

# **State Health Care Funding Cuts**

## **Local Communities “Feel the Pain”**

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Michelle Wood, MPP  
*Policy Analyst*  
Community Health Councils  
[www.chc-inc.org](http://www.chc-inc.org)



## **About Community Health Councils**

- Established 1992
- Non-profit, community-based health promotion, advocacy, and policy organization
- Mission: to improve health and increase access to quality healthcare for uninsured, economically-disadvantaged and underserved populations
- Project areas: *Access & Quality of Healthcare; Expansion & Quality of Healthcare Coverage; Community Health & Education*

3731 Stocker Street, Suite 201 • Los Angeles, CA 90008  
323.295.9372 • 323.295.9467 (fax) • [www.chc-inc.org](http://www.chc-inc.org) • [info@chc-inc.org](mailto:info@chc-inc.org)



## Expansion & Quality of Healthcare Coverage

- **Covering Kids & Families Coalition**
  - A network of diverse leadership from throughout California that advances the quality and accessibility of healthcare for children and families through the exchange of information & experiences and through policy development & implementation
- **LA Access to Health Coverage Coalition**
  - A regional coalition formed to increase the capacity, advocacy and collaboration of organizations performing outreach, enrollment, retention and utilization activities for children's and families healthcare coverage.



## Presentation Overview

- California State Budget
- Growing Demand for Services
- Damage Already Done
- Harmful Cuts to Healthcare Coverage
  - Health Reform & Impact to CA State Budget
- Opportunities for California & Recommendations
- Questions

## California State Budget

- **\$19.9 B** state budget deficit
- **\$2.9 B** in cuts to Health & Human Services programs
- If the state does not receive **\$6.9 B** in federal funds, the proposed budget calls for a “trigger” of an additional **\$3.5 B** in healthcare cuts
- The Governor proposes no new tax increases



## Recession → Growing Demand for Services

- National recession – rising unemployment and home foreclosures
- More families turning to public programs such as Healthy Families, Medi-Cal, Food Stamps and CalWORKs for assistance
- Demand for public healthcare coverage has risen
  - **11.8%** (97,172) increase in Healthy Families enrollment between 7/07 & 7/09
  - **7.2%** (470,965) increase in Medi-Cal during this same timeframe
- The number of Californians receiving food stamp benefits increased by more than 905,218 (43%) between October 2007 and October 2009



## Damage Already Done

- Almost three million low-income adults in Medi-Cal lost 10 benefits including dental and vision care in 2009
- About 93,000 children (17,429 in Los Angeles County) waited uninsured for Healthy Families coverage until the cut was averted in 2009
- Cuts to Outreach and Enrollment for Public Coverage
  - Medi-Cal County Administration
  - Certified Application Assistant Reimbursement Program
- A survey of Los Angeles Community Clinics estimated that because of the budget cuts in 2009, 17,264 visits would be lost, 4,316 patients will lose access to care, and overall **\$18.6 M** loss to clinics



## Harmful Cuts to Healthcare Coverage

### **Reduce Eligibility in Healthy Families from 250% to 200% FPL**

- Proposed Cut: **\$74.3 M** General Fund; **\$191 M** Federal Funding
- Loss of **\$67.8 M** in Los Angeles County
- Affect **203,300** children statewide; **55,230** children in Los Angeles County

### **Elimination of Vision & Increase Premiums in Healthy Families**

- Proposed Cut: **\$21.7 M** General Fund; **\$42.8 M** Federal Funds
- Elimination of Vision Benefit:
  - **824,630** children would be denied eye exams & glasses; Impact **210,410** children in Los Angeles County
- Premium Increase: (\$16 to 30 per child)
  - **377,580** children would be affected statewide
  - **96,340** affected in Los Angeles County
- Premium increase from \$16 to \$30 is an **88% increase** since the 11/1/09 increase and a **233% increase** since before the 2/1/09 premium increase

## Harmful Cuts to Healthcare Coverage

### Eliminate Medi-Cal Coverage for Recent Legal Immigrants

- Proposed Cut: **\$118 M** General Fund
- 90,000 Californians would lose most of their Medi-Cal coverage
- **24,500** legal immigrants would be affected in Los Angeles County

### Increasing Medi-Cal Cost-Sharing and Limiting Services

- Proposed Cut: **\$750 M** General Fund
- Loss of approximately **\$1.6 B** in Federal Funds
- Poses a threat to the medical care and livelihood of over 7 million Californians on Medi-Cal

### Diversion of Proposition 10 (First 5) Dollars

- Proposed Cut: **\$550 M** General Fund
- Would threaten First 5's support for services provided at the local level including pediatric services, oral healthcare, developmental screenings and nutrition efforts for children.



## Harmful Cuts to Healthcare Coverage

The Governor's proposal would also "trigger" **\$4.6 B** in spending cuts if federal funds are not secured:

- Reduce Medi-Cal eligibility to the minimum allowed under current federal law
- Eliminate most remaining Medi-Cal benefits not required by federal law
- Eliminate many Medi-Cal programs
- Eliminate Healthy Families
- Eliminate Various Health Services Programs

### Federal Funding for Healthcare

- California Would Lose Nearly **\$5 Billion** in Federal Funds Under Proposed Budget:
  - **\$234 M** loss of federal funds from changes to Healthy Families
  - **\$1.5 B** for Medi-Cal
- Trigger Cuts & Lost Federal Funds:
  - Eliminating Healthy Families would result in **\$826.3 M** lost federal funds while saving only **\$222 M** in general funds
  - **\$267 M** in lost state and federal funds in Los Angeles County)



## National Health Reform

### *Impact on California's State Budget*

- House passed the Senate health reform bill and revision package
- President plans to sign the large bill into law soon
- Revision package to be taken up by the Senate

#### **Maintenance of Effort (MOE) Provision:**

- States would be required (or lose their Medicaid funding) to maintain their income eligibility levels and enrollment procedures for children eligible for Medicaid and CHIP at the time of the bill's enactment
- No eligibility rollback or premium increases to Healthy Families
- No reduction of children's Medi-Cal eligibility
- No enrollment barriers like Mid-Year status reports for kids in Medi-Cal
- Benefit reductions still on the table

## Future of Healthy Kids Programs

- State budget & national healthcare reform major factors
- Current funding for Healthy Kids Program in Los Angeles County
  - 0-5 currently funded through June 2010
  - 6-18 program is also funded through June 2010
  - First 5 to make a funding decision by May 2010
  - Premium increase under review from \$10 - \$15 to raise additional revenue
  - Working to leverage additional donor support

## Opportunities for California

- National Healthcare Reform
- The temporary Federal Medical Assistance Percentage (FMAP) increase for six months and maintenance of current eligibility standards for Medi-Cal and Healthy Families Programs
- 1115 Medicaid Waiver to invest in improving the healthcare delivery system, programs and expansion of coverage



## Recommendations

- Eliminate the harmful proposed cuts to California's safety net and healthcare system to position California to draw down more, not less, federal funding for healthcare
- Place revenue options back on the table to stabilize the state budget and reinvest in California's economy and families
- Advocate for an extended increase in the Federal Medical Assistance Percentage (FMAP) to sustain and preserve our healthcare coverage programs.

## Questions & Answers

**Michelle Wood, Policy Analyst**  
**Community Health Councils**  
3731 Stocker Street Suite 201  
Los Angeles, CA 90008  
Phone: 323.295.9372  
Email: [michelle@chc-inc.org](mailto:michelle@chc-inc.org)  
Website: [www.chc-inc.org](http://www.chc-inc.org)

