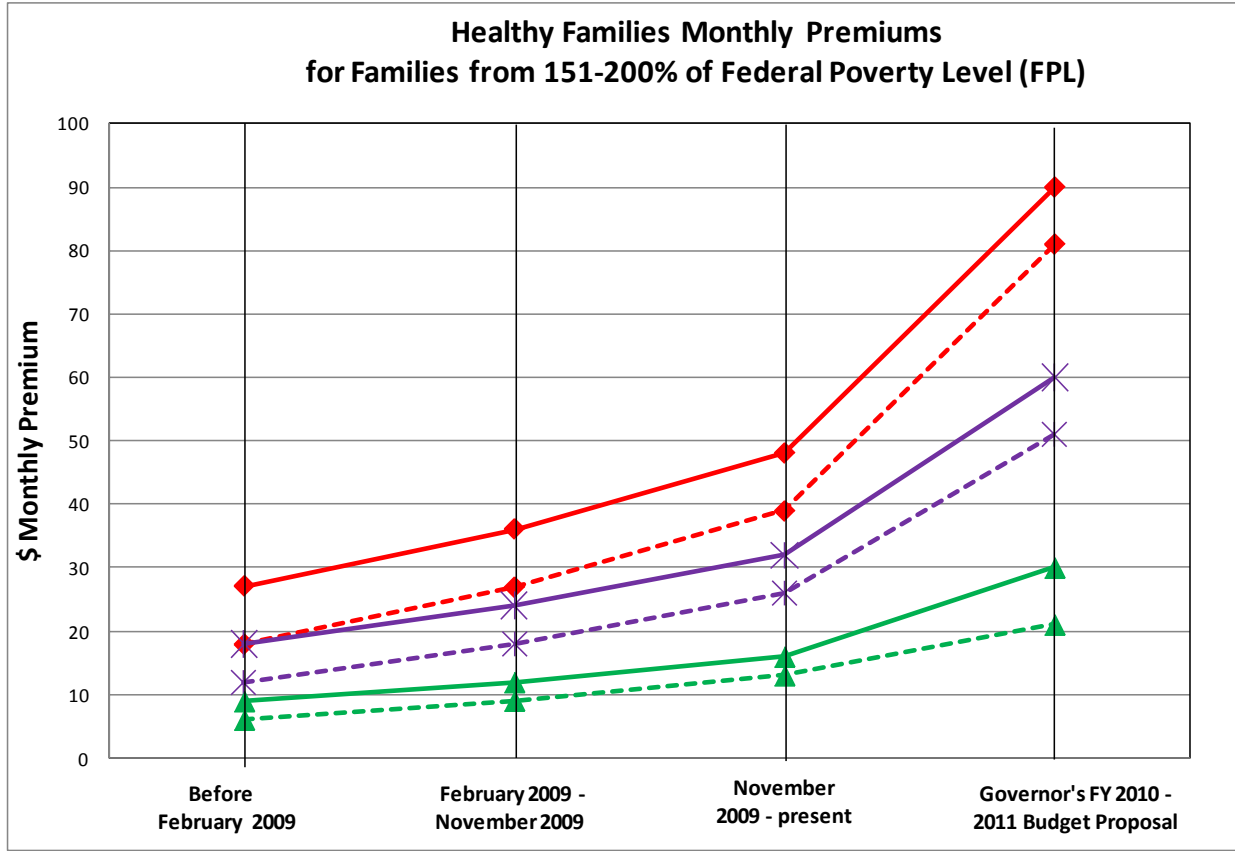


Low-Income Children On Healthy Families Could See Premiums Increase at Twice the Rate of Anthem Blue Cross' Massive Premium Hikes



Since February 2009, families who have children enrolled in the Healthy Families Program have seen their premiums and copayments increase dramatically, and many families face the steepest premium increase yet under Governor Schwarzenegger's FY 2010-2011 budget proposal. The graph below shows the trend in Healthy Families premium increases in the past year.



The Governor's FY 2010-2011 budget package proposes to increase monthly premiums for low-income children with Healthy Families by an average of 88% over current premiums, at a time when families are already struggling to make ends meet. **This proposed increase is *more than twice* the rate of the 39% Anthem Blue Cross premium hike that provoked public and policymaker outrage and would *more than triple* the premiums these families paid in February 2009.**

Monthly Premiums for Families from 151-200% FPL (\$27,465-\$36,620 annual income for a family of 3)						
	1 child		2 children		3 or more children	
	Community Provider Plan ⁱ ▲——	Other Plan ▲.....	Community Provider Plan X.....	Other Plan X——	Community Provider Plan ◆.....	Other Plan ◆——
Before February 2009	6	9	12	18	18	27
February 2009 – November 2009	9	12	18	24	27	36
November 2009 – Present	13	16	26	32	39	48
Governor's FY 2010-2011 Budget Proposal	21	30	51	60	81	90

271% average premium increase (from Before February 2009 to Governor's FY 2010-2011 Budget Proposal)

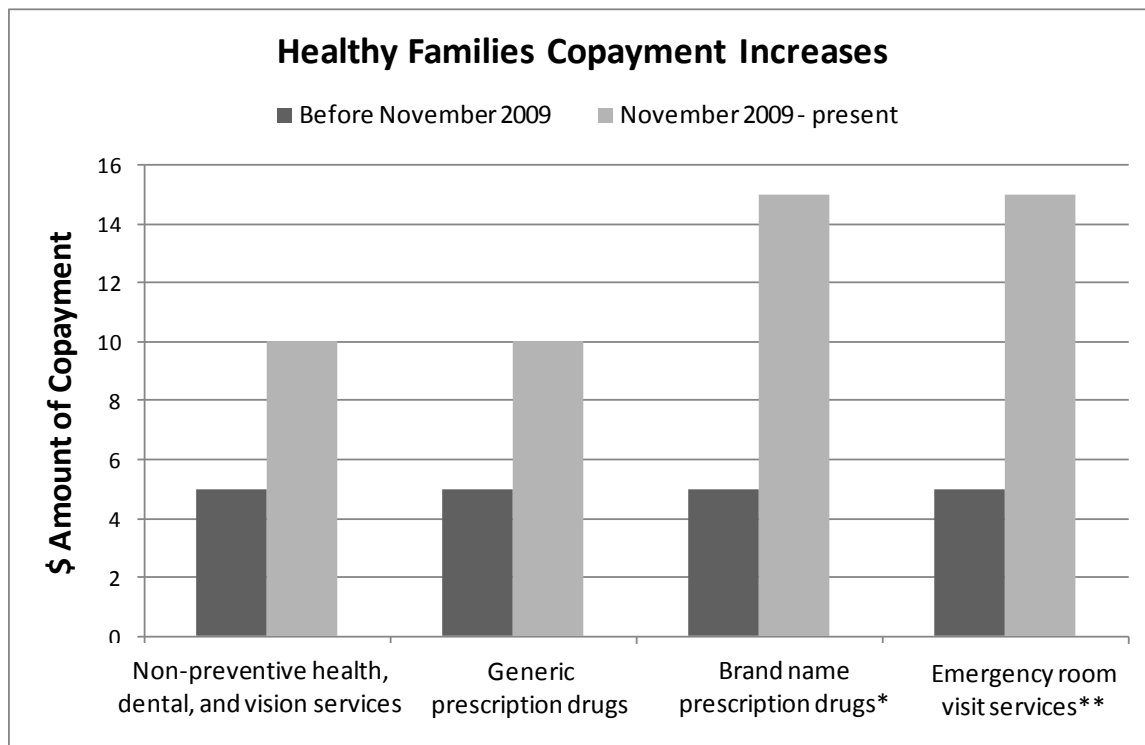
88% average premium increase (from November 2009 – Present to Governor's FY 2010-2011 Budget Proposal)

Families in the 201-250% FPL income category (\$36,620-\$45,775 annual income for a family of 3) were also subjected to massive premium increases over the past year. Before February 2009, those families paid \$12-15 per child; currently they pay \$21-24 per child – an average increase of 68%.

Another round of premium increases for low-income California families – who are already in economic distress due to the recession – will limit their children’s access to critical health care services. Many families would likely be forced to drop off of Healthy Families coverage, adding more children to the staggering number of uninsured in California.ⁱⁱ The worst case scenario under the Governor’s proposed budget is complete elimination of the successful Healthy Families Program.

Increased Co-Payments – Adding Insult to Injury

To help make up a shortfall in the Healthy Families Program, the Managed Risk Medical Insurance Board (the program’s administrator) imposed higher co-payments for many children in November 2009, at least doubling what they previously paid to access health care services.



*Copayment only \$10 if no generic brand is available or if brand name drug is medically necessary

**Copayment waived if subscriber is hospitalized

Any hikes in cost-sharing for families that the Governor or legislature approve during this year’s budget negotiations will leave more California children without affordable health coverage, threatening their health and educational success, and leading to higher public costs due to increased emergency room use.

ⁱ By enrolling in a Community Provider Plan in their area, families can save \$3 per child on monthly premiums. According to the Managed Risk Medical Insurance Board, as of June 2009, 36% of families were enrolled in a Community Provider Plan.

ⁱⁱ L. Ku & T. Coughlin, “Sliding Scale Premium Health Insurance Programs: Four States’ Experiences,” *Inquiry*, 36: 471-480 (Winter 1999/2000). G. Kenney, *et al.*, “Effects of Public Premiums on Children’s Health Insurance Coverage: Evidence from 1999 to 2003,” *Inquiry*, 43: 345-361 (2006); and J. Hadley, *et al.*, “Insurance Premiums and Insurance Coverage of Near-Poor Children,” *Inquiry*, 43: 362-377 (Winter 2006/2007).