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## After budget cuts, how many California kids will go without health insurance?

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### Special Section

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When Sacramento cut millions of dollars in health spending this week to help balance the state budget, politicians suggested that money from charities and a tobacco tax fund could fill the gap so nearly a million children statewide wouldn't lose their health insurance.

But the reality, health advocates warn, is that there simply isn't enough money, and hundreds of thousands of children could go without coverage.

"We're not looking at a way to cover everyone, because there isn't one," said Frederick Ferrer, CEO of the Health Trust, a nonprofit community foundation in Campbell that funds health programs. "If we're not covering everyone, we need to figure out a triage method of how to respond."

The Legislature cut \$124 million from the state's Healthy Families program, which offers health insurance to children whose families aren't poor enough to qualify for Medi-Cal but can't afford private insurance. Then, Gov. Arnold Schwarzenegger cut an additional \$50 million. The

program is short nearly half of its funding.

On Thursday, the First 5 California Children and Families Commission, which oversees the Proposition 10 tobacco tax money that pays for children's programs, said it would give some funds to Healthy Families, which provides medical, dental and vision coverage to low-income kids from birth to age 18. But because First 5 is mandated to provide services only to kids 5 and younger, its contribution could legally cover only a fraction of Healthy Families' children.

Other county agencies, nonprofits and foundations that expect to be tapped to close the shortfall are themselves reeling in the bad economy and are wary to apply their limited strategic funds to basic government programs.

"There's never been a time when foundations have been expected or able to step in and subsidize programs the state has defunded," said Gene Lewit, manager of the children's health insurance program at the David and Lucile Packard Foundation. "We want to work with states and not substitute for them."

This is not the first time First 5 has been asked to pony up for the state's general fund. The governor unsuccessfully tried to take more than \$600 million from the commission in the May special election. Proposition 1D would have used the money to fund foster care and child welfare services, and voters defeated it at the ballot box. But the state commission had already given close to \$17 million to the Healthy Families program in December 2008 to cover new enrollees. When the program started putting children on a waiting list in July, First 5 again committed to help.

But because tobacco tax revenue is declining, and the commission is mandated to provide an array of

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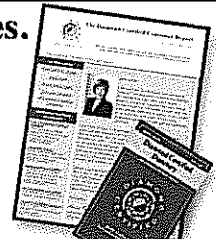
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other services — including preschool, in-home services for parents and training for teachers — it's unclear how much extra money it can come up with.

"We don't know how much of that we can fill," said Bill Madison, a spokesman for First 5 California Children and Families Commission. "But we'll do what we can."

In Santa Clara County, about 30,000 children are insured under Healthy Families, 109,000 are covered by Medi-Cal, and 9,000 by the county's Healthy Kids program, which covers families who earn slightly more than the state's income requirements. As news spreads about Healthy Families' budget cut, local advocates worry that parents will be confused and enrollment in the other two programs will also go down.

Doctors are concerned that kids' health will suffer, and health care costs will go up.

"Kids who have asthma or mental health issues won't be able to get prescriptions filled, and will have to pay out of pocket to see a doctor," said Dr. Lisa Chamberlain, a pediatrician at Packard Children's Hospital and the Ravenswood Family Health Center in East Palo Alto. "These kids are going to end up costing more money in the emergency room."

Research indicates health care prevents other societal problems.

"If a child is well, they can go to school and get an education that breaks the poverty cycle," said Kim Roberts, CEO of the Santa Clara Valley Health & Hospital System. "There isn't any dispute that children are worth the investment, but apparently not in this state."

First 5 Santa Clara County, in collaboration with

several other local nonprofit agencies, is already thinking about what can be done.

Ferrer said agencies will first try to enroll eligible children into the remaining health programs, like Medi-Cal, Healthy Kids, Kaiser Permanente's child health plan and others. They'll also consider investing in specific children's medical services that are missed by those programs, or in the community clinics that expect to receive many kids turned away from Healthy Families.

Local clinics worry they'll be overwhelmed by new patients, while coping with their own budget cuts.

"Everyone is looking to us as a solution," said Reymundo Espinoza, CEO of the Gardner Family Health Network. Without enough insurance reimbursements, the clinic may have to cut staff. "This will make us go into the hole."

Raising enough money to deal with the looming shortfall will be nearly impossible, advocates say. Foundations' portfolios were slashed in the economic meltdown. And philanthropists are more likely to invest in states that are being strategic with their programs by maximizing the federal government's offer of a \$2 match for every state dollar spent on children's health care.

"Nobody likes to step in where they think it should have been done anyway," said Kathleen King, executive director of Santa Clara Family Health Foundation, which raises between \$11 million and \$14 million a year for the county's Healthy Kids program. "They like to step in to enhance or increase or improve, but not to replace."

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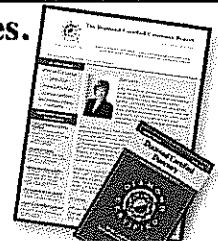
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