

### ***California proposal adds pressure on Congress to fully fund Children's Health***

Last week California Governor Arnold Schwarzenegger announced a plan to extend health coverage to the 6.5 million Californians who are uninsured. Given the size and complexity of the state, this is the most aggressive health care access proposal in the United States. This is a huge win for PICO California and its network of 19 federations that has led a broad-based campaign since 2003 to win health insurance for the more than 750,000 uninsured California children.

The Governor's embrace of universal coverage is a major step forward in the fight to provide affordable health coverage to all children and families in California. Yet the plan faces stiff opposition from a number of interests and depends on significant new funding from Washington. As PICO organizations in California study and discuss the details of the Governor's proposal, they are working to ensure that, at a minimum, the state move forward with covering all children this year.

Highlights of the Governor's plan include:

- Individual Mandate: All Californians will be required to have insurance
- Pay or Play: All businesses with ten or more employees are required to offer health insurance to their employees or pay into a state fund
- Insurers will no longer be able to deny coverage to people because of the type of work they do or their medical problems
- ***All children, regardless of immigration status, will be covered through an expansion of the Healthy Families and Medi-Cal programs, which assumes an increase in federal funding***

Children's coverage is central to the proposed plan. Overall, it would cover all of the more than 750,000 California children who are currently uninsured.

- 250,000 children would be added to the state's Healthy Families Program, which receives 65 percent of its funding from the federal government through the State Children's Health Insurance Program (SCHIP).
- 220,000 children would be added to California's Medicaid program (Medi-Cal).
- Enrollment in these two programs would increase because eligibility would be expanded to families earning up to 300% of the Federal Poverty Level (\$60,000 for a family of four); and because mandating coverage is expected to result in enrollment of many of the 400,000 eligible but uninsured children in the state.
- 210,000 children are expected to be newly enrolled in employer-sponsored coverage as premium rates lower.
- 50,000 children in families over the 300% threshold will be covered by private insurance purchased by their parents or guardians.
- 150,000 children will be enrolled because the plan requires all children to be covered regardless of immigration status. Governor Schwarzenegger's argument for this provision is that the federal government mandates that all children must be provided medical services at emergency rooms of hospitals. If undocumented children are covered under managed care programs, the cost of providing their medical care will be significantly reduced.

### ***The Cost***

If the Governor's plan becomes law, California would become the fourth and by far the largest state to attempt near universal health coverage for its citizens. The other three states are Maine, Massachusetts, and Vermont. There are several other states considering some form of universal coverage and a growing number of states are moving ahead to cover all children, including legislation recently passed in Illinois and Pennsylvania and proposals in New York, Colorado and New Jersey.

However, state success in expanding health access depends on increased funding from Congress. Absent federal leadership states face enormous obstacles in reforming a broken health system. In the case of California, roughly half of the \$11 billion cost of the Governor's plan for covering the 6.5 million uninsured in the state would come from Washington.

The first test of whether Congress is going to support state efforts to expand health coverage comes this year when SCHIP is reauthorized. SCHIP functions as a block grant with a capped amount of money available to states. SCHIP has been so successful in expanding health coverage for children that 14 states have already run out of federal funding and face shortfalls next year. For example, California faces a \$212 million shortfall in 2008 that would increase to \$780 million unless Congress adds additional funding to the program. This could mean coverage for more than 300,000 children would be dropped. Nationally, as many as 1.5 million children are at-risk of losing coverage if Congress does not add new funds.

Yet keeping current children enrolled is only part of the story. States will need additional funding to proceed with plans to expand coverage. California would need hundreds of millions of dollars in new federal children's health funding in 2008 to fulfill the proposed goal of offering affordable coverage to all children. Nationally, an increase of \$8-10 billion in annual new funding for the entire program is needed to help states cover the shortfalls and add currently uninsured children.

### ***PICO's Response***

PICO is working with allies in Washington on a ROAD MAP to cover all children by 2012, at a cost of \$40-50 billion over five years. This is comparable in cost to a proposal by America's Health Insurance Plans (AHIP) to expand children's coverage through tax credits. The annual cost of covering all children pales in comparison to the \$6 billion Congress is spending monthly in Iraq and the \$720 billion 10-year price-tag for the Medicare Prescription Drug Benefit.

The good news is that there is increasing consensus in Washington that Congress should at least fill the shortfall facing SCHIP, so no children lose coverage. The more important question, however, is whether Congress will provide the additional funding necessary to support California and the increasing number of states that are setting out to cover all children.

The PICO network is holding town hall meetings and letter writing campaigns targeted in 10 states and 75 congressional districts. PICO will hold a Faith and Families Town Hall Meeting for Children's Health on Capitol Hill on March 7. During the February 19 congressional recess PICO federations are meeting with their members of Congress to discuss the road map and build support for SCHIP reauthorization.

The draft road map contains five policy improvements that PICO is asking Congress to include in SCHIP reauthorization.

They are:

- (1) Fill the existing SCHIP shortfalls facing states, so that no one risks losing coverage
- (2) Provide financial support and incentives for state efforts to improve high-quality preventative care and to expand eligibility
- (3) Allow states the option to cover legal immigrant children
- (4) Fund proven outreach initiatives and provide states with the financial incentives and support to reach all eligible but uninsured children and pregnant women
- (5) Provide financing in SCHIP and Medicaid to support the cost of covering newly enrolled children

For more information visit [www.piconetwork.org/schip.html](http://www.piconetwork.org/schip.html).