

Elimination of Health Coverage to Children Penny-wise and Pound-Foolish

By Pete Manzo
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Proposals to eliminate health coverage for as many as 1 million California children epitomize the insight behind the adage “penny-wise and pound-foolish.”

California’s Healthy Families program provides low-cost insurance to children whose parents work, but can’t afford insurance on the private market. It has been experiencing record demand as more and more families lose health coverage in an ailing economy. In fact, more than 300,000 California children lost employer-sponsored health coverage over the past 18 months.

Now, just when working families most need its help, various budget proposals would eliminate or cut our state’s Healthy Families program, which would deny anywhere from 475,000 to 1 million children access to healthcare over the next year. All told, the number of uninsured children, which is over 900,000 now, could balloon to close to 2 million children statewide if these proposals pass. Clearly, this will be terrible for our kids, and let’s not sugarcoat it – many children will get more seriously ill, and some will die. But it will also hurt our economy by forcing children into more costly types of care and by forfeiting hundreds of millions of federal dollars.

Providing children with health coverage and preventive care is a smart use of public funds. Insuring children saves money by preventing more serious and costly health problems; indeed, every dollar spent on childhood immunizations will save \$13 down the road, and providing health coverage to one California child costs approximately \$100 a month, while the average emergency room visit is approximately \$435.

Proponents say we can’t afford to keep kids covered.

The truth, though, is that cutting Healthy Families would only make a difficult budget situation worse by forcing children into more costly types of care – emergency room visits, hospitalizations for preventable illnesses (at an average cost of \$7000 per stay) – costing taxpayers and the state more. Someone will pick up those costs, which means that eliminating or cutting Healthy Families will also increase costs for businesses and families, as providers look to recoup those costs from those with private insurance.

And that’s entirely the point, in terms of the state’s budget. Cutting Healthy Families would not truly reduce overall health costs, but would instead shift costs off the state’s books and pass them on, at a higher price, to employers, to local government, to all Californians (with the children kicked off insurance, though, paying the stiffest penalty).

To compound the damage, if we cut or eliminate the Healthy Families program, the state would forfeit up to \$700 million in federal matching funds, losing roughly \$2 for every \$1 in cuts to children’s insurance. Those funds support doctors, hospitals, and other health providers in every county and city in California. Our economy cannot afford to give up these federal funds and send them to other states. The math simply doesn’t add up.

Even in tough budget times, the Legislature and Governor must set priorities and a top priority must be children’s health. Our leaders should work to ensure that this year’s budget decisions do not result in more children losing health coverage because it not only hurts kids, but will also make our state’s bottom line even worse.

Peter Manzo is President & CEO of United Ways of California. United Ways of California raises millions a year to address important community issues including health and human services. Their mission is to work together to build a stronger California by mobilizing our communities' public, private and non-profit sectors through research, civic engagement, public policy advocacy and results based funding to ensure a positive impact in our communities.