

# Children's Health Programs in California

## Recent Years' Budget and Policy Changes

May 2015

Since 2007-08, health programs serving children in California have experienced many changes due to both the Great Recession and federal health care reform.

Early in this period, state budget cuts limited access to health services and increased families' out-of-pocket costs. In more recent years, health care reform both expanded access to and simplified eligibility for public health care coverage. This timeline details many of the key budget and policy choices made since 2007-08.

### 2007

**JULY**  
Great Recession begins in California

**Policymakers restructure health services**  
Senate Bill 162 of 2006 (Ortiz) goes into effect, dividing the Department of Health Services into the Department of Health Care Services (DHCS) and the California Department of Public Health (CDPH).

### 2008

**2008-09 STATE BUDGET**  
**Increases individuals' costs and limits benefits for the Healthy Families Program (HFP)**  
Policymakers increase premium contributions, cap dental benefits, and cut provider payment rates.  
**Decreases support for California Department of Public Health (CDPH)**  
A cut in General Fund support for CDPH results in the elimination of two teen pregnancy prevention programs.  
**Reduces Medi-Cal provider payments**  
Policymakers approve a 1% or 5% rate reduction for certain providers.

### 2009

**FEBRUARY**  
**HFP premiums increase**  
As part of the 2008-09 budget, families with incomes above 150% of the federal poverty line must contribute \$2 to \$3 more per child per month – an increase of 13% to 30%.  
**Federal reauthorization of CHIP**  
President Obama signs the Children's Health Insurance Program (CHIP) Reauthorization Act, which expands eligibility, boosts funding, and simplifies enrollment.  
**2009-10 STATE BUDGET**  
**Reduces General Fund support for CDPH**  
State policymakers eliminate General Fund support for Maternal, Child, and Adolescent Health programs, immunization programs, Black Infant Health, and the California Children's Dental Disease Prevention Program.  
**Cuts General Fund support for the HFP by more than 40%**  
Legislators cut \$128.6 million in funding, and Governor Schwarzenegger vetoes an additional \$50 million.  
**JULY**  
**HFP enrollment is frozen**  
Managed Risk Medical Insurance Board (MRMIB) halts enrollment for two months, resulting in a waiting list of nearly 90,000 children by mid-September.  
**SEPTEMBER/OCTOBER**  
**Policymakers take action to fund health care coverage for children**  
Governor signs Assembly Bill 1422 (Bass), which staves off additional cuts to children's health care coverage programs by generating new revenue from a tax on Medi-Cal managed care plans.  
**Managed Risk Medical Insurance Board (MRMIB) lifts the HFP enrollment freeze**  
Alternative sources of funding allow MRMIB to begin enrolling children in the HFP once again, but the number enrolled never recovers due in part to budget cuts.  
**NOVEMBER**  
**HFP premiums increase again**  
Low- and moderate-income families face another increase in their premiums, which increase by up to 78% in less than one year for some children.

### 2010

**FEBRUARY**  
Great Recession ends in California

**MARCH**  
**Health care reform becomes law**  
President Obama signs the Patient Protection and Affordable Care Act (ACA).  
**CHIP funding extended**  
As part of the ACA, federal funding for CHIP is extended through September 2015.

**SEPTEMBER**  
**Health care reform increases children's access to coverage**  
Effective September 23, a new ACA rule prohibits certain health insurance plans from excluding children with pre-existing conditions.  
**Bill further protects certain children's access to health care coverage**  
Governor Schwarzenegger signs Assembly Bill 2244 (Feuer), prohibiting health insurance companies from selling new individual plans in the state if they stop selling child-only plans, effective January 1, 2011.

**2010-11 STATE BUDGET**  
**Eliminates funding for vaccinations**  
Policymakers cut General Fund support for CDPH's local immunization services.

**NOVEMBER**  
**Federal government approves California's Medi-Cal waiver**  
The waiver allows the state to test different health care models for children with special health care needs.

**2009**  
Policymakers cut funding for the Healthy Families Program, limiting access and requiring families to pay more.

**2013**  
Medi-Cal provider payment cut goes into effect.



### 2011

**2011-12 STATE BUDGET**  
**Reduces Medi-Cal provider payments**  
Building on the 2008 rate cuts, policymakers approve a rate reduction of up to 10%. Litigation delays implementation for two years.  
**Again cuts CDPH programs**  
State policymakers redirect federal funds earmarked for maternal and child health programs to offset General Fund costs and also eliminate funding for Community Challenge Grants.

**OCTOBER**  
**Bill expands the County Health Initiative Matching Fund Program**  
Governor Schwarzenegger signs Senate Bill 36 (Simitian) to expand coverage for children with family incomes at or below 400% of the federal poverty line.  
**Toxin-Free Infants and Toddlers Act**  
Governor signs Assembly Bill 1319 (Butler), which prohibits the sale of children's products if they contain certain toxins.  
**Newborn Screening Program expanded**  
Governor signs Assembly Bill 395 (Pan) to test for certain health conditions for which early detection is critical to saving lives.



**2010**  
The federal Affordable Care Act (ACA) increases children's access to health care coverage.

**2014**  
Policymakers restore funding for Black Infant Health and expand access to health care coverage for pregnant women.

### 2012

**2012-13 STATE BUDGET**  
**Eliminates the HFP**  
Policymakers approve a plan to gradually shift children covered under the HFP to Medi-Cal during 2013.

### 2013

**JANUARY**  
**Children's coverage under Medi-Cal expands**  
Medi-Cal begins covering children with family incomes at or below 250% of the federal poverty line who previously would have enrolled in the HFP.

**SEPTEMBER**  
**Governor Brown implements Medi-Cal provider payment cut**  
After key federal court decisions, the Governor begins implementing a 10% reduction to Medi-Cal provider payments, a cut approved by state policymakers in 2011.

**OCTOBER**  
**State launches Covered California**  
Under health care reform, families with incomes over 138% and up to 400% of the federal poverty line can begin purchasing insurance on the state health insurance exchange with the help of federal tax credits.

**NOVEMBER**  
**Transfer of children from the HFP to Medi-Cal is complete**  
Approximately 750,000 children are transferred to Medi-Cal over an 11-month period.



### 2014

**JANUARY**  
**Health care reform increases children's access to key benefits**  
Effective January 1, new health insurance plans must include pediatric services, including vision and dental coverage.  
**Medi-Cal income eligibility limit changes due to health care reform**  
Effective January 1, children with family incomes at or below 266% of the federal poverty line – up from 250% in 2013 – are eligible for Medi-Cal as a result of a new and simpler eligibility determination process.

**2014-15 STATE BUDGET**  
**Eliminates MRMIB**  
The Access for Infants and Mothers and County Health Initiative Matching Fund programs are shifted from MRMIB to DHCS.  
**Restores funding for black newborns and their mothers**  
Black Infant Health receives renewed funding after General Fund support was eliminated in 2009-10.  
**Expands access to health care coverage for pregnant women**  
Pending federal approval, low-income pregnant women receive comprehensive health care coverage with no out-of-pocket costs through Medi-Cal.

**SEPTEMBER**  
**State expands Medi-Cal benefits**  
Effective September 15, children with autism spectrum disorder become eligible for behavioral health therapy.



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