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Kids' health funding at risk

At least 55,000 in 25 counties may lose their coverage from local aid programs, advocates say.

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Gov. Arnold Schwarzenegger declared 2007 the "year of health care reform" in California, but thousands of children could actually lose insurance coverage in the coming months.

Locally financed children's programs are running out of money, a hoped-for increase in federal funding has not materialized, and the state is facing a \$10 billion budget deficit.

Moreover, both the Republican governor's and the Democrats' universal health care proposals would not provide coverage until 2010.

And that would require voter approval next year of a ballot measure likely to face stiff resistance from business interests.

This is not the best scenario that Schwarzenegger and Democrats envisioned when they unveiled their proposals.

While running for office four years ago, Schwarzenegger declared that as governor he would provide access to health care for the 800,000 uninsured children in the state.

In January, the governor upped the ante with a plan to extend coverage to all the 6.7 million people in the state without insurance.

Ten months later, Schwarzenegger and Assembly Speaker Fabian Núñez, D-Los Angeles, and Senate President Pro Tem Don Perata, D-Oakland, are closing in on a comprehensive package that would leave the funding to voters.

But children's advocates say that without interim funding for children's coverage, at least 55,000 children now covered by Children's Health Initiatives in 25 counties will lose their coverage over the next two years because the programs are running out of money.

And an impasse between Congress and the Bush administration in reauthorizing the State Children's Health Insurance Program is imperiling funding for California's Healthy Families program for poor children.

The panel that manages the Healthy Families program has adopted rules to allow the state to create a waiting list and to remove some of the 1.1 million kids on the rolls – possibly 60,000 each month – if the logjam is not broken.

Children's Health Initiatives such as the program in Solano County have already stopped enrolling children because their money is running out.

"We're actually taking a step backward," said Jacque McLaughlin, director of the Solano Coalition for Children's Health and co-chair of the state's Children's Health Initiatives.

"Hopefully, we'll get some (new) funding, but if we have to wait until 2010, we won't be able to sustain these programs."

Enrollment in the programs – launched in 2001 with money from tobacco lawsuit settlements, philanthropic foundations and local private groups and government agencies – has grown to 85,000 statewide.

But many philanthropies, faced with financial limits, are considering ending their support.

Dr. Robert Ross, chief executive officer of the California Endowment, a principal funder, said the programs were "clearly intended as a bridge to a long-term policy solution."

"But there's kind of a 'Bermuda Triangle' effect happening to children's coverage right now," Ross said, referring to funding issues at the local, state and federal levels. "And because of the state budget situation, we won't be able to count on the general fund to address this issue."

Kim Belshé, Schwarzenegger's secretary for health and human services, said the "good news is that California is poised to enact comprehensive health care reform that will include all the uninsured children."

"But it does take time to get programs up and running," Belshé said, declining to discuss what the administration would do to keep children from losing coverage during the interim.

"Our focus has been to continue working in Washington with our (congressional) delegation and others to advance our case and to press our efforts here in California to cover all adults and children."

Like Schwarzenegger, Núñez had previously stated his commitment to pass legislation this year that would ensure coverage for all California children in 2008.

But Steven Maviglio, Núñez's spokesman, said "the bottom is falling out in terms of funding" because Republicans in Washington and Sacramento "aren't willing to provide the outlays."

"Policy doesn't work unless it's funded," said Maviglio. "And when you talk about cutting, it's the most vulnerable – the children – that feel it first."

Jim Keddy of PICO California, a coalition lobbying for children's coverage, said the administration and Democratic leaders resisted efforts to cover all children first before proceeding with comprehensive changes.

"Now, if the ballot measure loses, there's nothing for kids," Keddy said. "The best-case scenario is still not good because we would have to wait for the money. But the worst-case scenario is really awful."

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