

AAP-CA Update: Child Health Largely Protected in Governor's 2005-06 Budget

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In January of this year, Governor Schwarzenegger proposed his 2005-2006 state budget. In the months preceding the budget unveiling, the AAP-CA worked, and hoped, and worried, but mostly worked, trying to protect critically-needed funds for our constituents, the children and pediatricians of California. But since the Governor was faced with a nine billion deficit, none of his choices looked good.

It was with great relief, and no small amount of surprise, that we received the Governor's January budget proposal. Children's health funding in the proposal is largely protected, and children are made an explicit priority. There are still funding issues of importance that we are pursuing with the Governor's office. These include the need to secure additional revenue to fund "the whole child," including both health and education needs. But under the circumstances, and from a big-picture perspective, children's health funding emerged healthier than we could possibly have anticipated.

How did the Governor do it? First of all, he followed in a long tradition of former governors of borrowing to cover a significant portion of the gap. In addition, he proposed large cuts to welfare payments to the poor, and modest cuts elsewhere. But the trump card was his proposed suspension of guaranteed funding to both education and transportation (Prop 98 and Prop 42, respectively). The Administration

asserted that if those areas were fully funded to the levels required by voter-passed initiatives, the cuts to health and human services would be disastrous, in excess of two billion dollars.

The Governor instead proposed a 7% increase for education, half the 14% education would have received if budget circumstances were better, and Prop 98 could be fully implemented. This is consistent with similar recommendations made by the nonpartisan Legislative Analysts Office last year that suspension of Prop 98 "would not reduce the current level of educational services," if prior year funding levels were maintained.

So, the bigger question is not "how," but "why"? One could argue that the health sector has taken it on the chin for so many years, with whole programs slated for cuts whenever money gets scarce, that we are the perfect sparring partner. We're used to it, we tend to be reasonable and compromise, and the public has yet to step up and "save us" with an initiative to guarantee our funding. And while what the Governor did in making the choice to again suspend Prop 98 is arguably fiscally responsible, it is clearly not in keeping with the deal he made with education last year. So why enrage teachers (and commuters and welfare advocates) statewide, instead of giving health its annual drubbing?

First, this Governor appears to have a genuine soft spot for children, and moreover, for viewing the child as more than just the product of his or her schooling. For example, his Health and Human Service budget this year lists as one of only five guiding principles "Recognize children as a priority investment." Further, his budget narrative states "...that access to appropriate health care services is essential to a child's success in school and life." Secondly, Governor Schwarzenegger has chosen good, ethical, intelligent people to administer health and human services. Further, acknowledging his own inexperience in this area, the Governor appears to listen to them. HHS Secretary Kim Belshe, DHS Director Sandra Shewry and Public Health Director Richard Jackson, MD, FAAP are all proven leaders and administrators,

who understand children's health issues and the challenges that pediatricians face.

Perhaps of equal importance, the AAP-CA and others have decided to cease responding to proposed budget cuts by asking politely that they go away. We joined the CMA coalition and sued the state, successfully enjoining physician reimbursement cuts for Medi-Cal that were enacted under the Davis Administration. It may be no coincidence that this is the first budget proposal in several years in which physician reimbursement cuts are not proposed.

Finally, a broad coalition of groups, including the AAP-CA, has proactively promoted children's health, and in particular, universal children's insurance coverage, to the public and policymakers. As a centerpiece, The 100% Campaign, a lead child advocacy group, supported by AAP-CA, is working on a legislative solution to children's uninsurance. A recent statewide poll released by the California Endowment, a leader in this effort, shows that four out of five Californians support expanding access to health insurance to all children in California. While there is work to be done to determine how to best structure and finance true child health access, the considerable effort in this area by advocacy groups, coupled with positive public support, has increased child health's cache in the capitol.

So, bottom line, we have a good, even remarkably good, proposed health budget for children this year, given budget realities. Although it has far to go through the process before final resolution, we can take a moment to be thankful for the budget's starting point this year. Then we have to move on, to gear up for work on hundreds of pieces of proposed legislation, and to protect the California Children's Services (CCS) carve-out, as well as to engage in the Medi-Cal redesign process to best protect vulnerable children's services. AAP-CA's advocacy work is essential to achieving our mission of optimal health and well-being for children, as well as to protecting your interests as pediatricians. Thanks to all of you who participate in this effort. Please stay tuned for more updates, here and at www.aap-ca.org.