



Medi-Cal and the Federal Government

How decisions at the federal level affect Medi-Cal and the Californians enrolled in the program.

What is Medi-Cal?

Medi-Cal is California’s Medicaid program, which provides health insurance to individuals and families with low incomes, people with disabilities, and low-wage workers who can’t get affordable coverage at their jobs. For seniors with low incomes, Medi-Cal pays for what is not covered by Medicare, including nursing home care.

First established in 1965, Medicaid is a partnership between states and the federal government. States administer the program with federal oversight, and both entities provide funding.

Who does Medi-Cal cover?

- ▶ 5 million [children](#) — [more than half of all California’s kids](#)
- ▶ 2.2 million [seniors](#) and people with disabilities
- ▶ 3.4 million working Californians — nearly one in five of all California workers*
- ▶ 14.9 million [Californians in total](#) — more than one in three of all Californians

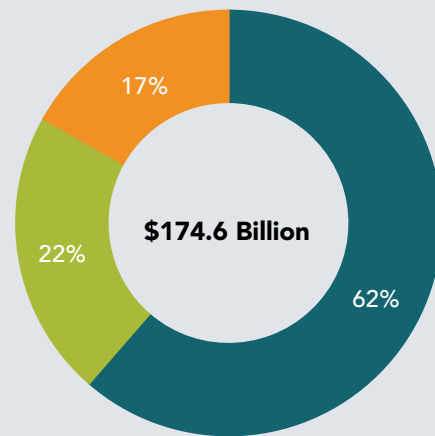
The Federal Medical Assistance Percentage drives federal funding for Medi-Cal.

The federal government pays a certain percentage of a state’s Medicaid costs. This is called the Federal Medical Assistance Percentage (FMAP) and varies from state to state.

California’s FMAP is generally 50%, the lowest the federal government can provide under current law. This means the federal government pays half the cost of providing coverage, and California pays the other half.

The federal government pays for a large portion of the Medi-Cal budget.

In FY 2024–25, the Medi-Cal budget [totals \\$174.6 billion](#):



- Federal Government, \$107.5 billion
- California General Fund, \$37.6 billion
- State and Local Sources, \$29.5 billion

Source: California Department of Health Care Services, Medi-Cal May 2024 Local Assistance Estimate for Fiscal Years 2023-24 and 2024-25

* UC Berkeley Labor Center analysis of American Community Survey 2023; Medi-Cal estimates adjusted to account for survey undercount compared to California Dept. of Health Care Services (DHCS) enrollment totals.

However, the federal government can increase the FMAP for certain services or enrollee populations — or in response to a crisis. For example, the FMAP is 90% for the nearly five million Californians enrolled under the Affordable Care Act’s Medicaid expansion, which began in 2014. The FMAP was enhanced during the COVID-19 pandemic to give states additional resources. (These are a just a couple reasons why federal funds have covered more than 50% of the Medi-Cal budget in recent years.)

In summary, robust federal financing has allowed California to provide Medi-Cal coverage to millions more Californians in need and to address health-related social issues like homelessness.

Any change to the FMAP has significant financial consequences for the State of California and Medi-Cal.

Large-scale improvements to Medi-Cal require federal approval.

The federal Centers for Medicare & Medicaid Services (CMS) oversees all state Medicaid programs to ensure they meet federal rules. Like all states, California can submit State Plan Amendments (SPAs) and waivers to CMS to modify certain aspects of Medi-Cal or to test new innovations to improve care. Certain waivers, if approved, generate additional federal funding for implementation. *CMS’s approval or rejection of SPAs and waivers is one of the most important ways a federal administration exerts influence over Medi-Cal.*

For example, by the end of 2022, CMS had approved multiple SPAs and a combination of 1915b and 1115 waivers to allow for the implementation of CalAIM (California Advancing and Innovating Medi-Cal). CalAIM is an unprecedented five-year initiative to reform Medi-Cal services to achieve better health outcomes for enrollees with the most complex health and social needs — those with behavioral health conditions, those experiencing homelessness, and older adults with low incomes, among others.

CMS will need to approve updates or renewals to these waivers in 2026 to build on the program’s success. CMS’s decisions will be incredibly consequential for Medi-Cal and the millions of enrollees currently served through CalAIM.

To learn more:

- ▶ [How Many People in Your District Get Medi-Cal or a Premium Subsidy Through Covered California?](#)
- ▶ [Medi-Cal Facts and Figures, 2024 Edition](#)
- ▶ [Medi-Cal, Explained: Medi-Cal Financing and Spending](#)
- ▶ [Medi-Cal Waivers and State Plan Amendments](#)
- ▶ [CalAIM, Explained](#)