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Legislature Finally Approves New Budget

In the small hours of Thursday morning, the California Legislature finally approved a State budget for 2009-10 fiscal year that also balances the current year budget for 2008-09. The package will trigger nearly \$15 billion in cuts to healthcare, education and other programs; \$12.5 billion in new revenues; and \$5.4 billion in borrowed funds.

Cuts to Healthcare Coverage & Access

Cuts to Medi-Cal passed in the 2008-09 budget adjustment and the 2009-10 budget could be restored if the State receives sufficient federal stimulus revenue to offset general fund costs. The cuts include eliminating certain optional benefits for adults such as dental, optometry and psychology and a 10% reduction to public hospital rates. These “trigger cuts” would be reversed on July 1 if more than \$10 billion in federal stimulus funding is identified by April 1, 2009.

The Governor’s original budget reductions to Medi-Cal proposed in January also included restrictions on Medi-Cal eligibility for low-income parents with children, reductions of services provided to certain legal immigrants and restricting access to healthcare services for unauthorized immigrants. California can only receive federal Medicaid assistance through the Economic Recovery Package if it complies with the eligibility and limitations clause to receive the Federal Medical Assistance Percentage (FMAP) increase in the stimulus. States only qualify for this funding if they ensure that their Medicaid eligibility standards, methodologies, or procedures are not more restrictive than those in effect on July 1, 2008. The Governor’s January proposed cuts to Medi-Cal did not meet these

requirements to receive the increased federal funding and were removed from the final budget.

Additionally, in September 2008, semi-annual reporting requirements for children in Medi-Cal passed in California. The State will not be eligible to receive federal dollars for the first quarter of 2009 unless it reinstates annual renewals for children in Medi-Cal no later than July 1, 2009. The immediate restoration of annual renewals for children in Medi-Cal must be adopted in California to take full advantage of the increased federal funding available through the economic recovery package.

Ballot Measures Will Impact Healthcare

A major impact on healthcare is the shift of more than \$600 million from Prop 10 programs. Prop 10 funds a variety of services for children ages 0 to 5 including early childhood healthcare coverage and local outreach, enrollment, retention and utilization services provided through the children’s health initiatives. The budget transfers Prop 10 reserve funds of \$340 million in the current year to fill the general fund deficit, and then transfers \$268 million annually for five fiscal years to the general fund. These funding shifts would severely curtail the programs and services provided through Prop 10 dollars. More than 80,000 children have access to routine healthcare as a result of enrollment in the county-run children’s health initiatives funded by Prop 10. This proposal would have to be approved by the voters in a special ballot on May 19th.

Additionally, a spending cap on California’s budget will be on the May 19th ballot. A spending cap would greatly limit the State’s ability to provide needed social services for seniors, low-income children and families at a time when more and more Californians are in need. The cap would limit increases in future state spending. If voters approve the spending limit, most of the taxes would last for four years. If it fails, the taxes would expire after two years.

CHIP Reauthorization Bill Signed by President Obama

President Obama signed the Children's Health Insurance Program (CHIP) Reauthorization Bill this month. The bill ensures that the 7 million children currently enrolled through CHIP will continue to receive critical healthcare coverage and expands coverage to an additional 4 million uninsured children nationwide. The bill extends CHIP until 2013.

Other key provisions of the Children's Health Insurance Program include:

- Is fully paid for, primarily with a 62-cent increase in the federal tobacco tax
- Encourages states to enroll children who are already eligible, but not yet covered, and gives states new tools to reach uninsured children
- Removes the five-year waiting period for legal immigrant children and pregnant women who enroll in Medicaid or CHIP
- Provides outreach funds for a national campaign and outreach & enrollment grants that focus on rural areas and underserved populations and target proposals that address cultural and linguistic barriers to enrollment
- Improves the benefits package so that children who need dental or mental-health care can get these services.

The legislation enables California to receive funds to continue Healthy Families and provide health coverage for our 683,000 uninsured children. However, the State's leaders must do their part by capitalizing on the available dollars and investing in children's health. Following is a brief summary of the two sides of the process.

- California is expected to receive \$1.5 billion in 2009. This amount is sufficient to cover the more than 900,000 children currently enrolled in Healthy Families, the estimated 180,000 Healthy Families-eligible but uninsured children, and extend coverage to uninsured children in families up to 300% of the federal poverty level (FPL). However, to maximize this CHIP funding, California needs to invest \$130 million above its current spending.

- California could receive bonus payments that would dramatically reduce the State's cost for implementing a system of coverage for all kids, while also covering the 205,000 Medi-Cal-eligible but uninsured children in California. To receive the bonus payments, the State would have to (1) increase Medicaid enrollment among low-income children above a target level; and (2) implement five of a specified eight outreach and enrollment activities, something the State already does.
- California would be able to free up state General Fund dollars currently used to cover legal immigrant children and pregnant women by immediately claiming this federal match for both Medi-Cal and Healthy Families by submitting a State plan amendment. In the first year, California would receive roughly \$20 million additional federal dollars.

President Obama Rescinds August 17th, 2007 Directive

On February 4th, President Obama sent a memorandum to the "to-be-determined" Secretary of Health and Human Services ordering that the August 17th, 2007 directive from Centers for Medicare & Medicaid Services (CMS) be rescinded. The CMS directive, addressed to state health officials, limited states' flexibility in setting income eligibility standards for their CHIP programs. The directive imposed additional requirements that states needed to meet in order to cover children under CHIP plans, including plans that CMS had previously approved. Included in the directive were the requirements that:

- At least 95% of all eligible children at or below 200% FPL are enrolled
- Private employer-based coverage had not declined by over 2% over the last 5 years.

The President pointed out that many thousands of children have been denied coverage as a result of the directive. In California, more than 34,000 children stood to lose their coverage if the August 17th Directive was applied. With the rescinding of this policy, California no longer has a federal barrier to expanding Healthy Families coverage to 300% FPL. President Obama's order is a huge step in the right direction to

ensuring our children and families have access to healthcare coverage.

PPP Allocation Update

The Los Angeles County Board of Supervisors in January approved an additional \$44.8 million funding allocation for PPP providers in “under-equity” Service Planning Areas throughout the County. These under-equity SPAs receive disproportionately low amounts of PPP funding despite high levels of healthcare needs. They include SPA 1 – Antelope Valley; SPA 3 – San Gabriel; SPA 6 – South LA; SPA 7 – East LA; and SPA 8 – South Bay.

The funding can be used for provider capacity expansion, health technology infrastructure, added clinic capacity, and more. Highlights of the funding allocations include:

- \$7.8 million for capital projects, renovations, equipment and to add or expand clinic capacity in the under-equity SPAs
- \$1.5 million for the Encounter Summary Sheet project for all PPP Strategic Partners in all SPAs; this funding is intended to improve coordination of care by using health technology to implement uniform reporting of medical records
- \$35.5 million over three years to the under-equity SPAs to provide care for new patients at current or new PPP sites.

In addition to these funds, \$2.7 million in surplus PPP funding was identified and allocated to SPA 2 at the February 3rd Board of Supervisors meeting. These additional funds will be used if SPA 2 falls under-equity. For more information, please contact Annie Park at 323.295.9372 x246 or annie@chc-inc.org.

Environment Justice Opportunities in LA

Advocates for healthy communities have an opportunity to become involved in the Vermont Median Park plan development in Los Angeles. The plan is described as an “innovative solution for creating new parks in cities with little available land for new parks.” A park would be created using the land along Vermont Avenue from Gage to Manchester Avenues, a 1.5 mile long area stretching across as much as 180 feet. Working in collaboration with community members, the

Community Redevelopment Agency of Los Angeles (CRA/LA) will address open space concerns with the conversion of this unused land that has the potential for active recreation areas, jogging and bike trails among other physical activity uses. For more information or to lend your support, contact CRA/LA at 213.977.1804.

Bicycling as part of broader environmental justice and health topics will be a central theme of *LA Bike Summit* at Los Angeles Trade-Tech College on March 7. South Los Angeles residents are encouraged to attend this free Saturday event and give voice to efforts to create a city environment that supports bike use as a physical activity option. More information is available at <http://bikesummitla.wetpaint.com>.

Upcoming Events

California’s Budget Deficit: How It Impacts our Community & What We Can Do

Friday, March 13th. 9 am-2:30 pm.

A teach-in on the California budget crisis featuring Karen Bass, Speaker of the California State Assembly, and Jean Ross, Executive Director of the California Budget Project. Co-sponsored by CHC, Liberty Hill and others at United Teachers of Los Angeles, 3303 Wilshire Blvd., Los Angeles 90010. RSVP to Bryan Burgess at 310.453.3611 or bburgess@libertyhill.org.

Food Desert to Food Oasis

Wednesday, April 8th & Thursday, April 9th.

Join advocates, retailers, labor, and consumers in this day-and-a-half summit to examine options and opportunities to bring healthy food retailers to South Los Angeles. Day One will feature success stories in community redevelopment and growth from around the country. Participants will learn about community involvement; hear retailers’ perspectives and their creative solutions; and debate the perceptions and realities of South Los Angeles. Day Two will conclude with a discussion of two case studies, solutions to the food desert and a networking lunch. Sponsored by CHC, LISC, and PolicyLink at the Centers for Healthy Communities at The California Endowment, Los Angeles. For more information, contact Mia Boykin at 323-295-9372 ext. 216 or mia@chc-inc.org.

**FOR MORE INFORMATION ... CONTACT
COMMUNITY HEALTH COUNCILS,
323.295.9372. INFO@CHC-INC.ORG.**