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Despite deficit, Steinberg sure he can get all state's kids insured

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In his inaugural session as head of the California Senate, Darrell Steinberg singled out health care for all children as one of the issues he plans to tackle in his first 120 days.

The ambitious effort comes as the state is sinking under the weight of an \$11.2 billion deficit, state officials are preparing to freeze enrollment in the Healthy Families program and local Children's Health Initiatives are teetering on insolvency.

In an interview with The Bee on Friday, Steinberg said he plans to cover the estimated 800,000 uninsured children in California and shore up existing programs without additional state funding.

The Sacramento Democrat's plan calls for cobbling together money from foundations and the First 5 California Children and Families Commission, which is funded by a voter-approved tax on cigarettes.

Those dollars would then be leveraged to draw down federal matching funds after President-elect Barack Obama takes office.

"It's my opinion that the Legislature and state government need some early, significant victories to instill confidence again in the public in our ability to get things done," the Senate president pro tem said.

Steinberg, who made his mark in the Legislature by pushing through a voter-approved tax on millionaires to provide funding for mental health services, is not shy about soliciting money. He's asked the California Endowment, a foundation that provides health care grants to underserved communities, and First 5 California to pony up \$50 million apiece.

The effort already has brought a \$20 million pledge last year from First 5 to provide coverage for children 5 years old and younger – a category that constitutes about 30 percent of uninsured children in the state.

"What Darrell Steinberg has expressed in expanding programs is consistent with our guiding principles," said Kris Perry, executive director of First 5 California.

The \$20 million was not spent after Gov. Arnold Schwarzenegger's plan to provide coverage for

most of the 6.5 million Californians without insurance was killed in the Senate.

In an effort to improve his chances in the Legislature, Schwarzenegger resisted efforts by advocates to pare down his plan to cover children only.

But the administration appears to be softening its position.

"(The governor) continues to believe that comprehensive reform is critical to stabilizing the entire health care system, but is always willing to look at ways to fund this reform in phases," Rachel Cameron, a spokeswoman for Schwarzenegger, said last week.

California's public health care system is being overwhelmed as the ailing economy continues to shed jobs, increasing the ranks of the uninsured.

New enrollment in the state-run Healthy Families program, which provides coverage for more than 900,000 children whose families earn too much to qualify for Medi-Cal, has averaged more than 27,000 enrollments a month during the past year.

On Dec. 17, the Managed Risk Medical Insurance Board, which administers Healthy Families, is scheduled to vote to close enrollment for the first time in the program's 10-year history.

Steinberg is urging the board to postpone the vote and give the Legislature time to consider his plan.

"The goal is to give MRMIB enough confidence that we're beginning to cobble together resources," he said.

First 5 officials, meanwhile, are exploring whether money from Proposition 10, the 50-cents-a-pack tax on cigarettes approved by voters in 1998, could be used to shore up Healthy Families. The hang-up could be a prohibition from using Proposition 10 funds for existing programs.

"We're researching the possibility of doing that without violating the law that governs Proposition 10," Perry said.

At least 22 of the 30 local Children's Health Initiatives, which provide coverage to children who are not eligible for Healthy Families or Medi-Cal, have already frozen enrollment.

Recently, the program in Alameda County was forced to close its doors. Other programs have stayed open only because of the largesse of the California Endowment, which came through with a \$7.7 million commitment in short-term funding.

"Over the last two years, there's been incredible demand for these programs – and not enough resources," said Robert Phillips, who runs the foundation's children's program.

Since 2003, the endowment has contributed about \$60 million to Children's Health Initiatives. Phillips said the funding was always intended to be temporary, and "there's not a lot of hope that we'll be able to sustain this."

Phillips said endowment officials have been talking to Steinberg and are hopeful that his plan will provide permanent funding for the local programs.

The ever-optimistic Steinberg said "one of the reasons that I know that this is achievable is that we have a new friend in Washington – President-elect Obama."

While the federal government is also strapped for cash, the incoming president has signaled he wants to expand the State Children's Health Insurance Program, the federal program that provides \$2 for every \$1 that California spends on Healthy Families.

California officials are also hopeful the new administration will increase Medicaid matching funds to the state.

Wendy Lazarus, co-founder of the Children's Partnership, an advocacy group, said, "I don't think anyone is being unrealistic about how tough the fiscal times are."

"But I do think that with Senator Steinberg's leadership, the leaders of the Assembly and the Governor's Office, there's a way to cobble together some relief," Lazarus said.

Steinberg said the \$500 million needed to expand health care for children "may not be available right away."

"But we certainly can get \$200 million to \$300 million. And then there's next year," he said.

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