



CHILDREN NOW



August 19, 2011

The Honorable Jerry Brown, Governor  
The Honorable Darrell Steinberg, Senate President Pro Tempore  
The Honorable John A. Pérez, Speaker of the Assembly  
The Honorable Mark Leno, Chair, Senate Budget Committee  
The Honorable Bob Blumenfield, Chair, Assembly Budget Committee  
The Honorable Mark DeSaulnier, Chair, Senate Budget Health & Human Services Subcommittee  
The Honorable Holly Mitchell, Chair, Assembly Budget Health & Human Services Subcommittee  
The Honorable Connie Conway, Assembly Republican Leader  
The Honorable Bob Dutton, Senate Republican Leader

**Re: Full Funding for the Healthy Families Program**

Dear Governor and Legislative Leaders:

Our California children's health coverage coalition – comprised of the 100% Campaign, a collaborative effort of The Children's Partnership, Children Now, and Children's Defense Fund-California, along with PICO California, California Coverage & Health Initiatives, and United Ways of California – is writing to express deep concern about the continued lack of resolution of funding for the Healthy Families Program. The August 12 letter from the Department of Finance about a potential \$130 million shortfall in the Healthy Families Program budget clearly confirms the need for swift attention to this matter.

The potential \$130 million general fund shortfall would amount to a \$390 million (37%) total cut to Healthy Families, including federal matching funds. As the MRMIB Board expressed at its August 17, 2011 meeting, such an enormous cut could not be absorbed without large-scale disenrollment of children. Such an action would be reckless and unconscionable, and would violate federal law. It is appalling to think about the impact of disenrollment on children, families, and the Healthy Families Program itself. The state's experience with the two-month Healthy Families enrollment freeze and waitlist in late 2009 provides a glimpse of the possible consequences of disenrollment: massive public confusion, children unable to access needed health care, growing distrust in the Program, and a failure to achieve expected savings levels due to increased administrative costs.

Disenrollment would jeopardize the health of hundreds of thousands of children and make it even harder for low-income families to make ends meet during this continuing recession. Federal law prohibits states from taking action to reduce eligibility in its health insurance programs. If California violates this law, it risks the loss of billions of dollars in federal Medicaid matching funds. California cannot afford the loss of such federal dollars during these tough fiscal times.

We urge you to work together to pass the managed care organization (MCO) tax and ensure that Healthy Families is fully funded. The alternative is unthinkable. As our state's leaders, we are looking to you to do the right thing for California's children.

We stand ready to work with the Administration and Legislature during the short time remaining in the session to ensure that the Healthy Families Program is fully funded – to protect both children's health and the state budget. For more information, please contact Kelly Hardy at [khardy@childrennow.org](mailto:khardy@childrennow.org) or 510-763-2444 x 126.

Sincerely,



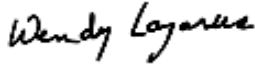
Ted Lempert  
President  
Children Now



Corey Timpson  
Director  
PICO California



Suzie Shupe  
Executive Director  
California Children's Health Initiatives



Wendy Lazarus  
Founder and Co-President  
The Children's Partnership



Kim Brettschneider  
California State Coordinator  
Children's Defense Fund California



Peter Manzo  
President & CEO  
United Ways of California

CC:

Members, Assembly Budget Subcommittee on Health & Human Services  
Members, Senate Budget Subcommittee on Health & Human Services  
Diana Dooley, Secretary, California Health and Human Services Agency  
Toby Douglas, Director, California Department of Health Care Services  
Janette Casillas, Executive Director, Managed Risk Medical Insurance Board  
Gareth Elliot, Legislative Affairs Secretary, Governor's Office  
Ana Matosantos, Director, Department of Finance  
Lisa Mangat, Program Budget Manager, Department of Finance  
Diane Van Maren, Consultant, Senate Budget Committee  
Kirk Feely, Consultant, Senate Republican Fiscal Office  
Andrea Margolis, Consultant, Assembly Budget Committee  
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Agnes Lee, Office of Speaker of the Assembly John Pérez  
David Panush, Office of Senate Speaker Pro Tempore Darrell Steinberg