CALIFORNIA BUDGET PROJECT

May 13, 2011

RECENT CUTS HAVE CONTRIBUTED TO A DECLINE IN CHILDREN INSURED BY THE HEALTHY FAMILIES PROGRAM

In response to sizeable budget shortfalls, lawmakers have repeatedly cut state spending in recent years. The Legislature reduced General Fund spending from $103.0 billion in 2007-08 to $87.3 billion in 2009-10 – a drop of 15.3 percent – as policymakers responded to the dramatic decline in revenues caused by the most severe economic downturn since the 1930s. In 2010-11, General Fund spending is estimated to be lower as a share of the state's economy than in 33 of the prior 40 years, and expenditures will fall further under the spending plan approved by the Legislature in March. Recent cuts have reversed longstanding policies and have left public systems and programs ill-equipped to cope with the ongoing impact of the Great Recession and the challenges of a growing population and an ever-more-competitive global economy. This fact sheet examines the impact of recent cuts to the Healthy Families Program at the county level, documenting the number children who have been affected by recent policy changes and dollars lost by local communities as a result of budget cuts.

The Healthy Families Program allows families with incomes of up to 250 percent of the federal poverty line – $46,325 for a family of three – to purchase low-cost health, dental, and vision coverage for their children.[1] Without Healthy Families many of these children might not have had access to affordable coverage and might have remained uninsured. During the Great Recession, private coverage declined and Californians turned to public programs to provide assistance. However, the number of children whose families have purchased coverage through Healthy Families has dropped by 53,600 since peaking at 922,400 in July 2009. The number of children with Healthy Families coverage is currently more than 170,000 below previously forecast levels.[2]

Several factors may have contributed to the drop in the number of children enrolled in the Healthy Families Program. First, the state imposed a waiting list for the program between July 2009 and September 2009, preventing 88,000 children from accessing Healthy Families coverage. Second, some families' incomes have dropped below the program eligibility threshold, pushing those children into Medi-Cal, which serves a lower-income population. And lastly, premium increases and other reductions made to the program in the past few years may have made the Healthy Families Program unaffordable for families struggling to make ends meet. From 2008-09 through 2011-12, lawmakers

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[1] The Healthy Families Program covers children with somewhat higher incomes than are allowed under Medi-Cal. Healthy Families eligibility begins above 200 percent of the poverty line for infants, above 133 percent of the poverty line for children ages 1 to 5, and above 100 percent of the poverty line for children ages 6 to 18.

[2] The state originally estimated that by June 2011, the Healthy Families Program would provide coverage to 1,041,100 children. In contrast, as of March 31, 2011, enrollment in the program was 868,900, approximately the same level as three years ago and 16.5 percent below initial estimates.

1107 9th Street, Suite 310
Sacramento, California 95814
P: (916) 444-0500
F: (916) 444-0172
cbp@cbp.org
www.cbp.org

cut $144.6 million from the program.[3] Moreover, the impact on children and communities is magnified, since the federal government matches each dollar spent by the state with two dollars in federal funds. Thus, a state reduction of $144.6 million translates into a total loss of $433.7 million for local communities. Recent budget reductions to the Healthy Families Program include:

- **Increasing families' share of cost.** The Legislature raised Healthy Families premiums twice in 2009 and approved a third increase that will take effect June 1, 2011, pending federal approval. A single parent of two children with an income of $28,500 annually would have paid $18 per month for both children before premium increases took effect. That parent pays $32 per month today and may pay $60 per month after June 1.[4]

- **Increasing copayments for medical services.** The Legislature also increased copayments for office visits and prescription drugs for families who purchase Healthy Families coverage. Beginning October 1, 2011, families will also be required to pay more for emergency room visits that do not result in hospitalization and for hospital stays.

- **Eliminating payments for application assistance.** In August 2009, the state eliminated payments to organizations providing application assistance. Application assistants are individuals trained to help families applying for Healthy Families or Medi-Cal health coverage complete their applications correctly. Applicants who do not complete forms correctly often experience delays obtaining coverage. The availability of these services among certain providers has declined.

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[3] This estimate excludes the impact of the most recent Healthy Families premium increase because the federal Affordable Care Act of 2010 (ACA) may preclude the state from implementing the increase.
[4] The ACA may preclude the state from implementing the increase.

The Total Number of Children Enrolled in the Healthy Families Program Has Dropped by More Than 50,000 Since July 2009					
County	Change in Enrollment, July 2009 to March 2011	Percent Change, July 2009 to March 2011	County	Change in Enrollment, July 2009 to March 2011	Percent Change, July 2009 to March 2011
Alameda	-431	-2.0%	Orange	-5,096	-5.8%
Alpine	0	0.0%	Placer	237	4.8%
Amador	10	2.4%	Plumas	-11	-4.0%
Butte	-681	-17.5%	Riverside	-3,477	-4.4%
Calaveras	-83	-11.6%	Sacramento	-835	-3.0%
Colusa	42	2.8%	San Benito	-118	-6.1%
Contra Costa	64	0.5%	San Bernardino	-5,521	-8.1%
Del Norte	-24	-4.4%	San Diego	-6,200	-8.0%
El Dorado	-132	-4.3%	San Francisco	-714	-6.1%
Fresno	-2,539	-11.1%	San Joaquin	-648	-3.1%
Glenn	-114	-8.1%	San Luis Obispo	-324	-6.0%
Humboldt	-610	-16.6%	San Mateo	-114	-1.1%
Imperial	-853	-15.9%	Santa Barbara	-347	-3.1%
Inyo	-34	-10.7%	Santa Clara	139	0.4%
Kern	-2,569	-9.8%	Santa Cruz	283	4.4%
Kings	-569	-13.3%	Shasta	-437	-10.3%
Lake	-195	-11.5%	Sierra	-3	-6.8%
Lassen	-54	-19.5%	Siskiyou	-112	-14.7%
Los Angeles	-14,608	-6.2%	Solano	-22	-0.4%
Madera	-447	-9.6%	Sonoma	-441	-3.5%
Marin	3	0.1%	Stanislaus	-824	-5.9%
Mariposa	-21	-9.5%	Sutter	-292	-8.0%
Mendocino	-235	-9.4%	Tehama	-196	-12.5%
Merced	-749	-8.1%	Trinity	-37	-14.0%
Modoc	-15	-9.1%	Tulare	-1,111	-7.6%
Mono	-40	-8.8%	Tuolumne	-138	-13.1%
Monterey	-1,183	-6.0%	Ventura	-1,078	-5.1%
Napa	58	1.5%	Yolo	19	0.5%
Nevada	29	1.2%	Yuba	-158	-8.1%
			Total	**-53,556**	**-5.8%**

Source: Managed Risk Medical Insurance Board

Estimated County Loss of Funds Due to Cuts to the Healthy Families Program, 2008-09 to 2011-12			
County	Total Cumulative Loss of State and Federal Funds Since 2008-09	County	Total Cumulative Loss of State and Federal Funds Since 2008-09
Alameda	$10,384,000	Orange	$41,067,000
Alpine	$1,000	Placer	$2,590,000
Amador	$210,000	Plumas	$133,000
Butte	$1,617,000	Riverside	$37,447,000
Calaveras	$313,000	Sacramento	$13,332,000
Colusa	$779,000	San Benito	$918,000
Contra Costa	$6,528,000	San Bernardino	$31,323,000
Del Norte	$260,000	San Diego	$35,660,000
El Dorado	$1,463,000	San Francisco	$5,514,000
Fresno	$10,136,000	San Joaquin	$10,043,000
Glenn	$647,000	San Luis Obispo	$2,562,000
Humboldt	$1,537,000	San Mateo	$5,213,000
Imperial	$2,280,000	Santa Barbara	$5,312,000
Inyo	$142,000	Santa Clara	$16,135,000
Kern	$11,803,000	Santa Cruz	$3,378,000
Kings	$1,873,000	Shasta	$1,888,000
Lake	$758,000	Sierra	$21,000
Lassen	$112,000	Siskiyou	$327,000
Los Angeles	$110,244,000	Solano	$2,740,000
Madera	$2,128,000	Sonoma	$6,036,000
Marin	$1,530,000	Stanislaus	$6,538,000
Mariposa	$99,000	Sutter	$1,688,000
Mendocino	$1,127,000	Tehama	$692,000
Merced	$4,304,000	Trinity	$116,000
Modoc	$74,000	Tulare	$6,704,000
Mono	$207,000	Tuolumne	$463,000
Monterey	$9,244,000	Ventura	$9,998,000
Napa	$1,971,000	Yolo	$2,004,000
Nevada	$1,212,000	Yuba	$903,000
		Total	**$433,725,000**

Note: Total loss of state funds is based on a CBP analysis of the cumulative impact of Healthy Families Program reductions implemented in 2008-09, 2009-10, and 2010-11 as well as reductions enacted in March 2011 that will be implemented in 2011-12. Estimated state savings from Healthy Families reductions implemented prior to 2011-12 were adjusted to reflect both (1) the actual Healthy Families caseload during the initial year of implementation and (2) actual and forecast caseload changes in subsequent fiscal years relative to the actual caseload during the initial year of implementation. The impact of the Legislature's decision to raise Healthy Families premiums on June 1, 2011 is excluded from the analysis because the federal Affordable Care Act of 2010 likely precludes this reduction from being implemented. Total loss of federal funds is derived by multiplying total lost state funds by two, which reflects the fact that the federal government pays approximately two-thirds of Healthy Families Program costs. County loss of funds estimates are based on each county's share of the average number of children enrolled in Healthy Families between January 2011 and March 2011. Loss of funds estimates are rounded to the nearest $1,000. County figures do not sum to totals due to rounding.
Source: CBP analysis of Budget Conference Committee and Managed Risk Medical Insurance Board data