-poor children. In the United States overall, Medicaid and SCHIP covered approximately the same share of poor children (55%) and over one-third (34%) of near-poor children. Still, more than one in five low-income children lacked coverage, both in California and the U.S. overall.

Medi-Cal and Healthy Families provide coverage to children based on family income eligibility. All children 18 years and younger whose family incomes are below the federal poverty level are covered by Medi-Cal. Children up to age five with somewhat higher incomes are also eligible for the program. Healthy Families provides coverage for children with family incomes up to 250% of the federal poverty level who fall outside of Medi-Cal's eligibility requirements.

Exhibit 5.5a

Eligibility Levels for Children in Medi-Cal and Healthy Families, 2003

To qualify for California's Medi-Cal program, children ages 0 to 1 must have incomes that do not exceed 200% of the federal poverty level. Children ages 1 to 5 with incomes up to 133% of the federal poverty level qualify for the program, as well as children ages 6 to 18 with incomes up to 100% of poverty. Children who do not qualify for Medi-Cal and whose incomes do not exceed 250% of the federal poverty level are eligible for California's SCHIP program, Healthy Families.



Notes: Persons in poverty are defined as those who make less than the federal poverty level in annual income. In 2003, the poverty level was \$8,980 for an individual and \$15,260 for a family of three.

Source: Kaiser Family Foundation, prepared by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, Preserving Recent Progress on Health Coverage for Children and Families: New Tensions Emerge, July 2003. Available at <http://www.kff.org/content/2003/4125/4125.pdf>.

Exhibit 5.5b

Children Enrolled in Medi-Cal and Healthy Families, California and the United States, December 2002

In December 2002, California children covered by Medi-Cal, California's Medicaid program, made up approximately 16% of all children with Medicaid in the United States. Medi-Cal's 3.2 million children in California were among the 20.7 million children enrolled in Medicaid in the U.S. overall in 2002.

Healthy Families, California's SCHIP program, covered about one-fifth the number of children covered by Medi-Cal in December 2002. Healthy Families enrollment comprised nearly 17% of total SCHIP enrollment in the United States.

Children Enrolled in Medicaid and SCHIP, December 2002			
	California	United States	California, as a % of the U.S.
Medi-Cal/Medicaid	3,213,000	20,678,000	16%
Healthy Families/SCHIP	606,500	3,623,400	17%

Notes: Data are "point in time" monthly enrollment counts for December 2002. "SCHIP" refers to the State Children's Health Insurance Program.

Source: California Medi-Cal data: Kaiser Commission on Medicaid and the Uninsured, Medicaid Enrollment in 50 States: June 2002 Data Update, July 2003, Table 2, compiled by Health Management Associates from state enrollment reports.

U.S. Medicaid data: Kaiser Commission on Medicaid and the Uninsured estimate. California Healthy Families and U.S. SCHIP data: Kaiser Commission on Medicaid and the Uninsured, SCHIP Program Enrollment: December 2002 Update, July 2003, Appendix Table 1, compiled by Health Management Associates from state enrollment reports.

Exhibit 5.5c

Healthy Families and Medi-Cal Enrollment for Children Ages 0-17, by County, 2003

Medi-Cal and Healthy Families provided coverage for nearly 4 million children in 2003. Enrollment varied by county. For example, Medi-Cal enrollment ranged from covering just 145 children in Alpine County to nearly 1.3 million children in Los Angeles County. Healthy Families similarly covered just a few children in Alpine, compared to over 190,000 children in Los Angeles.

County	Medi-Cal	Healthy Families
<i>Alameda</i>	91,109	14,970
<i>Alpine</i>	145	3
<i>Amador</i>	1,566	340
<i>Butte</i>	23,164	3,073
<i>Calaveras</i>	2,648	525
<i>Colusa</i>	2,240	1,248
<i>Contra Costa</i>	47,266	7,810
<i>Del Norte</i>	3,774	421
<i>El Dorado</i>	6,239	2,226
<i>Fresno</i>	141,706	18,437
<i>Glenn</i>	3,261	1,018
<i>Humboldt</i>	11,427	2,183
<i>Imperial</i>	21,505	3,555
<i>Inyo</i>	1,280	265
<i>Kern</i>	98,382	16,140
<i>Kings</i>	16,111	2,816
<i>Lake</i>	6,524	1,454
<i>Lassen</i>	2,371	300
<i>Los Angeles</i>	1,292,662	192,719
<i>Madera</i>	18,844	2,963
<i>Marin</i>	5,745	1,939
<i>Mariposa</i>	1,107	249
<i>Mendocino</i>	9,511	1,962
<i>Merced</i>	37,803	5,786
<i>Modoc</i>	1,099	127
<i>Mono</i>	554	351
<i>Monterey</i>	40,454	12,247
<i>Napa</i>	5,510	1,540
<i>Nevada</i>	3,517	2,005

County	Medi-Cal	Healthy Families
<i>Orange</i>	180,783	65,429
<i>Placer</i>	8,742	2,588
<i>Plumas</i>	1,283	270
<i>Riverside</i>	145,313	45,616
<i>Sacramento</i>	136,867	15,804
<i>San Benito</i>	3,661	1,252
<i>San Bernardino</i>	196,264	46,966
<i>San Diego</i>	175,824	56,347
<i>San Francisco</i>	37,995	10,511
<i>San Joaquin</i>	70,096	13,642
<i>San Luis Obispo</i>	12,793	3,897
<i>San Mateo</i>	26,535	6,201
<i>Santa Barbara</i>	31,876	7,768
<i>Santa Clara</i>	86,359	20,279
<i>Santa Cruz</i>	15,325	4,276
<i>Shasta</i>	16,348	3,940
<i>Sierra</i>	204	34
<i>Siskiyou</i>	4,404	606
<i>Solano</i>	24,881	3,609
<i>Sonoma</i>	20,599	7,016
<i>Stanislaus</i>	56,127	9,076
<i>Sutter</i>	8,387	2,524
<i>Tehama</i>	6,742	1,190
<i>Trinity</i>	1,074	300
<i>Tulare</i>	72,895	10,161
<i>Tuolumne</i>	3,189	859
<i>Ventura</i>	48,943	15,496
<i>Yolo</i>	13,547	2,468
<i>Yuba</i>	9,448	1,406

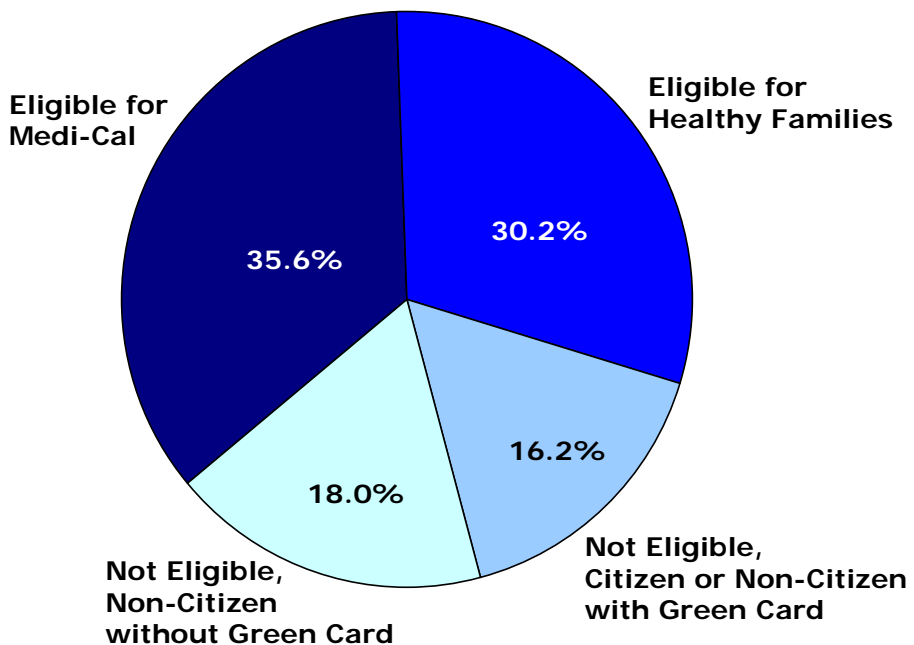
Notes: Medi-Cal data as of January 2003. Healthy Families data as of May 2003.

Source: 100% Campaign, County Level Data Factsheet, August 2003. Medi-Cal data based on Medi-Cal Eligibility Profiles by County, California Department of Health Services, Medical Care Statistics Section. Healthy Families data based on Healthy Families Program Subscribers Enrolled by County.

Exhibit 5.5d

Uninsured Children, by Eligibility for Medi-Cal and Healthy Families, California 2001

Nearly one million children in California are uninsured. Approximately two-thirds of these children are eligible for health insurance coverage under one of California's public programs. Thirty-six percent qualify for Medi-Cal and another 30% qualify for Healthy Families. Among the remaining third of uninsured children, approximately half (161,000) are in families with incomes that exceed the Healthy Families' ceiling, and half (180,000) are ineligible because they are non-citizens and do not qualify for these programs.



Total: 997,000 Uninsured Children

Notes: Point-in-time estimates. Includes children 18 years old and younger.

Source: E. R. Brown, N. Ponce, T. Rice, and S.A. Lavarreda, The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey, UCLA Center for Health Policy Research, June 2002.

Exhibit 5.5e

Healthy Families Expenditures, FY2002

Expenditures for California's SCHIP program, Healthy Families, were approximately \$700 million dollars in FY2002. Of this total, the state spent slightly over \$230 million, with the remainder paid by federal matching funds. California is one of 13 states with a federal matching rate under SCHIP of 65% in FY2003, the lowest matching rate among all states. Matching rates under SCHIP are higher than federal matching rates under Medicaid.

U.S. spending on SCHIP programs totaled \$5.3 billion in FY2002, with \$1.6 billion paid for by states and \$3.7 billion covered by federal matching funds.

Healthy Families Expenditures, FY2002		
California Share	Federal Share	Total Spending
\$234,185,865	\$454,189,935	\$688,375,800

Note: SCHIP refers to the State Children's Health Insurance Program.

Source: Kaiser Family Foundation, State Health Facts Online. SCHIP spending: Based on State and Federal Total SCHIP Expenditures, FY2002, Special Data Request to CMS, August 2003. SCHIP matching rates: Based on Federal Register, Nov. 30, 2001 (Vol. 66, No. 231), pp 59790-59793. Medicaid matching rates: Based on Federal Register, June 17, 2003 (Vol. 68, No. 116), pp 35889-35890.

Medicare Enrollment: Covering the Aged and Disabled

Medicare is a federal health insurance program that covers about four million aged and disabled beneficiaries in California, and over 40 million beneficiaries in the United States overall. The program serves all aged and disabled beneficiaries without regard to income or medical history. Medicaid also plays a role for a considerable share of low-income Medicare beneficiaries in California who receive financial assistance to meet Medicare's cost-sharing requirements.

The Medicare population is somewhat smaller in California compared to in the United States overall, with the great majority of beneficiaries aged and a much smaller share disabled. California's Medicare population is much more likely to be enrolled in managed care programs, called Medicare+Choice, than the average U.S. Medicare beneficiary. Due to Medicare's high cost-sharing requirements and benefit exclusions, including most prescription drugs and long-term care, most beneficiaries in both California and the United States overall have supplemental coverage through an additional source, such as employment or retiree coverage or individual insurance policies.

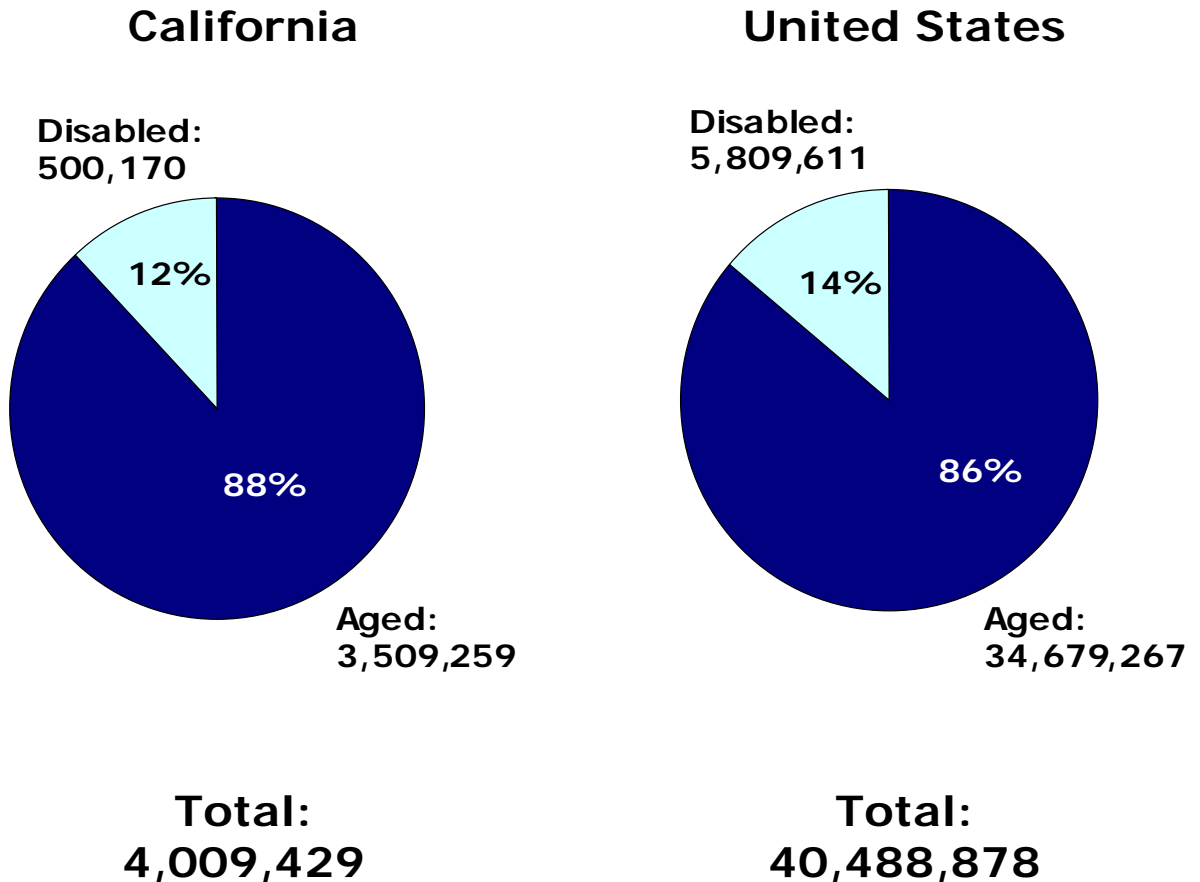
After years of discussion and debate, a new Medicare outpatient prescription drug benefit was signed into law on December 8, 2003. The new benefit, which will be implemented in 2006, provides beneficiaries with prescription drug coverage that will be offered by private plans. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is also designed to provide substantial relief to those with low-incomes.

The new law requires states to finance much of the cost of providing prescription drug coverage to people who are dually eligible for Medicare and Medicaid through a "clawback," which will contribute \$88.5 billion toward the costs of the program between 2006 and 2013. States are expected to realize a net savings of \$17.2 billion over the 2004-2013 period, with 91% of savings after 2008, according to the Congressional Budget Office.

Exhibit 5.6a

Medicare Enrollment by Eligibility Category, California and the United States, July 2002

As of July 2001, Medicare covered 11% of the total California population, or about four million beneficiaries. As a state with a relatively young population, California has a smaller share of Medicare beneficiaries than the U.S. overall. In 2001, Medicare covered over 40 million beneficiaries, or 14% of the total population. Most Medicare beneficiaries were 65 years old or greater. Eighty-eight percent of Medicare beneficiaries in California were "aged" in 2001, while 86% were aged in the U.S. overall. A minority of younger beneficiaries qualified due to permanent disabilities, 12% in California and 14% in the U.S.



Notes: Includes Medicare beneficiaries eligible for the Medicare Hospital Insurance program and/or the Medicare Supplementary Medical Insurance program.

Source: Centers for Medicare and Medicaid Services, Medicare National and State Enrollment, at www.cms.gov/statistics/enrollment/default.asp.

Exhibit 5.6b

California's Medicare Enrollment by County, July 2002

Medicare enrollees are most likely to live in certain counties in California. Approximately one-quarter of Medicare enrollees reside in Los Angeles County. Other counties have smaller but considerable shares of the Medicare population as residents, such as San Diego (8.6%), Orange (7.5%), and Riverside (5.3%) counties.

<u>County</u>	<u>Enrolled</u>	<u>County</u>	<u>Enrolled</u>
<i>Alameda</i>	157,479	<i>Orange</i>	302,187
<i>Alpine</i>	145	<i>Placer</i>	37,303
<i>Amador</i>	7,103	<i>Plumas</i>	4,072
<i>Butte</i>	36,665	<i>Riverside</i>	213,376
<i>Calaveras</i>	8,229	<i>Sacramento</i>	157,397
<i>Colusa</i>	2,542	<i>San Benito</i>	4,697
<i>Contra Costa</i>	120,221	<i>San Bernardino</i>	175,001
<i>Del Norte</i>	4,388	<i>San Diego</i>	346,565
<i>El Dorado</i>	25,760	<i>San Francisco</i>	117,150
<i>Fresno</i>	92,989	<i>San Joaquin</i>	70,320
<i>Glenn</i>	4,071	<i>San Luis Obispo</i>	39,798
<i>Humboldt</i>	19,776	<i>San Mateo</i>	91,535
<i>Imperial</i>	18,378	<i>Santa Barbara</i>	55,996
<i>Inyo</i>	3,775	<i>Santa Clara</i>	169,967
<i>Kern</i>	76,870	<i>Santa Cruz</i>	27,970
<i>Kings</i>	11,109	<i>Shasta</i>	32,992
<i>Lake</i>	12,880	<i>Sierra</i>	681
<i>Lassen</i>	3,870	<i>Siskiyou</i>	9,706
<i>Los Angeles</i>	1,013,741	<i>Solano</i>	41,784
<i>Madera</i>	18,662	<i>Sonoma</i>	63,670
<i>Marin</i>	35,284	<i>Stanislaus</i>	57,133
<i>Mariposa</i>	3,164	<i>Sutter</i>	11,360
<i>Mendocino</i>	14,259	<i>Tehama</i>	9,564
<i>Merced</i>	20,638	<i>Trinity</i>	2,679
<i>Modoc</i>	1,784	<i>Tulare</i>	41,924
<i>Mono</i>	882	<i>Tuolumne</i>	11,192
<i>Monterey</i>	43,593	<i>Ventura</i>	89,134
<i>Napa</i>	21,886	<i>Yolo</i>	18,468
<i>Nevada</i>	16,681	<i>Yuba</i>	8,267
Total Medicare Enrollment in California:		4,009,429	

Source: Centers for Medicare and Medicaid Services, Medicare County Enrollment as of July 1, 2002, Aged and Disabled Update, March 2003, at www.cms.gov/statistics/enrollment/county2001/stca01.asp.

Exhibit 5.7

Profile of Medicare Beneficiaries, California and the United States

California's Medicare population is proportionally somewhat smaller than the Medicare population in the U.S. overall (11% vs. 14%). However, the share of Medicare beneficiaries who are eligible for Medicaid because they have low incomes is larger in California than the nationwide average (23% vs. 18%). In addition, a greater share of California's aged population receives SSI benefits than among the U.S. aged population overall. Nine percent of California residents ages 65 and greater are SSI recipients, compared to 3.5% of the total aged U.S. population.

	California	United States
Total Medicare Beneficiaries, 2002 (as a % of total population)	11%	14%
Medicare Beneficiaries with Medicaid Assistance, 2002 ("Dual Enrollees")	23%	18%
Aged SSI Recipients, 2002 (As a % of total 65+ population)	9.2%	3.5%
Medicare Beneficiaries with Incomes Below 100% of Poverty, 2001-02 (U.S. 2002)	15%	17%

Note: Aged SSI (Supplemental Security Income) is the national program that provides benefits to the low-income aged, blind, and disabled.

Source: Centers for Medicare and Medicaid Services, Medicare State Enrollment, July 1, 2002, at <http://cms.hhs.gov/statistics/enrollment/default.asp>.

Dual Enrollees: Total Medicare population based on Centers for Medicare and Medicaid Services, Medicare State Enrollment Trends, July 1, 2002, at

<http://cms.hhs.gov/statistics/enrollment/default.asp>. Number of dual enrollees based on Kaiser Family Foundation, Shifting the Cost of Dual Eligibles: Implications for States and the Federal Government, November 2003.

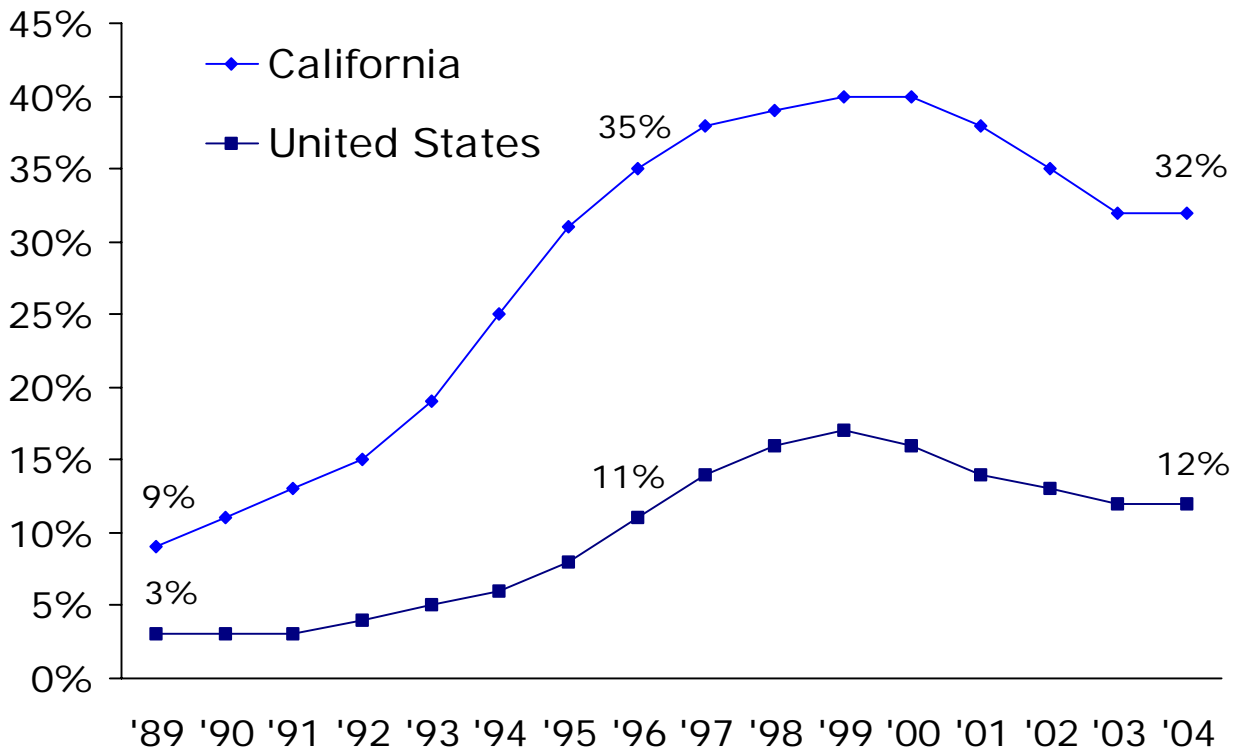
SSI recipients: Calculation based on data from the Social Security Administration, SSI Annual Statistical Report 2002, Table 9, August 2003; population data from the Census Bureau, State Population Estimates by Selected Age Categories and Sex, Table 1, July 2002.

Beneficiaries by Poverty: Based on Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on pooled March 2002 and 2003 Current Population Surveys (California) and March 2003 Current Population Survey (U.S.).

Exhibit 5.8

Percentage of Medicare Beneficiaries Enrolled in Medicare+Choice Managed Care Plans, California and the United States, 1989-2004

Since 1989, the proportion of the Medicare population enrolled in Medicare+Choice plans in California has ranged from two to four times the national rate. The proportion of Medicare beneficiaries enrolled in managed care in both California and the United States grew steadily each year until 1999. At that point, the share of enrollees in Medicare+Choice plans began to level off and decline. As of January 2004, 32% of Medicare beneficiaries in California were enrolled in managed care, compared to 12% nationally. In 2003, California enrollees comprised 28% of the total national Medicare+Choice enrollment.



Source: Centers for Medicare and Medicaid Services, Medicare Managed Care Contract Report, years 1989-2003 (December 1) and 2004 (January 1) at www.cms.gov/healthplans/statistics/mmcc.

Exhibit 5.9

Total Medicare Spending, California and the United States, 2001

In 2002, Medicare spending accounted for 17% of total national spending for personal health care services, financing 30% of the nation's hospital services and 20% of physician and clinical services.

Medicare spending in California comprised over 10% of all Medicare spending nationwide in 2001. Medicare spending in California was just under \$25 billion, while Medicare benefit payments totaled over \$267 billion throughout the U.S. in 2002. Spending over the last few years has grown more slowly for Medicare than private plans, although Medicare spending growth has been greater recently than during the 1997-2000 period. The Congressional Budget Office projects that Medicare spending will grow 9% in the next ten years, totaling \$698 billion by 2014 and accounting for 19% of the federal budget.

Medicare Spending, 2000 to 2002		
	California	United States
2000	\$23,620,611,000	\$214,867,633,000
2001	\$24,858,719,000	\$234,949,077,000
2002	Not available	\$267,100,000,000

Notes: Medicare fee-for-service estimated benefit payments are based on the State of the provider, rather than the State of the beneficiary. Managed care organization estimated benefit payments are distributed based on the State of the plan. Both fee-for-service and managed care payments are on a paid basis.

Source: Levit, Katharine, "Health Spending Rebound Continues in 2002," *Health Affairs*; 23(1), Jan/Feb 2004. 2000 and 2001 spending figures: Centers for Medicare and Medicaid Services. 2001 data available at <http://cms.hhs.gov/statistics/feeforservice/BenefitPayments01.pdf>. Medicare spending estimates: "The Budget and Economic Outlook: 2005-2014," Congressional Budget Office, January 2004.

Exhibit 5.10

Dual Enrollee Enrollment and Spending, California and the United States, 2002

Medicare's cost-sharing requirements and exclusion of specific benefits, like most prescription drugs and long-term care, leave many beneficiaries in need of additional coverage. More than seven million Medicare beneficiaries, called "dual enrollees," rely on financial assistance from Medicaid to help pay for premiums, cost-sharing, and benefits that Medicare does not cover. Close to one million of these beneficiaries are in California.

In 2002, 23% of Medicare beneficiaries in California and 18% in the U.S. were dual enrollees. Most dual enrollees are very low-income individuals with substantial health needs. The lowest income beneficiaries receive full Medicaid benefits, while those with more income or resources receive more limited coverage. In 2002, 97% of dual enrollees received full Medicaid benefits in California, and 85% of dual enrollees received full coverage in the U.S.

Dual enrollees are a high-need population that requires significant spending. Medicaid expenditures nationwide totaled over \$90 billion in 2002 on dual enrollees, including \$8.3 billion for California enrollees. Average spending per dual enrollee in California was significantly lower compared to spending per dual enrollee in the U.S. overall.

Dual Enrollees: Enrollment and Spending, 2002

	California	United States
Dual Enrollee Enrollment	932,000	7,200,000
Dual Enrollees with Full Medicaid	904,000	6,126,000
Medicaid Spending on Dual Enrollees	\$8.290 billion	\$91.056 billion
Average Medicaid Spending per Dual Enrollee	\$8,891	\$12,647

Source: Kaiser Family Foundation, *Shifting the Cost of Dual Eligibles: Implications for States and the Federal Government*, November 2003. Total Medicare population: Based on Centers for Medicare and Medicaid Services, *Medicare State Enrollment Trends*, July 1, 2002, at <http://cms.hhs.gov/statistics/enrollment/default.asp>.

Exhibit 5.11

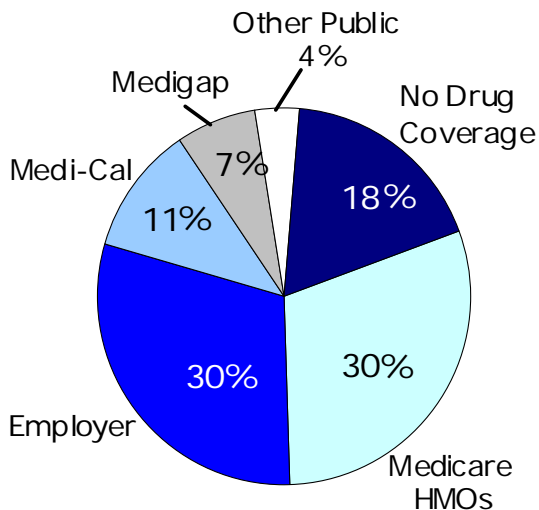
Sources of Prescription Drug Coverage, California Seniors and U.S. Medicare Beneficiaries

Prescription drugs play a critical role in health care for American seniors. In the absence of a Medicare prescription drug benefit, California seniors and Medicare beneficiaries across the country have relied on a variety of sources for prescription drug insurance. Employer-sponsored plans and Medicare HMOs were the primary sources of drug coverage in 2001. Medicare HMOs were a more common source of coverage for California seniors than for Medicare beneficiaries across the U.S. (30% vs. 15%). Drug coverage under Medi-Cal and Medigap is nearly the same for seniors in California and U.S. Medicare beneficiaries overall.

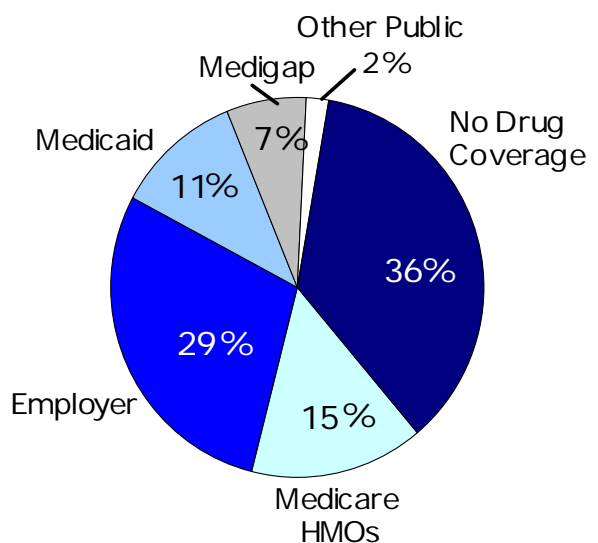
Compared to Medicare beneficiaries nationwide, California seniors are much more likely to have drug coverage. While over one-third of Medicare beneficiaries lack coverage in the U.S. (38%), fewer than one-fifth of California seniors (18%) lack a source of insurance for prescription drugs.

Beginning in 2006, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 will provide Medicare beneficiaries with prescription drug coverage offered by private plans.

California, Summer 2001



United States, Fall 2001



Source: U.S.: Bearing Point analysis for Kaiser Family Foundation, 2004. California: Kaiser Family Foundation, California Seniors and Prescription Drugs: Based on Findings from a 2001 Survey of Seniors in Eight States, November 2002. Available at <http://www.kff.org/statepolicy/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=14183>.