



Special Report: The Impact of Recent Safety Net Reductions on California's Immigrants

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California's safety net system relies on three primary sources: emergency departments, county indigent care, and community clinics and health centers (CCHCs). In this report, we pay special attention to the not-for-profit CCHCs, which are a fundamental part of California's health care safety net, literally "catching" the state's most medically vulnerable populations.

CCHCs share a common mission to serve everybody who walks through their doors, regardless of an individual's ability to pay. In many California counties, CCHCs are fundamental in providing a significant proportion of comprehensive primary care services to those who are publicly subsidized or uninsured.

California's CCHCs provide care to 4 million patients. Forty-nine percent or almost half the CCHC patients are individuals whose primary language is not English. Furthermore, CCHCs serve 512,739 agricultural-based migratory workers and their dependents. Any reductions that adversely impact the ability for CCHCs to provide care to California's low-income communities will have an impact on the state's approximately 2 million immigrants.

Governor Schwarzenegger's reductions enacted in July 2009 are unquestionably the most serious threat the state's health care system has ever seen and will eliminate crucial funding for CCHCs. This report outlines the specific funding cuts and states how these cuts will affect CCHCs ability to serve vulnerable populations, including immigrants. This report also makes recommendations to bolster CCHCs funding and addresses the critical issue of immigration in health care reform.

Health Care Program Cuts Will Dismantle California's Safety Net

Medi-Cal is the primary revenue source for most CCHCs. The Traditional Clinic Programs, State-funded programs that provide resources to CCHCs to serve low-income populations, allow CCHCs to provide access to care for hundreds of thousands of uninsured. Two other State-funded programs, Healthy Families and Adult Day Health Care (ADHC), provide CCHCs significant assistance in serving California's low-income children and elderly. Reductions to these four programs and others jeopardize the ability of CCHCs to provide vital services to some of California's most medically vulnerable communities, such as immigrants.

The most serious cuts in safety net funding include:

- \$1.7 Billion in Medi-Cal Reductions: Medi-Cal accounts for 50%-80% of CCHCs annual revenues. CCHCs provide care to 4 million patients and 1.5 million are Medi-Cal beneficiaries.
- Elimination of ALL State General Funds to the Traditional Clinic Programs, including the Expanded Access Primary Care (EAPC) Program and the Seasonal Agricultural Migratory Worker Program: Without State General Fund monies, EAPC funding will be reduced by 65%. This program had provided for nearly 400,000 visits to the uninsured. The elimination of the Seasonal Agricultural Migratory Worker Program will impact access to care to over 300,000 farmworkers.
- \$174 Million Reduction to Healthy Families (First 5 Program has since committed to contributing \$81.5 million to meet the shortfall): CCHCs provide over 10 million encounters annually and over 300,000 are to Healthy Families children.
- The Three-Day Cap on Adult Day Health Care Services: An estimated 50% of Federally Qualified Health Center ADHC participants may be moved into Skilled Nursing Facilities within three months, and will ultimately cost the State more money.
- Additional Significant Reductions: Maternal, Child and Adolescent Health (MCAH) Programs and HIV Services will see serious cuts to funding.

Hundreds of Thousands Will Become Uninsured

Californians, including low-income children, will become uninsured because of the safety net reductions. Cuts to Healthy Families may result in as many as 300,000 uninsured children, while cuts to the Expanded Access Primary Care Program will limit the ability of CCHCs to serve this population. Uncompensated care shifts costs to insurers, who then shift costs to families and businesses constituting a “hidden tax” estimated at \$368 per individual annually. Currently, CCHCs statewide provide more than 1,000,000 uninsured patients with care. In recent months, CCHCs are reporting increases of up to 50% in their uninsured patient population. CCHCs cannot withstand a decrease in resources while experiencing increases in patients needing low-cost or no-cost quality care. In fact, four clinic sites have already closed due to lack of funding.

Cuts Will Undermine Economic Savings

Ironically, cutting funding for CCHCs will ultimately cost the State more money, not less. CCHCs have a track record of delivering health care efficiently and economically:

- The nonpartisan Federal Office of Management and Budget ranked Community Health Centers as one of the top ten most effective federal programs and the top program under the federal Health and Human Services Agency;
- CCHCs provide 30% to 33% in total cost savings for each Medicaid beneficiary;
- CCHCs historically receive bi-partisan support:
 - President Bush increased Community Health Centers funding in FY 07 by \$181 million;
 - President Obama invested in Community Health Centers through the American Recovery and Reinvestment Act. In California, health centers received \$48 million intended to assist with the dramatic increases in services needed by newly uninsured individuals;
- The National Association of Community Health Centers estimates that nationwide Community Health Centers generate savings of \$9.9 to \$17.6 billion annually.

Policy Recommendations

At a time when California is in dire economic straits, we cannot afford the loss of savings that CCHCs provide. Nor can we allow funding cuts to jeopardize the health of people living and working in our state--including the vulnerable immigrant community. The following

recommendations are intended to strengthen access to care to this community and help foster a robust safety net system in our state.

- **State and Federal stakeholders should recognize immigration reform as a critical component of health care coverage.** According to the Health Initiative of the Americas, naturalization status is directly correlated to an individual’s health insurance coverage, meaning those with citizenship have greater access to health care coverage than those without citizenship. Similarly, legal permanent residents have greater access to health care services than do the undocumented community because of eligibility restrictions associated with immigration status. The Obama Administration is addressing health care reform, but is not prioritizing immigration reform. For immigrants, the issues of immigration reform and health care reform are inextricably linked. Advocates and other stakeholders interested in improving the health status of immigrant communities should be emphasizing the connection between immigration and health care reforms.
- **The State should encourage federal reform efforts to eliminate health care barriers based solely on immigration status.** Specific health care issues faced by immigrants need to be prioritized. For example, the State should support efforts to eliminate the “five-year bar” for all Medicaid populations. Such a move would allow states to receive federal matching funds for serving all new legal permanent residents within the first five years of legalizing their status. Currently, states can serve only children and pregnant women within the first five years of legalizing their status and secure federal matching resources. Since California has always served all legal permanent residents through its use of State-only programs, expanding the availability of federal matching funds in this area will result in critically needed federal resources for expenditures that are currently State-only funded.
- **The State should focus on generating revenue, not reducing revenue, for critical health care services.** California chose to address the current budget crisis by reducing critical services to some of California’s most vulnerable communities. In the February 2009 budget dialog, California’s decision-makers included revenue generation strategies to guarantee health care access for people losing health care due to the economic downturn. Unfortunately, a similar path was

not taken in the July 2009 budget dialog. The State's decision to solve California's budget crisis primarily with reductions is putting California's health care system and other critical systems in serious jeopardy.

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The authors' views and recommendations do not necessarily represent those of CPAC, UC Berkeley's School of Public Health, or the Regents of the University of California.

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