

News Release



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Families and Healthcare System Will Suffer from Irrational Cuts

May Revises Makes Deeper Cuts to Healthcare

**Press Conference • Friday, May 16th, 10am
California Hospital Medical Center
1401 South Grand Avenue • Los Angeles, CA 90015**

Los Angeles, CA—Governor Schwarzenegger says his budget cuts were difficult decisions to make, but they pale in comparison to the difficult decisions he is forcing families to make to meet their basic needs. The budget proposal cuts people from health coverage programs, eliminates health benefits and creates administrative and financial barriers to reduce enrollment. The consequences are more uninsured who rely on emergency rooms for healthcare, more costly care for patients, no compensation for hospitals that treat the uninsured, and a shift in costs and risks to hospitals and patients in a time of financial crisis when help is needed most. “As always, the state’s inability to balance its budget falls hardest on those who can least afford it,” says Caroline Rivas, Policy Director, Community Health Councils.

The California Budget Project estimates that a family of four living in Los Angeles needs over \$74,000 annually to cover the necessities of housing, child care, food, transportation, healthcare and taxes. California has helped families work their way off welfare by allowing parents to work up to 100 hours a month and still maintain healthcare coverage through the Medi-Cal program. The Governor proposes to eliminate health coverage for parents earning between \$13,000 and \$21,200 annually for a family of four, forcing families to choose between health insurance and employment.

The Governor’s proposal also substitutes health coverage for newly-qualified immigrants and some permanent resident immigrants with a hodgepodge of benefits: emergency and pregnancy-related services, long-term care in a nursing facility and breast and cervical cancer treatment. “This is not healthcare coverage. The cuts will only increase the number of people receiving care at overstressed and expensive emergency rooms and jeopardize care for those who

really need emergency services,” says Lark Galloway-Gilliam, Executive Director, Community Health Councils.

The additional eligibility requirements come on top of the onerous paperwork burdens and increased premiums and copayments proposed in the budget released in January and the \$544 million in Medi-Cal provider rate cuts already passed. More time and money will be spent processing paperwork, programming data systems and training workers, while families lose their healthcare coverage. In Los Angeles, 112,140 low-income children will lose Medi-Cal coverage by 2009-10 as a result of increased paperwork. The Governor also proposes higher out-of-pocket costs and premiums for the Healthy Families program, again forcing the families of the 249,220 children enrolled in Los Angeles to choose.

“What makes the human tragedy represented by these losses even worse is the fact that the cuts do not make fiscal sense. Every dollar the state slashes from its Medi-Cal budget results in the loss of a dollar in federal matching funds,” continues Caroline Rivas. In effect, the state health system loses over \$1 billion in funding. A reduction in the amount of federal funding going to a state causes a corresponding reduction in business activity, jobs, and wages.

Asking children and families of lower-income families to shoulder the burden of the state budget deficit is inequitable. Balancing the budget should be a shared responsibility. The state needs to identify new revenue strategies and close tax loopholes to offset the more detrimental cuts. Healthcare is not a luxury and shouldn't be part of the budget balancing act when times get tough.

Community Health Councils is a non-profit, community-based health promotion, advocacy and policy organization. Established in 1992, CHC's mission is to improve health and increase access to quality healthcare for uninsured, economically-disadvantaged, and underserved populations.