



October 04, 2012 - Features

Why the Future of Health Care May Be on the Line With Prop. 30

by David Gorn, California Healthline Sacramento Bureau

There is a hidden risk buried inside Proposition 30 that goes far beyond cuts to education, according to Hope Richardson, policy analyst for the California Budget Project.

If the initiative doesn't pass on Nov. 6, she said, it's true that a series of cuts go into effect that would take billions of dollars out of education funding in California. "Most of the trigger cuts are to education," Richardson said.

However, she said, that's just the first year.

"The other problem, a big problem, is the state would be left with a significant budget deficit over future years," Richardson said. "We will have continued deficits going forward, and there no way we'd be able to continue running the social service programs we have now."

That means, she said, health care and social service programs will once again be budget targets.

"I think we're going to see deeper cuts in health care if Prop. 30 is not passed, in addition to what we've seen already," she said.

\$15 Billion in Cuts

According to a report from the Health and Human Services Network of California, the state has cut \$15 billion from health and social service programs in just the past three years. That does not include the budget reductions made this summer, including the planned conversion of Healthy Families to a Medi-Cal managed care program and another \$2.5 billion in social service cuts, said Michael Herald, a public benefits advocate for the Western Center on Law and Poverty. Medi-Cal is California's Medicaid program.

"The real problem in California is the lack of general fund money," Herald said, "so the stabilization of the general fund will mean the Affordable Care Act implementation and other health and welfare programs will not have to take the level of cuts they've taken in previous years."

Herald said the real benefit of the November initiative is not just the one-year solution of rescuing education programs in California, but the stability that comes from planning how to run programs rather than planning how to cut them.

That's necessary for the next two or three years especially, because of the need to include as many provisions of the Affordable Care Act as possible, he said.

After the initial year, "if we don't have that [budget stability]," Herald said, "we just might not be able to get into the optionals that ACA provides."

'All the Budget, All the Time'

After enduring a steady barrage of budget reductions every year, twice a year, the health care community is getting a little weary, said Ellen Wu, executive director of the California Pan-Ethnic Health Network.

"You're looking at a \$6 billion budget deficit every year. It's a structural deficit for all future years," Wu said. "We have so many things on the cusp of happening -- expanded [Medi-Cal] outreach and enrollment, the transition of LIHP (the Low Income Health Program) into Medi-Cal, and all the different programs and efforts the state is making."

That includes setting up the Health Benefit Exchange, launching the Community Based Adult Services program and the duals demonstration project, among many other large-scale system transformations. And the successful implementation of all of that, Wu said, depends on the combined effort of many state agencies and stakeholders working together.

"I think in a crisis there's contracting all around. The continued crisis and attention paid to the budget takes away from the work we need to do," Wu said.

"I mean, it's been all budget, all the time for this administration," she said. "You get done with one budget, and you have to move into the next year. How do you even think about providing services to Californians? Really, it could make you schizophrenic."

Back to Drawing Board?

The other unspoken possibility, Wu said, is what might happen after the November election, during the special legislative session on health care that's planned for December.

If the November election ends and the state is suddenly looking at a \$6 billion deficit, it's possible that state lawmakers could redistribute those trigger cuts -- and put a little money back into education at the expense of health and social services.

"That's what's in the trigger cuts, the education cuts," Wu said, "but I don't know if that means they won't go back to drawing board."

Herald said it would be somewhat of a relief to stop thinking about the next cuts, and instead just concentrate on improving the delivery of care.

"It definitely makes it more complicated" to have constant budget upheaval, Herald said. "It creates a level of uncertainty of how it's all going to roll out," he said, "for providers, for advocates, for consumers."

What most people don't understand about the initiative money is that it really just maintains the status quo, he said -- a status quo that already has been cut by multiple billions of dollars.

"The state's not going to be on free and easy street in terms of money, if this passes," Herald said. "One thing that has been very clear is, the governor is pretty tight with his money. I mean, we're at 1970 levels of money per capita, so we're certainly not overspending here. It's important to maintain the core of the health, education and welfare that we've built."

The programs at greatest risk, he said, are the ones without a constitutional mandate or protected by federal law, especially child care and CalWORKS.

"I have absolutely no doubt the governor would do whatever he had to do to bring the budget into balance," Herald said. "People should be fully aware of that. If Prop. 30 doesn't pass, then we'll have to go there."

"I'm really worried," Wu said. "For existing services and all of our work on the ACA. And specifically, I would say the extension of Medi-Cal, it's the biggest thing for communities of color since Medicaid. And we're so close. We are so close."