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Thousands of California children are in danger of losing health insurance

Increased premiums for low-income families are expected to put the program out of reach for many. A new Medi-Cal policy is also expected to cut enrollees, further weakening the healthcare system.

By Jordan Rau, Los Angeles Times Staff Writer
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SACRAMENTO -- California's promising strides toward extending medical coverage to all its children, a longtime goal of Gov. Arnold Schwarzenegger and one advocates believed was in reach by decade's end, has stalled -- and thousands of kids are in danger of losing insurance.

The trend is likely to further destabilize California's already shaky healthcare system. Studies have found that children without insurance are less likely to go to the doctor for routine visits that allow early diagnoses and treatment for diabetes, obesity and other increasingly common ailments.

Uninsured children are more likely to end up in the hospital or in the state's clogged emergency rooms, where much of the cost of their care is passed along to insured people through higher premiums. Uninsured children tend to perform worse in school and miss more classes than those with coverage, several studies have found.

Between 2001 and 2005, the number of Californians younger than 19 who were uninsured at any given time decreased 25% to about 763,000, according to the UCLA Center for Health Policy Research.

Most of the drop came through aggressive enrollment efforts in state and private healthcare programs and despite the erosion of employer-based insurance, which was leaving more adults without coverage.

But legislative budget negotiators this year have decided to increase premiums for the state's Healthy Families program, which pays for medical care for more than 850,000 children of low-income workers who are above the federal poverty line.

The state estimates that the parents of 19,000 children will end up dropping out of the program by July because of the \$2 or \$3 monthly increases. A family with three or more children, earning

between two and 2 1/2 times the federal poverty level of \$24,800 a year, would see the monthly premium rise to \$51.

Lawmakers also have decided to require the parents of 3.4 million Californians who are below the federal poverty line to renew their Medi-Cal health coverage every six months.

The Schwarzenegger administration expects that rule will pare Medi-Cal rolls by about 196,000 children over the next two years.

State officials say some of those families would leave the program anyway either because they moved or found jobs, but advocates believe many who are entitled to the program will fail to file the paperwork and will fall off the rolls.

The changes to subsidized or free health programs come as private health initiatives that pay for the care of children are running out of money, causing them to limit the number they cover.

Altogether, "thousands of California children are likely to lose health insurance coverage they now have," said E. Richard Brown, the director of UCLA's research center.

These privately run initiatives exist in 30 counties, arranging medical care for children who are not legal residents or whose families earn slightly more than the threshold for public programs.

Enrollment in the initiatives has dropped by 8,000 in the last two years, to 80,000, according to Wendy Lazarus, co-president of the Children's Partnership, a nonprofit advocacy group.

Alameda County's initiative, which insures 1,023 children, is ending next month after one of its funders pulled out. The Children's Health Initiative of Greater Los Angeles has not added any children older than 5 since October and is scrambling to secure more funding to continue operating through the fall.

Its enrollment dropped 27% in the last three years, to 33,000 children. There are about 200,000 uninsured children in the county.

"We're certainly disappointed that Alameda will close down," said Elaine Batchlor, chief medical officer at L.A. Care, a nonprofit health plan that runs the program.

"We certainly hope we won't have to."

With its large numbers of poor and undocumented children, California has lagged behind most other states in several indicators of health.

For instance, a quarter of the state's children under age 12 had never visited a dentist, according to a report issued last year by the California HealthCare Foundation, an Oakland philanthropy.

The report is based on data from 2005, the most recent year for which information is available.

In 2005, California toddlers were less likely than the national average to receive the recommended doses of five key vaccines, according to a report from the Commonwealth Fund, a nonprofit healthcare foundation in New York.

Karen Davis, the foundation's president, said the rankings suggest that California does not have enough healthcare providers regularly serving its low-income people.

"I know the state has made a concerted effort to cover children, but even in that, it ranks 42nd," she said.

State officials fear that children with insurance may have a harder time finding doctors willing to treat them, because lawmakers cut Medi-Cal reimbursements by 10% this year.

During the 2003 recall campaign against then-Gov. Gray Davis, Schwarzenegger said he wanted all children to have medical coverage. Enrollment in the state's children's programs grew steadily during his early tenure.

Then, shortly after his 2006 reelection, Schwarzenegger unveiled a proposal to cover all children and most adults.

But the California Senate in January rejected a \$14.9-billion deal between Schwarzenegger and Assembly Democrats.

Lawmakers also declined advocates' appeal to cover all children, saying the roughly \$500-million annual cost was too much, given the state's \$15.2-billion budget gap.

The state Health and Human Services Agency estimates several thousand children will be newly covered next year because of population increases and families enrolling their children in the state programs after losing private coverage.

"We continue to do outreach; we continue to enroll kids at a rapid rate," said Amy Palmer, an agency spokeswoman.

The privately run initiatives are underwritten primarily by First 5 commissions, which are funded by cigarette taxes; nonprofit foundations devoted to healthcare; and some local health plans and governments. But the foundations and governments supported the initiatives with the idea that they were stop-gaps until the state or Washington devised a comprehensive solution.

Dr. Robert Ross, president of the California Endowment, a Los Angeles-based healthcare philanthropy, said that his foundation's directors have agreed to continue underwriting some of the private insurance efforts for a few more years, but that they expect government to ultimately shoulder the responsibility.

"They're not willing to fund this forever," he said of his directors.

Some of those who lose coverage through children's programs could end up in already overtaxed

hospital emergency rooms, said Olga Duran, director of health outreach services at Valley Community Clinic in North Hollywood.

Heng Chiu, a machine operator who lives in Hayward, south of Oakland, said he isn't sure where his 2 1/2 -year-old daughter will get her medical care after the Alameda Alliance for Health ends coverage next month.

"My income is not too low, not too high," he said. "I have no idea yet."

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