

# Californians For Healthy **kids**

## FACT SHEET: Common-Sense Health Reform

A broad array of interests—teachers, businesses, parents, doctors, faith leaders, health plans and community leaders across the state—are uniting behind making affordable insurance available to all children in California and reforming the current state health insurance programs for children.

### BACKGROUND FACTS

- ✓ **The job is doable:** Nearly nine million of California's 10 million children have health insurance; of the almost one million who still need coverage, more than half are eligible for existing insurance programs and need a simpler way to "get in the door."
- ✓ **Health insurance improves children's well-being and helps them reach their potential in school:** Children with insurance experience a 25% improvement in health and a 68% improvement in "paying attention in class" and "keeping up with school activities."
- ✓ **Community leaders across California are stepping up to the plate:** Local coalitions in ten counties have implemented public/private initiatives to ensure affordable coverage for all children in their community, and 17 other counties are in the planning stages. All told, 75% of uninsured children live in a county now at work to cover all children.
- ✓ **Investment in comprehensive health insurance for children is cost-effective, promoting access to early, less costly preventive care and treatment:** For every dollar spent on childhood immunizations, we save over \$13 in higher cost care down the road.
- ✓ **Children's health coverage helps small and medium-sized businesses and the economy:** Employers are looking for affordable ways to provide health insurance for dependent children of their employees and can partner in efforts to improve children's health coverage. More than half of California's uninsured children have a parent working in a small business.
- ✓ **Core elements for the solution are in place:** Employer-based insurance, which now covers 50% of California's children, and the public programs, which now cover 30%, serve as strong building blocks on which to insure all children.
- ✓ **Relatively small, incremental investments that build on and leverage existing funding will enable California to complete the job:** We can improve existing public programs and offer greater opportunities for public/private partnerships, reforming the system to ensure a healthy start for all California's children over the next several years. We are committed to building on the momentum of and lessons learned from the local children's health initiatives currently working to cover all kids.

### THE REFORM PROPOSAL TO COVER ALL CHILDREN

The detailed policy blueprint now under development includes these key features:

- ✓ The initiative is available to any uninsured child in California.

- ✓ Parents help pay for the cost of insurance based on their income/ability to pay.
- ✓ Insurance is provided through a public-private partnership that integrates safety net providers and through which existing publicly-funded insurance programs (Medi-Cal and Healthy Families) are strengthened and greatly streamlined, employers are given the opportunity to voluntarily participate in these insurance options, and county initiatives integrate into the statewide initiative.
- ✓ Vigorous efforts are made to find, enroll and keep uninsured children connected to health care at several key places: before they leave the hospital at birth, when they enter school, and through emergency rooms, doctors' offices, and programs like child care, where large numbers of children are seen. Antiquated, inefficient eligibility determination and enrollment systems are replaced by "smart" new approaches using innovative technology.
- ✓ Cost containment features are built into the proposal, including greater use of cost-effective purchasing pools, earlier identification and treatment of pediatric health problems, and targeted case management for chronic conditions such as asthma and diabetes.
- ✓ Financing taps and leverages all available federal matching funds, state, county and private funds now spent for health care for uninsured children, savings from administrative simplifications, and parent and employer contributions.

## **FISCAL IMPLICATIONS**

Much of the estimated \$100 cost per child per month for comprehensive health care coverage can be offset by maximizing federal support, leveraging existing state and other dollars now spent for health care for uninsured children, administrative savings, and parent and employer contributions.

For the majority of uninsured children (62%), federal matching funds are available at a ratio of either 2 or 1 federal dollars for every dollar invested by California. The state can leverage some of the hundreds of millions in federal dollars for children's health that California has left unspent.

Other dollars now spent on health care to uninsured children through emergency rooms and by the state can be leveraged and built upon to help improve coverage and care for all children. (The Urban Institute estimates that as much as 50% of the cost is already "in the system.")

Parent and employer contributions could offset over a quarter of the costs.

Additional administrative savings could be achieved through reducing unnecessary red tape and streamlining the application and enrollment processes (other states' experiences show that simplifications can cut the cost of enrolling a child by as much as 40%).

This initiative will be designed to phase in over several years, requiring limited or no new funding initially, and very modest ongoing new revenues when fully operational. Our best current estimate of the additional annual cost of full implementation of coverage for all children in California is \$250-\$300 million. Much of this cost would be covered by the shared approach involving parents, employers, federal and state governments described above. If further revenues are needed, financing options under consideration include funding from health plan mergers and conversions, fees on various services or products, and other private sources. Financing options will be further developed and explored over the next few months.

*Californians for Healthy Kids is supported by a diverse and growing list of organizations. The 100% Campaign (a collaboration of Children Now, Children's Defense Fund and The Children's Partnership) and PICO California are the founding organizations of this effort. For more information, please contact Catherine Teare at 510-763-2444, Deena Lahn at 510-663-2984, or Kristen Golden Testa at 415-561-2633 or visit [www.100percentcampaign.org](http://www.100percentcampaign.org).*