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## **10 | POLICY AND SUSTAINABILITY: LOOKING AHEAD TO INSURING ALL CHILDREN IN CALIFORNIA**

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### **CHI Successes and Challenges**

Looking across a number of key measures, Children’s Health Initiatives in California have been a success. To date, they have provided health insurance to over 50,000 children who otherwise were uninsured and without access to any form of coverage; sparked spillover enrollment of many more thousands of children in the state’s Medi-Cal and Healthy Families programs; and collectively have formed a broad-base of support for universal children’s coverage at the state and local levels. The CHIs have increased children’s access to essential preventive, primary and oral health care services, and it is expected that over time they will work to increase appropriate utilization of preventive services such as well-child visits, oral health screenings and examinations, vision and hearing screenings, and immunizations. Children’s Health Initiatives are collectively reshaping social policy and expectations that **all children are eligible for health insurance** – and shifting the burden of navigating many different programs away from families to “behind the scenes” eligibility systems and infrastructure support.

Yet CHIs face a number of issues related to financing and sustainability that will not be resolved until state and federal policy change is achieved. First generation CHIs have tapped a number of local revenue sources. Some are multi-year commitments, but most other revenue sources are time-limited or subject to annual renewal. Across first generation CHIs, most local First 5 Commissions have made multi-year commitments for children ages 0-5. State demographics however, indicate that the majority of uninsured children are between 6 and 18 years of age. This mismatch between available funding and need has forced a number of CHIs to institute waiting lists for eligible children.

Foundations and the First 5 Commissions have indicated that their investments in CHIs are on a time-limited and transitional basis. In addition, county budgets remain uncertain in the current fiscal climate while health care premium costs are projected to continue upward (although the annual increase should be lower for children relative to the general population). Indeed, the long-term financial prognosis for the Children’s Health Initiatives – because of their reliance on mostly local and private transitional funding for premium subsidies – is that they are not

sustainable without policy change that includes shared fiscal responsibility at the federal, state and local levels.

### **Outlook for the Future**

California's Children's Health Initiatives are one example of how local communities can be a powerful impetus for policy change in the expansion of health insurance for children. Through innovation and coordination, these locally operated programs are serving as the engines for change in a time when coverage "reform" has often translated to resource or benefits reduction. Achieving health coverage for California's children will require high level leadership, diverse financing, and joint state and local cooperation. This joint state-local effort should embrace several goals in order to achieve affordable and sustainable coverage for all the state's children, including:

- Implement key changes at the state and local levels to greatly simplify eligibility standards and enrollment systems such as those pioneered through One Open Door and Express Lane Eligibility (see chapter 7 for further explanation);
- Redirect current spending on health care services and administrative savings from system simplifications to finance expanded children's coverage statewide;
- Identify and secure a mix of financing contributions from government, families, employers and providers to expand children's coverage statewide;
- Identify and develop approaches to coordinate with private employer coverage and ensure such approaches are well coordinated with public programs; and
- Develop long-term public-private partnerships across all areas of the health care system that serve children and families, with the shared goal of ensuring that all California children have health insurance and a medical home.

1. Simplify eligibility standards and enrollment systems: More of California's uninsured children could receive health coverage under the Medi-Cal and Healthy Families programs through the expansion, simplification and coordination of outreach and enrollment systems. An electronic enrollment system for all hospitals to automatically enroll newborn babies into Medi-Cal, as well as facilitate mechanisms for pregnant women to enroll their babies into Medi-Cal before birth could be developed with state support. Improvement and simplification of the current express lane eligibility (ELE) processes with the National School Lunch Program and the Food Stamp Program, as well as the expansion of ELE to other public programs would further efforts to

seamlessly enroll children into health coverage.<sup>1</sup> Support of dedicated health coordinators in school districts would help schools implement these and other health-related responsibilities.

In addition, some counties have streamlined the enrollment process through the One Open Door single enrollment pathway that allows families to apply once for coverage in multiple programs. This innovation has been greatly enhanced in several counties through the roll-out of a universal, web-based application system. Automatic enrollment in health coverage, patterned after compulsory immunizations to attend school, could be piloted at the county or city levels through coordination with hospitals, schools, clinics, child care facilities, and family resource centers.

2. Redirect current health care spending and administrative savings towards health coverage for all children: Current spending and administrative savings from several financing options could be redirected towards covering every child in California.<sup>2</sup> Many uninsured children who could enroll in expanded health coverage are likely to have received limited health care services that are paid by federal and state programs, such as emergency services, some preventive screenings, and immunizations. Current funding for these services could be redirected toward health coverage. Similarly, policies could be implemented that would generate savings in existing health care programs without reducing services and that would reinvest the savings towards coverage.

Economies of scale in outreach and administration could also be achieved if the patchwork of programs under the current system were to be made more efficient for families and the program staff that support and serve these families. If, for example, counties had the option to purchase Healthy Families coverage for their Healthy Kids eligible children, it would be more cost-effective than continuing to expand one county or region at a time, each with its own administrative and programmatic infrastructure.

Similarly, as more counties engage in planning and implementation, several CHIs have taken steps in expanding children's coverage using a multi-county or regional approach. Individual CHIs considering a regional approach would likely benefit from economies of scale in the areas of outreach, fundraising, administration and in the development of regional technology solutions. By joining their efforts, counties may also be able to enhance their purchasing power with plans and third party administrators. Regional purchasing will help counties stretch their dollars by enhancing their bargaining power through administrative streamlining.

3. Secure a diverse mix of public-private financing of health coverage for all children: The diverse funding partnerships that have been created at the county level could be replicated at the state level. A state-wide partnership between state and local governments, health plans,

providers, employers, families and philanthropic organizations would create a practical and cost-effective opportunity for pooling resources to provide a social good with long lasting health and economic benefits. As sustainability options are considered on a statewide basis, there may be important opportunities to translate some of these strategies from the local to the state level.

4. Ensure coordination between private employer coverage and public coverage expansions: Pragmatic approaches to coordinate with privately financed employer coverage are essential to the development of fiscally responsible policy to provide affordable health coverage for all children. Policymakers, foundations and local stakeholders will need to examine options for developing a broader, systemic policy approach that: (a) clearly identifies expectations and roles for employers without encouraging employers and families to drop existing contributions to family or children's coverage; and (b) harnesses financing and tax subsidies for employer and worker contributions to create affordable coverage options for families. As the community of employers is broad and diverse, it will also be important to partner with employers of varying sizes and industries in the development of these options.

A number of first and second generation CHIs are developing approaches to engage employers that are locally feasible but that may not be generalizable. Continuing to monitor and learn from these local efforts is critical to understanding how to best ensure long-term sustainability of a statewide approach. California should also learn from the experience in other states that have implemented programs to coordinate public and private coverage including Illinois, Rhode Island, and Pennsylvania.

5. Develop public-private partnerships across the health care system: A number of local Children's Health Initiatives have forged linkages between public and private sector stakeholders in financing and coordinating children's coverage. These partnerships can assume many forms, and may include developing approaches for public and commercial health plan participation and investment, developing coordinated systems of care between public and private providers, and bringing business and labor partners together under the broad banner of the Children's Health Initiatives. Adapting and transferring technological innovation from the private to the public sectors of the health care system to help facilitate a coordinated continuum of care for children and families is another possible area for further exploration.

## **Conclusion**

This guidebook highlights the key steps that local coalitions have taken or will need to take in order to build their children's coverage programs. California now has the opportunity to build on local success and innovation and extend coverage in a broad and sustained manner.

A number of changes under consideration through the Medi-Cal Redesign and California Performance Review processes could affect the policies and strategies adopted by the state and localities.<sup>3</sup> At the present time, state officials are deliberating on ways to reform the Medi-Cal program in order to reduce future program costs. It will take some time before the state and counties fully understand the implications of what emerges from this reform process. At the same time, the Governor has convened a commission to make recommendations on how to achieve state savings of \$32 million over five years through agency consolidation and modification of state business practices, including the potential restructuring of some state and county roles. As these major policy changes loom in the future, local leadership of the Children's Health Initiatives indicate that the effects of these reforms are complex, uncertain and difficult to predict over time.

On the other hand, the outcome of the state ballot referendum on SB 2—legislation passed in 2003 that would require large employers to provide health care coverage for their employees and dependents by January 2006 and medium employers to provide coverage for their employees by 2007 or pay into a state administered fund—could potentially create a renewed opportunity to craft policy options with the private sector towards statewide children's coverage.

California's Children's Health Initiatives are a large-scale experiment that could be parlayed to stimulate like innovation at the state level. Whether this local innovation will ultimately result in a statewide children's coverage program or will become a new state-local hybrid approach is unclear. Potential changes at the federal level could also have important implications for the timing and policy options pursued by the state and localities in expanding coverage. In the midst of these changes, local coverage solutions must continue to be tested and refined through the Children's Health Initiatives. If localities remain committed to creating a seamless system of coverage for all children, the breadth and depth of reforms needed across the state may indeed occur.

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1. Horner DC, Morrow B, and Lazarus W. *Building an On-Ramp to Children's Health Coverage: A Report on California's Express Lane Eligibility Program, Express Lane Eligibility Issue Brief*. Washington, D.C. The Children's Partnership and The Henry J. Kaiser Commission on Medicaid and the Uninsured, September 2004.

2. Unpublished data from a forthcoming California Budget Project publication on financing options for children's coverage in California.

3. See the Department of Health and Human Services Medi-Cal Redesign website at [www.medi-calredesign.org](http://www.medi-calredesign.org) for more information about California's Medi-Cal Redesign process. For more information on the State's California Performance Review Process, see <http://cpr.ca.gov>.