INTRODUCTION BY DR. DAVID SATCHE
SPECIAL MESSAGE FROM MARIAN WRIGHT EDELMAN

THE WORKING PARTNERSHIPS USA
SANTA CLARA COUNTY

CHILDREN'S HEALTH INITIATIVE WORKBOOK

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PRODUCED IN COLLABORATION WITH

THE SOUTH BAY AFL-CIO LABOR COUNCIL

PEOPLE ACTING IN COMMUNITY TOGETHER
INTRODUCTION

As Surgeon General of the United States, I believed that every child should have the opportunity for a healthy start in life. I still do. The type of start a child experiences plays a major part in determining that child’s future.

A healthy start involves many things — parents who are ready to be parents, health concerns for the baby in utero, and issues involving the newborn including breast feeding, nutritional habits and the sleeping position of the baby. However, access to quality health care is critical in achieving this goal.

In 2000, Santa Clara County officials sought to become the first county in the nation to provide health insurance to all uninsured children. The funding for this program comes from the county’s tobacco lawsuit settlement, the California tobacco tax, foundations and private business.

As one of the first localities to attempt such an initiative, Santa Clara County provides important lessons and potential best practices for policymakers at the county, state and national level who are considering coverage expansions for children. This workbook, which focuses on the Santa Clara County experience, can help other groups nationwide who are considering how their communities can respond to the health care needs of uninsured children.

David Satcher, M.D. Ph.D.
Surgeon General of the United States
1998 – 2002
A SPECIAL MESSAGE

The Santa Clara Children’s Health Initiative demonstrates what a community can do when it comes together and is determined to help each child have a Healthy Start in life. It is shameful that in our wealthy country there are over nine million children without health insurance. In Santa Clara County, local activists, unions, people of faith, elected officials, health providers, and other concerned citizens did not wait for the nation or state to act. Instead, Santa Clara County citizens mobilized to ensure all children in the county have access to the preventive health coverage they deserve.

This program is a model for our nation for three reasons: First, it covers all children, recognizing that income and immigration status should not be barriers to a child’s healthy start and care. Second, it acknowledges the needs of working families by creating an application system that avoids as many bureaucratic barriers as possible. Finally, it involved a diverse group of citizens in developing the program, advocating for its funding and implementation, and creating a comprehensive outreach plan to make sure families know about the program and get their children enrolled. I am so grateful to the Santa Clara County Health Initiative for all they have done for their county’s children. I hope every county in America will follow their example.

Marian Wright Edelman
President, Children’s Defense Fund
Raymundo Mendoza understands what the new economy is all about. He works at a Silicon Valley company that specializes in coating computer parts with high-tech metals. But while Mendoza’s work may seem like a job with a future, in at least one way it’s more reminiscent of the distant past: his job doesn’t offer health insurance to his wife or their three young children.

“Whenever Ray, Liliana or David were sick I’d take them into the hospital emergency room,” Mendoza said. “When it’s your kids’ health at stake, that’s all that matters.”

Until recently, Mendoza’s problem was one facing too many children in this state. More than 1.6 million California children lacked the health coverage they needed. And like those other families, the Mendozas were faced with two, equally unappealing choices: allow essential living expenses, like rent and utilities, to go unpaid in order to meet health care costs; or permit their children to go without the routine medical attention they need, depending instead on overburdened hospitals and clinics for emergency services.

Something that frustrated many community leaders in California was the fact that many of these uninsured children actually could have gotten free coverage, but were not participating in the programs that could help. Most California children without health coverage are eligible to receive cost-free health care under the federal Medicaid program or the federally-
backed State Children’s Health Insurance Program (SCHIP), the federal initiative launched in 1997 to provide health care to children of the working poor.

Why are only a minority of eligible families taking advantage of these programs?

There are two primary obstacles in their paths. First, many parents are bewildered by the cumbersome and sometimes intrusive application process. Second, many potential applicants are recent immigrants, who are afraid that if their children who are U.S. citizens participate in the program, the entire family’s chance of becoming permanent residents and gaining U.S. citizenship could be jeopardized. As a result of these and related factors, in September 2000 the State of California had to return more than $211 million in unspent SCHIP funds, even though almost one of every five children under the age of 19 lacked health insurance.

Today, the Mendoza family and the parents of 70,000 other children in Santa Clara County, California, have a better choice: easily accessible health coverage that’s available to every child — and affordable to every parent — thanks to the county’s new Children’s Health Initiative, or CHI.

This is the story of CHI and how families in Santa Clara County took the health care crisis affecting America’s children
into their own hands. Though some of the factors contributing to CHI’s success are unique to the San Jose area, most can be found in any community that is willing to respond to the health care needs of its children.

THE PARADOX OF SILICON VALLEY

With its sleek high-tech research centers and sprawling corporate office buildings, Santa Clara County seems an unlikely setting for a public debate on children’s health coverage. However, Silicon Valley offers a glimpse not only into many of the most compelling aspects of America’s new economy, but also some of the most disturbing.

As home for much of the high-tech industry, Santa Clara County, with San Jose as its hub, is the unchallenged capital of America’s new economy. With a median household income of $87,000, Silicon Valley is also one of the wealthiest regions in the world. At one point during the boom times of the 1990s the area produced 60 new millionaires every day. During that era, per capita income in the Valley soared by 36 percent, more than twice the U.S. average.

The region’s battered software industry still pays its salaried workers an average annual wage of $125,000.
However, as residents are quick to point out, Silicon Valley’s generous incomes are offset by a staggeringly high cost of living. The median rental price for a Silicon Valley apartment is now $1,600 per month while even modest houses routinely sell for $500,000 or more. Costs like these, difficult enough for highly paid professionals to bear, place an impossible burden on the area’s fast-growing low wage workforce.

Today, four of the ten fastest growing occupations in Santa Clara County offer annual incomes of less than $21,000. Many of the workers who perform these jobs are recent immigrants to the U.S. and a significant number are undocumented. These low wage workers are among the estimated 2,000,000 undocumented workers now living in California; and it’s their families who are among the 38,000 San Jose families now living in the city’s overcrowded apartments and houses. And the number of low wage
workers facing overcrowding and other problems in the region will only increase over the next few years. Researchers estimate that between 1997 and 2004, Silicon Valley will have added 32,000 new jobs for janitors, waiters, waitresses, office clerks and cashiers alone.

DECOUPLING HEALTH CARE FROM EMPLOYMENT

“The dot.com boom seems to have boosted health benefits in higher wage companies, but low wage workers were largely left behind,” said Larry Levitt, director of the California Health Policy Program of the Kaiser Family Foundation. In fact, while 75 percent of California’s high-wage firms offer health insurance to their employees, only 35 percent of low-wage firms do the same.

The truth is, the lack of coverage for low wage workers has an impact on the cost of coverage for all workers. In many companies low wage workers are offered health care coverage, but are required to pay hefty co-payments, making participation cost prohibitive. Therefore, even in those companies where coverage is offered, employee participation is low, and the financial burden grows heavier on those workers who are covered, leading inevitably to the program’s discontinu-

Four of the ten fastest growing occupations in Santa Clara County offer annual incomes of less than $21,000. Many of the workers who perform these jobs are recent immigrants to the U.S. and a significant number are undocumented.
Before launching a campaign to win local universal health coverage for children, organizers first must carefully assess the scope of the problem facing their community. That begins with consideration of a series of questions:

- **How many children in my community lack health insurance?**

  Annual reports indicating the number of uninsured children by county are contained in *The State of Health Insurance in California*, published by E. Richard Brown and Helen Halpin Schauffler at the UCLA and Berkeley Health Policy Research Centers ([www.healthpolicy.ucla.edu](http://www.healthpolicy.ucla.edu); [www.chppps.berkeley.edu](http://www.chppps.berkeley.edu)).


- **How do the parents of uninsured children provide for the children’s health care needs? How much does it cost? Who pays?**
Community based organizations or churches or other religious groups may provide you with examples of families without insurance who have faced crises as they struggled to secure health care for their children.

- **What are the existing services and institutions that would normally be expected to respond to this need? Why have they been unable to do so?**

  County governments are required by state law to provide medical care for the indigent; they should have data on the number of children using their services. Community clinics and non-profit hospitals also may be valuable sources of information. Children Now provides annual report cards on children’s services in each county in California (www.childrennow.org).

- **What forms of health care coverage do large employers in my community offer to their workforce? Is the quality of this coverage deteriorating? Why?**

- **Are the new jobs being created in my community providing health insurance to workers and their families? Do the wages offered by these jobs enable workers to purchase their own?**

Use the information you’ve collected to prepare a brief, easily understood fact sheet that you’ll be able to use in meetings with potential allies and supporters.
ance or to even greater health care costs. By the end of 2001 researchers found that 66 percent of large California employers said they were likely to increase the amount of money employees pay for health insurance.

Surprisingly to many, the reluctance of employers to offer health care benefits to their low wage workforce was essentially unaffected by the economic boom of the 1990s. While employers offered various reasons for their lack of participation — mainly pointing to the surge in health insurance costs after several years of almost level premium prices — one thing is certain: the situation had repercussions throughout the state and the nation.

At a time when health care costs are too high for most people to pay for private insurance (approximately 74 percent of Santa Clara County adults under 65 years who have health insurance received it through their employer or through their spouse’s employer) the number of employees receiving employer provided coverage is dwindling.

In an effort to reduce operating costs, many Silicon Valley businesses and other employers have moved to replace their permanent — and insured — workers with part-time, temporary or contract laborers who are mainly uninsured. These “contingent”
workers now make up approximately 40 percent of the area’s labor force. While many contingent workers depend on their working spouse or other sources to provide health insurance, many others faced with the high cost of purchasing private coverage, go without.

THE INACCESSIBLE SAFETY NET

As Peter Long, formerly of San Jose’s Indian Health Center, explained to the Los Angeles Times: “With Medi-Cal there’s this huge stigma [among workers who] don’t want to be seen as being on welfare. With immigrants, it’s a fear of government.”

As American citizens, the U.S.-born children of foreign workers qualify for Medi-Cal; but their parents are frequently afraid to enroll those children in the program for fear that it could lead to future denials of green cards and other penalties.

Underlying this concern is the worry that becoming involved in Medi-Cal will result in an immigrant being considered a “public charge” by the Immigration and Naturalization Service. Being labeled as a “public charge” identifies workers as being unable to support themselves, and can ruin their chances of gaining permanent residency and citizenship. Though children who are “qualified aliens” are barred from federally funded Medicaid if they entered the U.S. on or after August 22, 1996, California uses 100% state funding to provide Medi-Cal to children with satisfactory immigration status entering the country after the...
cut-off date for federal matching funds.

Immigrants have raised other concerns, as well. Many undocumented workers who were willing to approach Medi-Cal discovered that even though the programs offered coverage to their U.S. born children, they denied it to sons and daughters who weren’t citizens or legal immigrants.

“We know that many families would not apply for Medi-Cal and Healthy Families because they knew the whole family would not be covered and they were afraid of the authorities discovering their immigration status,” said Leona Butler, CEO of the Santa Clara Family Health Plan.

Immigrants’ fears about the program are one reason why, despite major outreach efforts between March of 1999 and August of 2000, Medi-Cal participation among Santa Clara County children actually dropped by 11,723.

There was another major problem with Medi-Cal: it is only available to families, whose income is under or near the federal poverty line (FPL) — approximately $18,100 per year for a family of four. However, this fixed figure does not take into account the high cost of living in Silicon Valley, nor the high expense of health coverage there.

In response to this and other shortcomings of the Medicaid
program nationally, in 1997 the Clinton Administration and Congress launched SCHIP to offer health coverage to children in working families whose earnings exceeded Medicaid’s limits, but who still were unable to afford private insurance. In California, where SCHIP operates under the name of Healthy Families, the program initially offered coverage to families with incomes up to 200 percent FPL, but was increased to 250 percent in July 2000.

While raising the ceiling on Healthy Families eligibility helped close the gap, the cost of living in Silicon Valley was so great that approximately 14,000 uninsured children in San Jose alone were still left without access to any health care coverage at all.

**PUTTING CHILDREN FIRST**

Studies by researchers at the University of Michigan and the Harvard School of Public Health point out that income inequality can be an important component in determining health. In this respect, the evolution of two Silicon Valleys — one affluent and another living from paycheck to paycheck — may, in itself, be hazardous to the health of working families — and particularly hazardous to children.

Early and periodic screening, diagnosis and treatment are essential to combating most childhood diseases. While going without this care does not immediately place children in a “life-threatening” situation, it often results in damage that can last a lifetime.
For lack of diagnostic care and treatment, schoolchildren with hearing, speech or vision difficulties are frequently characterized as “learning disabled.” Research at one San Jose high school found that half of the children who couldn’t read had medical problems that had not been diagnosed.

Perhaps even more alarming is the extent to which the lack of health coverage contributes to children leaving school entirely. According to one Florida study, uninsured children are 25 times more likely to miss school than children who have health coverage.

The relationship between health coverage and learning was summed up by former U.S. Health and Human Services Secretary Donna Shalala who, in 1999, noted that “twice as many uninsured kids go for a full year or more without ever seeing a doctor as children who have health insurance.” As a result, she said, “children who should be learning in classrooms are waiting outside hospital emergency rooms… or, worse, they’re sick at home watching TV.”

But here’s the good news: there is a solution to the problem of providing health care coverage for children of low-income families.
While people of every age share the need for affordable, quality health care, there’s little doubt that routine health care, beginning with prenatal care, is critical to helping children succeed in school and ultimately, throughout their adult lives. In Silicon Valley, the only question was whether the community was willing to invest the resources to provide such care. Two organizations believed it would.

A PARTNERSHIP FOR CHANGE

Founded in 1995 as the research and advocacy arm of San Jose’s labor movement, the leaders of Working Partnerships USA (WPUSA) were keenly aware of how few of Silicon Valley’s new jobs offered family health coverage. What’s more, they had seen many other employers backing away from their traditional commitment to providing workers with affordable health coverage.

Amy B. Dean, the local AFL-CIO leader who founded and directs WPUSA, notes “even during the high-tech boom of the early 90s, workers in Silicon Valley who had health insurance were afraid they’d lose it, and those who didn’t have coverage were afraid they never would.”

Dean observes that, as a result of rising health care costs in the 1980s and 1990s, unions that once won comprehensive
employer-paid health care benefits faced extraordinary pressure by employers to pass costs onto workers. Believing that the alternative was the replacement of union members with uninsured contingent workers, labor leaders often accepted cost shifting and reductions in health care benefits. The increasingly prominent role health coverage disputes played in labor-management conflict led organized labor to become one of the most ardent backers of the Clinton Administration’s ill-fated drive for national health care legislation in 1993 and 1994.

Though health care costs briefly stabilized in the wake of the Clinton plan’s defeat, between 1998 and 2001 the average annual increase in the premiums that employers paid on behalf of workers climbed from 3.7 percent to more than 10 percent. In 2000, health care costs climbed faster than any year since 1993. The following year employer health insurance premiums jumped 11.1 percent: the biggest increase since 1991.

The continued growth in health care costs was particularly significant to Silicon Valley’s high-tech employers. Faced with stiff competition from firms operating in extremely low-wage labor markets in developing countries, U.S. businesses moved to avoid added expenses wherever possible. Unfortunately, too often those “added
expenses” included health care benefits.

“The industry spares no expense to retain managers,” Dean said, noting that many high-tech firms routinely offer a wide array of benefits to top managers, including memberships in private health clubs. “However, the further down the corporate ladder you are, the less committed these companies are to your health and your family’s health. And at the bottom rung are the contingent employees who, in terms of benefits, aren’t even treated as employees.”

Promoting pragmatic approaches to helping families who are being left behind by Silicon Valley’s new economy has become a hallmark of WPUSA. Unlike other labor-sponsored efforts elsewhere, which often support the more narrow, institutional interests of unions, WPUSA embraces a more holistic approach.

“In an ideal world we would have a universal health care system that was completely uncoupled from employment. The reality, though, is that not only do we not live in an ideal world, we don’t have the luxury to wait for it,” Dean explains. “Instead we have to do what we can right now.”

WPUSA argues that unions and their allies need to champion the concerns of working families as a whole, not simply their
own members. In addition, rather than view the new economy simply as a source of inequities, the group understands that the new marketplace creates new opportunities, too. In the Silicon Valley area, where even low wage workers admire successful entrepreneurs, it’s an approach that makes sense.

“By embracing a more balanced and nuanced perspective on the new economy, the people at WPUSA have earned a lot of respect and, because of that, they’ve been far more effective than most community activists,” said U.S. Representative Mike Honda. (D-Calif.)

The effectiveness of WPUSA’s style was apparent when, in 1999, the group launched an effort to craft a community “blueprint” to spell out a series of needed local reforms. The process, which involved hundreds of community leaders, union activists, business people and other concerned citizens, identified a series of problems requiring attention. Not surprisingly, the need to create more affordable housing emerged as a top priority. But participants also urged WPUSA to address the need for affordable health care.

“In Washington, D.C. health care costs may be a national ‘issue,’ but most people experience it as a serious family problem, and they’d be as pleased with a solution that came from the city, county or Sacramento as one that came from the White House,” said Dean.
Waging a successful campaign to win children’s health care requires drawing on a wide range of resources. Consider the questions below to determine the assets you and your organization already have…and those you will need to acquire:

- Are you familiar with potential coalition partners including sympathetic health care providers, neighborhood organizations, low-income and minority advocacy groups, educators, religious leaders, labor unions and business people?

- Do you understand the legislative processes of local government and how policies are made?

- Are you familiar with political leaders who may be willing to actively promote children’s health insurance?

- Do you have access to health care policy specialists to assist in compiling your research?

- Do you have a good relationship with the local news media (particularly those which cover health care concerns)?
TURNING IDEAS INTO ACTION

Not long after the initial blueprint meeting, it became clear to WPUSA that while winning universal coverage for all local families was not likely to be achieved any time soon, it could be possible to gain coverage for local children.

According to WPUSA Policy Director Bob Brownstein, “If one of the lessons of the Clinton health care campaign was to expand health care coverage gradually, then universal care for kids was the next logical step.”

As the former budget director for a San Jose mayor, Brownstein also understood that, regardless of cost, elected officials prefer making incremental change, rather than launching sweeping new initiatives.

“What made the idea of covering all kids less audacious than universal coverage is that, thanks to Medicaid and SCHIP, we’re already much of the way there,” Brownstein added.

As envisioned by WPUSA, a universal health coverage program for San Jose children would have two principal goals:

1. To sign up qualified children for the state’s two existing child health programs: Medi-Cal and Healthy Families.

2. To subsidize coverage for the comparatively few uninsured children ineligible for either program; including children from families with incomes above Healthy Families’ eligibility limits and undocumented children.
At the time that WPUSA activists believed they might be able to help achieve universal coverage for San Jose children, the city had not yet allocated the $10 million it had received as its share for settlement of the recent tobacco litigation. That money was targeted by WPUSA.

Also, unlike a general universal health coverage program, a local effort to promote children’s health could gain funds under Proposition 10, the California Children and Families First Act. Approved by voters in 1998, Proposition 10 levied a statewide tobacco tax to fund initiatives for children age 0 through 5, including child health and other areas. The measure generates approximately $700 million each year, going to both counties and cities.

In addition, Brownstein found that California was also in the process of expanding coverage for children through its Healthy Families Program by increasing the ceiling from 200 percent to 250 percent of the FPL. A move by city officials to boost coverage for children would complement that effort. This existence of federal and state funded Medi-Cal and Healthy Families programs meant that San Jose would only need to provide a very small financial investment — funding health coverage for the small percentage of uninsured children ineligible for Medi-Cal and Healthy Families — to achieve universally affordable health coverage for all of San Jose’s children.

WPUSA wasn’t the only organization ready to take action for
health care. People Acting in Community Together, known locally as PACT, was also mobilizing its formidable base in San Jose’s working class neighborhoods.

Inspired in part by the work of the legendary community organizer, Saul Alinsky, PACT was formed in 1985 as a grassroots organization with its roots in area churches. The organization has since earned a reputation as a tough and effective force for government accountability. PACT, a federation of 14 member congregations in Santa Clara County, represents well over 30,000 families. Through PACT hundreds of residents devote their time to improving the quality of neighborhood life. The group is part of the Pacific Institute for Community Organization, a network of similar organizations operating in more than 80 cities across the U.S.

“Democracy is a hollow promise when only the elite know how to involve themselves effectively in making public policy,” said Maritza Maldonado, who co-chairs PACT’s board of directors. “We’re about training people to become effective leaders in the public arena through a broad-based, democratic organization.”

For example, during the 1990s, PACT’s volunteer leaders led a successful community campaign to press city officials to make a strong investment in an array of after-school programs,
community centers, and gang prevention activities.

“PACT is one of the most effective grassroots organizations in Santa Clara County,” said Congresswoman Zoe Lofgren (D-Calif.). “Their programs make a tremendous positive difference in the lives of our children and families,” she added.

PACT involvement with health care policy began in 1999 when a non-profit hospital in a low-income area of San Jose was being sold to a for-profit hospital chain. “We were concerned that the new owners would not serve our people,” said Dennis Haggerty, a PACT leader who helped organize the campaign. “It was that struggle that allowed us to begin learning about how deep the health care crisis was in our community.”

The following spring, PACT surveyed their member congregations and found that, at some churches, more than 45 percent of families had at least one parent or child who lacked health insurance. Of those uninsured families more than 80 percent were headed by an adult working full-time.

“This was a wake-up call to all of us,” Maldonado recalled. “So we called together a large meeting of our volunteer leaders and decided to work with our sister organizations around California, through the Pacific Institute for Community Organization, to try to get the state legislature to do something about this problem.” After many meetings with health experts, state legislators, and the staff of California Governor Grey Davis, hundreds of PACT members participated in a public meeting in
Sacramento in the spring of 2000 with 3,000 other activists to press their case to other state leaders.

“We wanted to get our public officials to increase funding for community health clinics, where many of our members are served, and to get the state to use its portion of the tobacco master settlement — $500 million per year — for improvements in public health services,” said Maldonado.

PACT leaders returned from Sacramento ready to focus their attention on what could be done locally. While waiting on a response from state officials, PACT began doing research on area health concerns and reached out to health policy groups as well as both county and municipal officials.

“We saw the city’s and county’s portions of the tobacco settlement as the key to significantly improving the situation for our families,” Maldonado said.

In the spring of 2000, leaders of PACT and WPUSA began meeting to discuss how the two could work together to improve health care access. Both groups had important resources that, combined, would give them added influence. No less significantly, both understood the importance and potential of winning health coverage for all San Jose children. From these meetings, the Children’s Health Initiative, or CHI, was born.
INTO THE MAINSTREAM

Like many citizen activists, the leadership of WPUSA and PACT reflects the traditions of an earlier generation of civil rights and union organizers. Although WPUSA is rooted within the labor movement and PACT within local congregations, leaders of the two groups were both accustomed to waging fierce battles against powerful opponents. It soon became apparent, though, that the greatest obstacles facing CHI were not going to be the challenges brought on by facing tough opposition; in fact, no one of consequence opposed the overall goal of the CHI. Instead, what would prove to be one of the toughest challenges would be mastering the complexities of health care policy.

“Typically, local governments don’t like being the last ones to respond to a problem, but they’re often terrified to be the first,” Brownstein recalled. “By calling on San Jose to be the first city anywhere to guarantee health care coverage for kids we were asking leaders to take a leap of faith and, to do that, we had to have all the facts.”

To assemble the research necessary to help transform the CHI into a viable proposal, WPUSA and PACT turned to the expertise within several area agencies. While community activists often target social service providers as an obstacle to change,
Crafting a successful proposal for children’s health insurance is more an art than a science. For example, policymakers will be chiefly concerned with questions of process and procedure while most people focus on outcomes.

The team that drafts your initial proposal will need to speak to both constituencies by addressing scores of highly technical questions and, at the same time, assuring that the proposal they develop offers a clear-cut goal that excites and inspires the community.

For example, in Santa Clara County, CHI supporters were able to generate broad public support with their vision of health care for every child. In contrast, Al Gore stirred little excitement when, running for president in 2000, he called for raising the ceiling for SCHIP eligibility.

Is this to say that details don’t matter? Of course not. Among the topics your proposal must address are:

- **Structure**
  Which unit of government can provide the best “home” for children’s health insurance in your community? How does your proposal complement — or diminish — the work of existing programs and agencies?
  
  Most California counties already have organizations in place that provide managed care programs for children eligible for Healthy Families or Medi-Cal. In some places, known as two-plan counties, both a public agency and a private firm perform this role. In other areas, the county itself forms a County Operated Health System. These are good potential “homes” for your new initiative.

- **Funding**
  What will your children’s health insurance program cost? Will the money come from general revenues? Tobacco settlement funds? A special assessment? Private contributions? A combination of sources?
Every California county receives tobacco settlement funds (as do many in other states); these resources can be spent at the discretion of the Board of Supervisors. Also, Proposition 10 provides tobacco tax revenue to every county as well. Proposition 10 dollars are allocated by a Children and Families First Commission; they can only be used for children five years old or younger. It seems fair to use tobacco funds for providing children with health care. However, other groups will want to allocate these dollars for different purposes — such as anti-smoking education or medical care for seniors or non-health related programs such as childcare. Be prepared to engage in a serious competitive process.

Also, tobacco related revenues probably won’t be sufficient to finance your entire program. You will need to plan a long-term budget that will require other public or private support.

**Accountability**

One of the major shortcomings of today’s health care system is that it often doesn’t reflect the priorities of consumers or health care professionals. What mechanisms will need to be created to keep your children’s health insurance program accountable to the community?

By locating your program in a public agency as opposed to a private firm, you can be assured that decisions must meet the standards of your state or local government open meetings laws. Another strategy is to require the agency operating the program to agree to a formal community oversight board.

There’s another topic the proposal’s drafters will need to keep in mind: flexibility. As your children’s health insurance plan makes its way through the legislative process it will need to be altered and revised to reflect different concerns. In this regard it’s important to be flexible and to remember that, in the final analysis, what matters isn’t who provides the health care that kids need; it’s that kids get the health care they need.
CHI supporters immediately recognized them as a potentially important ally. They were right.

“People working within social service agencies — particularly those who work to provide health services — are there because they care and they want to make a difference,” said Robert Sillen, Executive Director of the Santa Clara Valley Health and Hospital System. “It’s easy, and sometimes politically expedient, to label service providers as the problem, but it’s not very productive.”

CHI backers soon discovered that local experts were not only willing, but in fact were anxious to help. Among those who played a particularly crucial role was the staff from the county Social Services Agency (SSA), which is responsible for determining local eligibility for Medi-Cal, and the Santa Clara Family Health Plan (SCFHP).

The participation of SCFHP staff in developing the CHI was especially important. As a designated local health plan for the state’s Healthy Families program and one of only two local options for Medi-Cal families, SCFHP oversees a provider network of nine hospitals, more than 200 primary care physicians, and ten times that number of specialists and pharmacists. In addition to Healthy Families children, SCFHP serves almost three of every five local Medi-Cal beneficiaries.
However, the most potent new ally for CHI was the county’s public health agency, the Santa Clara Valley Health and Hospital System which, among its many responsibilities, operates the Valley Medical Center. The Valley Medical Center is the only hospital in Santa Clara County that guarantees access to needed medical care, regardless of ability to pay. The Health and Hospital System also manages a network of ambulatory care facilities and the Departments of Mental Health and Public Health.

While WPUSA and PACT had the organizing skill to generate public support for their effort, the professional staff at these and other agencies not only understood the mechanics of health care delivery, but would likely share responsibility for implementing any new program. By recognizing the need to involve agency staff early on, CHI’s backers forged a durable partnership with a principal provider of health care services for working families—not only lending authority to their campaign but also laying the groundwork for extraordinarily smooth relationships after the measure was adopted.

CHI was gaining other allies, as well. The Center for Health Policy Research at the University of California – Los Angeles
provided valuable data that helped supporters hone their arguments in favor of universal care for children. Their participation also underscored the significance of the initiative nationally.

CHI’s credibility was further bolstered by the support of the philanthropic community, including the David and Lucille Packard Foundation and the California Endowment. While these foundations did not fund legislative lobbying or other organizing, both foundations did help underwrite research on behalf of CHI and ultimately helped pay selected program operating costs.

The growing support for CHI among scholars, philanthropists and within the health care and human services community validated the campaign in the eyes of policymakers and key opinion leaders. Among them was the city’s daily newspaper, the San Jose Mercury News.

Like many fast-growing regions, civic engagement in Silicon Valley is relatively weak. As a result, the Mercury News has gained a particularly prominent role in shaping public policy. Reflecting, and sometimes guiding, the attitude of the area’s high-tech business community, the Mercury News has been a reliably liberal voice on many controversial social issues. However, the newspaper often takes a more traditional, centrist
Not long ago, the newspaper had been a sharp critic of WPUSA’s successful campaign for a municipal living wage ordinance. But, on the subject of health care, the Mercury News became an outspoken supporter of policies to expand coverage.

In a strongly worded June 13 editorial, the Mercury News added its support for the effort, saying: “Would we like to see San Jose become the first city in the U.S. where all kids have access to health care? Absolutely.” The editorial continued: “We’re excited by the idea that the city, Santa Clara County, and private funders could make San Jose the first city in the nation to offer health insurance to all its children.”

The Mercury News’ support for the CHI was a crucial breakthrough for the campaign. Not only did the newspaper lend added weight to the claim that universal coverage for children was practical, it also defined it as a crucial civic priority.

Although momentum seemed to be building for CHI, the campaign still had to clear a major hurdle: the San Jose City Council.

TOBACCO MONEY POLITICS

Soon after CHI’s formation, WPUSA and PACT sought commitments from both municipal officials and the Santa Clara County Board of Supervisors to fund the children’s health measure. The source for these funds would be the county and city’s
Traditional community organizing often involves casting issues as disputes between competing interests. Winning children’s health care requires a different approach: building a community-wide consensus. Achieving consensus requires not only reaching out to your traditional allies, but also your traditional opponents. This new process begins by recognizing that, unlike some initiatives, no one of consequence is opposed to children having access to health care. However, they may not trust your proposal to provide it. When innovative ideas make their way into the policymaking process, they need strong public support, but they also require functional legitimacy. In the case of CHI, this was achieved in large measure by garnering the support of prominent foundations. This support, in turn, was essential to winning the backing of the city’s influential daily newspaper.

Consider who in your community can lend functional legitimacy to a children’s health insurance plan. In addition to foundations, other groups that can offer valuable support are:

This new process begins by recognizing that, unlike some initiatives, no one of consequence is opposed to children having access to health care.
• Organizations representing physicians, dentists and other health care professionals

• Business (particularly companies that actively promote their identity within the community)

• Hospitals

• Social service agencies

• Medical colleges

• Public health advocates

• Educators

The backing of these and other prominent supporters is essential to defining your proposal for children’s health insurance as a viable response to a community-wide problem. While your effort may not face organized opposition, that doesn’t mean it lacks an opponent. In this case the toughest foe you’re up against is the natural reluctance of leaders to take bold action. Overcoming that reluctance requires that you not only have the facts on your side, but also remind leaders — and your own supporters — that health care for children is a moral priority.
share of the settlement of tobacco litigation.

Nationally, the 1998 settlement of state law-suits against the tobacco companies had created a new revenue stream for state and local governments estimated to exceed $200 billion over 25 years. California’s share of this settlement was split between state government, California’s 58 counties, and the four cities with population over 550,000: Los Angeles, San Diego, San Francisco, and San Jose. Santa Clara County would receive over $20 million per year from the settlement, while the City of San Jose would gain just over $10 million.

County Supervisor Blanca Alvarado moved quickly to earmark $3 million of their share of tobacco settlement funds for CHI. Supervisor Jim Beall, who sponsored the legislation to fund CHI, pointed out that county officials were already familiar with the shortcomings of Medi-Cal and Healthy Families.

“As health care providers, county governments are much less intimidated when presented with bold ideas like CHI,” Beall pointed out. The response by San Jose city officials would be far different.

Although WPUSA polling found that more than 80 percent of local residents supported using tobacco litigation funds for CHI, backers soon found they had waded into the public policy
equivalent of a bitter child custody battle.

CHI supporters asked San Jose Mayor Ron Gonzales to dedicate $2 million in tobacco litigation settlement funds for children’s health insurance. However, since this money was awarded with few strings attached, the mayor was considering a wide range of other uses for the funds. He wasn’t the only one.

How governments, both inside and outside of California, should spend tobacco settlement funds has been a hotly debated issue. While often the funds are spent to promote an awareness of the risks of smoking and to pay for other public health programs, in many instances elected officials propose using these funds for projects ranging from education to street repairs. To these county and city officials, the money is simply general revenue — usable for any purpose. That was the perspective of Mayor Gonzales.

In the tobacco settlement money, Mayor Gonzales saw the funds he desperately wanted to bolster the city’s failing public schools. Improving public education had been a focal point of his mayoral race the year before, and the tobacco dollars could help him to deliver on his campaign promises.

Claiming that San Jose city government did not have
enough experience managing health programs, Mayor Gonzales announced he would not earmark tobacco funds for CHI. His stance disappointed WPUSA, PACT and their other supporters, but it also galvanized the support of the coalition’s supporters on the San Jose City Council.

Council members like Cindy Chavez, a former official of the South Bay AFL-CIO Labor Council, were incredulous over the mayor’s arguments. “It’s never inappropriate to raise a question of what the proper role of city government is, but to say we can’t provide a public service in the future because we’ve never done it in the past is not a legitimate argument,” Chavez said.

City Council member Margie Matthews, a leading advocate for children’s health on the San Jose City Council, worked feverishly with WPUSA and PACT to encourage her colleagues to break with the mayor and earmark $2 million of the tobacco funds for CHI.

Matthews’ efforts within the City Council were complemented by strong shows of public support. In one such demonstration on June 3, PACT coordinated the presence of scores of activists at San Jose’s Mexican Heritage Plaza to voice their support for the Children’s Health Initiative. The event gave the opportunity for members of the local media to hear emotional

"It’s never inappropriate to raise a question of what the proper role of city government is, but to say we can’t provide a public service in the future because we’ve never done it in the past is not a legitimate argument.”
accounts from community members of the suffering of children lacking adequate health care. Events such as this kept pressure on the City Council by demonstrating clearly both grassroots support and immediate need.

Three days later on June 6, emotions were running high when a capacity crowd of more than 1,000 CHI backers, including a significant contingent from organized labor, packed the San Jose City Council chambers to urge Mayor Gonzales to back the coalition’s request. The mayor again refused, sparking an unusual and bitter clash on the ten-member city council.

The dispute grew so bitter that Mayor Gonzales was ultimately forced to cast a tie-breaking vote to keep pro-CHI council members from defeating his proposed municipal budget.

The dramatic loss at the city council meeting could have marked the end of the Children’s Health Initiative. However, CHI backers discovered that the attention garnered by the dispute had generated new support for their cause.

“After the city council vote, the argument that tobacco money ought to be invested in healthier kids resonated throughout the community,” recalled PACT Executive Director Matt Hammer.

One place where it resonated the loudest was the Santa Clara County Board of Supervisors, where Supervisor Beall had already proposed $3 million for CHI.
Victories won in the legislative arena can sometimes unravel when policies and guidelines for their implementation are drafted. Activists often enable this to occur by allowing themselves to be excluded from the implementation process. Don’t let this happen. Let your legislative supporters know up front that you expect your organization will work directly with agency staff to design and implement your children’s health initiative. Being named to an advisory committee is nice, but it’s much more important to be where the real decisions are being made.

However, there are also important responsibilities that come with becoming part of that process. These include:

- **Being Involved.**

Activists often allow themselves to be excluded from the implementation process. Don’t let this happen.

Your organization must make your participation in the planning process a priority. That not only means attending meetings, but dedicating other resources to the effort, such as research assistance. The more your organization is recognized as an integral part of the process, the more effective you will be in shaping its outcome.
• **Looking within your coalition to see which members have experience in government, budgeting, or health policy.**

The issues associated with a Children’s Health Initiative are complex. Try and find the most qualified people that you can, and ask them to become involved in these activities.

• **Being Accountable.**

Joining a planning process doesn’t so much recognize your importance as it does that of the organization you represent. To effectively represent its interests, you’ll need to keep your leadership and co-workers “in the loop” on the issues facing the planning group and actively solicit their input every step of the way.

• **Being Focused.**

Your real goal is health insurance for every child in your community; not winning debates over the program’s name, its logo or where to have lunch. The more flexibility you show on issues that don’t matter, the more influence you’ll gain on the issues that do.
SANTA CLARA COUNTY: LEAVING NO CHILD BEHIND

While most citizens are well aware of the functions of federal, state and city governments, the work of America’s 3,066 counties is often viewed as a mystery. Called the most invisible layer of government, county agencies are frequently the chief providers of vital human services, including health care. That’s how it is in Santa Clara County.

“As a county, we have a legal mandate, a political mandate, and really, a moral mandate to promote children’s health,” said Beall.

Within a week of CHI’s rejection by the San Jose City Council, Beall, together with Supervisor Blanca Alvarado, proposed that Santa Clara County adopt the Children’s Health Initiative as its own. The Board’s three other members, Pete McHugh, Don Gage and Joe Simitian, agreed and instructed the county Health and Hospital System to craft a plan guaranteeing health care for all of Santa Clara County’s 70,000 uninsured children.

With a campaign that mobilized both grassroots activists and health care providers, the CHI coalition had won a commitment to make Santa Clara County the first community in the U.S. to provide universal health care for children.

FROM POLITICS TO POLICY

As the Board of Supervisors voted to back CHI, the cam-
Campaign to win children’s health insurance entered a complex new phase, especially for the staff of the county Health and Hospital System. What had been merely a proposal now had to be transformed into a functioning program that would provide care for tens of thousands of children.

Once elected officials adopt legislation, it’s not uncommon for advocates to be “left on the outside looking in” by the agencies which do the nuts and bolts work of implementation. As a result, even the boldest legislative initiatives sometimes bring only modest changes in policy. This did not occur in Santa Clara County. Thanks to the working relationship CHI’s supporters built with county Health and Hospital System staff early in the campaign, there was no question that PACT and WPUSA would play an active role in helping the county carry out its new mandate. Staff from the County Social Services Agency and the Santa Clara Family Health Plan would also join them.

SETTING A DEADLINE

Participants in the planning group were painfully aware of the complexities of the task they were taking on. After all, many of them had dedicated much of their professional lives to help-
ing children gain health insurance. That expertise would clearly be an asset in shaping the new insurance program, but it wasn’t without risk.

Given the wide range of technical issues facing the planners, it would be all too easy for the process to get bogged down in discussion of comparatively minor issues. This, in turn, would lead to delays that might sap the momentum of the initiative. To keep this from occurring, the planning group took the unusual step of setting a strict deadline. They dedicated themselves to having the new health program up and running by January 1, 2001.

“Setting a hard date involved the risk of failure, but we also felt that setting such an ambitious goal would push us to cut through issues instead of endlessly analyze them,” said Brownstein. In addition, he said the tight time frame would also force interested outside groups to move quickly to raise their concerns.

“The longer any planning process lasts, the more opportunity there is for good ideas to get nit-picked to death,” added Sillen of the county Health and Hospital System.

CRAFTING A TWO PRONGED RESPONSE

While planners were designing a new health insurance program, it was always understood that its foundation would always be the county’s two existing children’s health programs: Medi-
Cal and Healthy Families. As previously noted, with as many as two-thirds or more of the county’s uninsured children estimated to be eligible for one of the two programs, achieving 100 percent coverage of county children would require both enrolling qualified, but still uninsured children in Medi-Cal or Healthy Families while also creating a new health insurance program for children from working families who don’t qualify for Medi-Cal or Healthy Families. While both objectives were fairly clear-cut, crafting a strategy to achieve both would prove a unique challenge.

WHAT KIND OF COVERAGE...AND FOR WHOM?

One of the earliest questions confronting planners was also the most far-reaching: should the health insurance provided to children who don’t qualify for Healthy Families or Medi-Cal mirror the coverage offered by the those two programs?

Of course there was no requirement that the new health insurance program, which they had decided would be named Healthy Kids, needed to offer the same benefit package as Medi-Cal and Healthy Families. It could even be argued that it would be in keeping with the spirit of the CHI to offer superior benefits than those provided by the two programs. However, in this instance political reality trumped idealism.
Though it might be feasible to improve on Medi-Cal’s and Healthy Families’ insurance benefits, it could have had the unintended consequence of encouraging families to drop federal or state-subsidized health care to try to gain the better, but locally subsidized, Healthy Kids insurance. The long-term impact would be a costlier, more difficult to finance local program.

The planners ultimately determined that the benefits, premiums and co-pays offered by Healthy Kids would be identical to those provided by Healthy Families — the only existing program designed specifically for children — and that it would include full vision and dental coverage.

The next hurdle faced by program planners was determining eligibility. Could the new program reach some of those children whose families were not eligible for the Healthy Families program — families who made an income too high to satisfy the program’s requirements, but still not high enough to pay for private health care?

The planners responded by deciding to make the insurance offered under the Healthy Kids program available to children in families whose earnings reached 300 percent of the FPL ($54,300 for a family of four). They determined that expanding eligibility beyond this level could have the damaging effect of encouraging employers to
eliminate any affordable family health insurance they might currently make available to workers.

Mindful that some families might not be able to afford even the modest premiums required by Medi-Cal and Healthy Families, the planners also moved to create a “hardship fund” to underwrite the premiums of families who, for any one of a number of reasons, could not afford to pay them on their own.

However, there was another issue that needed to be resolved: the question of access for the non-citizen children of undocumented workers. The planners understood how frustrated these parents became when they discovered that only their U.S.-born children were eligible for subsidized health insurance. This frustration was often cited as the reason many families chose not to participate in Medi-Cal or Healthy Families at all. If CHI were to have the kind of impact it was intended to have, Healthy Kids would need to be open to all eligible children, regardless of their immigration status. While using federal funds for this purpose could raise difficult legal questions, there was no bar on using tobacco settlement proceeds or private foundation funds to insure children who were not U.S. citizens.

“While restricting participation in Medicaid or SCHIP to cit-
Many factors will determine the range of issues your planning process addresses. In Santa Clara County, perhaps the most important factor was time. By setting an ambitious target date to launch their initiative, the planners created a sense of urgency that enabled them to move rapidly to identify and resolve important questions. They knew that, whatever its final form, the new program would need to address two priorities:

- **Increasing enrollment in Medi-Cal and Healthy Families among parents whose children were already eligible, and**

- **Creating a health insurance benefit for the ineligible children of working families.**

With only two months to develop their plan — and fewer than three months to make it fully operational — the planners focused their efforts on answering five essential questions. These questions might also apply to the process you’re part of to implement your community’s CHI.

1. **What kind of coverage will the new benefit provide and who will be eligible for it?**

Healthy Families, the California SCHIP program, provides medical, vision, and dental care. You can offer less, and it will cost less, but your children will lack some important benefits. The children who aren’t eligible for Healthy Families are either from families with incomes above 250% of Federal Poverty Level or children who lack immigration documentation.

2. **How can the application process for the new benefit be made user-friendly?**
Focus on what you absolutely need to know to operate your program. Remember — the more complicated the application process, the fewer families will enroll. Other information can be collected after children are already in the program.

3. Which agency will offer the new benefit?

This is the most important decision you will make. The agency must have experience, competence, and dedication to the goal of universal health care for children. You should seek an organization with a good financial track record, an adequate provider network, and satisfactory reviews by its current members or clients.

4. How can outreach to families eligible for Medi-Cal, Healthy Families or the new benefit be improved?

Outreach plans will vary from community to community. But you can almost always find kids in schools and sick children in clinics or hospitals. Other trusted community institutions, like religious congregations, are useful as well.

5. How will the program be financed?

A Children’s Health Initiative is a long-term effort. Once you enroll a child, you will want to keep them in the program as long as they are in need. This means that your program cannot expand unless it develops new sources of funds. If you do not continue to raise revenues, eventually you will have to put children on a waiting list, only enrolling them when other children give up their coverage.
izens might not have much effect on children’s health in Kansas or Iowa, it was having a devastating impact here in California,” said Susan Price-Jang, a leader of PACT.

“A USER-FRIENDLY APPLICATION

Recent experiences nationally with SCHIP and other programs demonstrated that the more complicated and intrusive the application process, the less likely parents were to complete the application. This was particularly true for immigrants.

In California, for example, the original written application for the Healthy Families program included a 28-page booklet with 12 pages of forms. Parents were asked to prepare complex calculations to determine whether they were eligible to participate in Healthy Families or Medi-Cal. Later they would be required to provide additional information in an interview with a caseworker. This process reinforced the belief shared by many working parents that participating in Medi-Cal and Healthy Families would mark them as “being on welfare.”

In contrast to this approach, the planners set out to craft a “user friendly” application procedure. WPUSA’s Bob Brownstein

“We sat down with copies of the application forms used by Healthy Families and we went over each question, line by line. For every question, we’d ask ourselves whether we really needed the information to determine eligibility for Healthy Kids. In most instances we decided we didn’t.”
explained that the process for drafting the written application for Healthy Kids, while time consuming, was fairly simple: “We sat down with copies of the application forms used by Healthy Families and we went over each question, line by line. For every question, we’d ask ourselves whether we really needed the information to determine eligibility for Healthy Kids. In most instances we decided we didn’t.” For example, planners deliberately decided to leave out any questions pertaining to citizenship or asking applicants to provide a Social Security number.

By asking for only the most relevant information, the planners successfully pared the written application for Healthy Kids down to two forms with additional pages for instructions. They also decided that applicants would not be required to meet with a caseworker to guide them through the application process.

**A HOME FOR HEALTHY KIDS: SCFHP**

The most fundamental question facing planners was, in many respects, the easiest one to answer: who should administer the Healthy Kids program? While, in theory, various social service agencies could have provided the logistical support necessary for Healthy Kids, in reality there was only one organization capable of offering the program the “home” it needed: the Santa Clara Family Health Plan.

Launched in 1995 by the county Board of Supervisors, the Family Health Plan was established as a public agency, separate
and apart from the county, to help provide quality, publicly assisted medical care in Santa Clara County. Governed by a 13-member board representing consumers and health care providers, the Family Health Plan delivers services to more than 50,000 members enrolled in either the Medi-Cal or Healthy Families programs. As part of its mission, the Family Health Plan oversees a provider network that encompasses more than 1,700 physicians and clinics, 170 pharmacies and 13 hospitals in Santa Clara County.

“The advantages of basing Healthy Kids within the Family Health Plan went way beyond the fact that they already had expertise in, for example, processing claims,” said Brownstein. “The greatest asset of the Family Health Plan was that they had already assembled a great network of providers who could be easily introduced to Healthy Kids.”

However, the decision to offer Healthy Kids through the Family Health Plan did not necessarily preclude another organization from offering the plan, as well. Much as competition between two grocers selling the same product can reap benefits for consumers, it was argued that competition could result in more extensive marketing of the plan and better service for its users. One group that could have also offered Healthy Kids was Blue Cross of California. However, on close examination the
planners decided Healthy Kids would be offered through the Family Health Plan alone.

“We believed that ongoing public scrutiny was essential to make sure Healthy Kids performed as it needed to,” said Brownstein. “This would be far easier with the Family Health Plan, which, as a public entity, was covered by an open meetings law. In contrast, as a business, Blue Cross operates largely in the shadows.”

After careful scrutiny from PACT leadership and members, the staff of the Family Health Plan was confident they could meet the goals set forth by CHI. “PACT was very serious about us being able to do the job right,” said Butler. “Because we are a public agency, we can be responsive to those kinds of concerns in ways a private plan can not.”

However, the decision to designate the Family Health Plan as the sole provider of Healthy Kids coverage wasn’t entirely up to the health plan and the planners alone. In order to provide the new coverage, the Family Health Plan also had to win the approval of California’s state Department of Managed Care. Gaining this approval would, under the best conditions, prove to be a complex and time-consuming process. However, CHI supporters were able to gain the assistance of state regulators in the Department of Managed Care to successfully expedite the pro-
procedure and win the state’s approval, thanks in part to a strong working relationship with the staff of the Family Health Plan.

REACHING OUT, REACHING IN

As noted, the purpose of the Children’s Health Initiative was not merely to create a new insurance option for families who were unable to gain coverage through Medi-Cal and Healthy Families; it was also to help families who did qualify for coverage to obtain it.

At the onset, planners understood that the CHI created a unique opportunity to conduct joint outreach on behalf of the health programs, Of course, local officials had conducted major outreach efforts in the past. Faced with declining participation in Medi-Cal in the wake of welfare reform, in 1996, the county Health and Hospital System initiated a large outreach and enrollment drive. In 1998, they helped launch another campaign, “First Things First,” geared toward boosting participation in both Medi-Cal and the then-newly created Healthy Families program. Most significantly, one month before they voted to back CHI, the county Board of Supervisors approved a funding request of $1.9 million to hire 38 new outreach workers at the county Health and Hospital System.

Now, with county support for CHI and the creation of
Healthy Kids, county health officials had the opportunity to create something they never had before: a capacity to conduct ongoing outreach on behalf of each program simultaneously.

“We understood that the creation of Healthy Kids would give us the opportunity to tell working parents something we could never say before: that, no matter what your immigration status or your income, if you take the time to apply your children will be insured,” said Sillen.

Gradually the planners outlined plans to wage an aggressive, new outreach drive to reach uninsured youngsters through public schools. Unlike past efforts that were geared toward promoting Medi-Cal, Healthy Families, or both, this new, ongoing program would be organized under the banner of the Children’s Health Initiative. From a marketing standpoint, this new approach would enable the county Health and Hospital System to reintroduce Medi-Cal and Healthy Families to parents who identified both as welfare programs. The planners also decided to move beyond outreach through schools, community centers and other traditional venues and launch what they described as “in-reach,” signing up families at clinics and other sites.

“The most direct way to reach people who need health
insurance is to go to where they’re trying to get health care without it,” Sillen added.

“Too often people seeking funds either ask for so much that they create opposition, or they ask too little and win less than they need.”

SHOW ME THE MONEY

Planners understood at the onset that the cost of the program they envisioned could easily grow beyond the funds they anticipated receiving through Santa Clara County. With their presentation in October of a preliminary concept paper for CHI, the planners gained a $1 million commitment of funds through the Santa Clara Family Health Plan Foundation. They also received a $2 million pledge from the Santa Clara County Children and Families First Commission, earmarked to subsidize premium costs for children ages 0 – 5 that do not qualify for Medi-Cal.

However, the funding breakthrough CHI needed came when, at PACT’s insistence, the planners asked the county Board of Supervisors for $3 million, the full amount they had authorized to be set aside for children’s health annually when they first voted to back CHI the previous summer. The initial response by county supervisors was encouraging.

“PACT deserves a lot of credit for urging that we ask for what we needed,” recalled WPUSA’s Brownstein. “Too often people seeking funds either ask for so much that they create oppo-
sition, or they ask too little and win less than they need. PACT had a very good feel not only for what was necessary, but also what was possible.”

Optimistic that their request to county officials would be well received, CHI’s backers returned to the San Jose City Council with a request for $2 million. Though San Jose had less tobacco settlement money available to it than Santa Clara County, CHI advocates pointed out that the city was also home to a disproportionate number of uninsured children.

With fewer than four weeks remaining before their self-imposed January 1, 2001 deadline, the Board of Supervisors voted on December 5, 2000 to approve the CHI plan and release $3 million for its creation. On December 12, the San Jose City Council followed suit and cast an 11–0 vote to award $3.16 million to CHI over 3 years.

Enrollment in Healthy Kids would begin on schedule: January 2, 2001.

STRIKING A RESPONSIVE CHORD

WPUSA and PACT leaders always predicted that, once implemented, the CHI would be well received by area families. But no one anticipated the incredible enthusiasm that would greet it.
The high profile drive that won passage of CHI and the fast-paced planning process that followed it generated enormous local and even national interest. With little competing news during the holiday season, San Jose media, particularly the Mercury News, gave generous coverage to CHI’s launch.

“There was a sense of pride that, here in Silicon Valley, we were actually doing something significant as a community,” recalled WPUSA’s Amy Dean.

In preparation for January 2 — the first day applications for Healthy Kids would be accepted — the county Health and Hospital System had trained 25 workers to assist families in applying for any of the three insurance programs under CHI. County agencies would also operate a toll-free telephone information line to help parents who wanted to learn more about the insurance options available to them. The Health Trust, a non-profit advocacy organization, assigned several of its staff to assist in outreach efforts in San Jose, and the county Social Services Agency assigned 12 of its employees to help applicants as well. Other agencies also assigned staff to aid in outreach. Written materials explaining the new health program were also prepared, not only in English, but in Spanish and Vietnamese.
Is your work over once your Children’s Health Initiative is up and running? No way. Achieving the goal of health care coverage for every child still will depend on the active involvement of grassroots activists like you. Your organization should play an active role on your CHI’s governing body. But that’s not all. Other priorities your organization can focus on during this period include:

• **Educating.**
  Grassroots organizations will always have a much greater capability to reach out to prospective applicants than government agencies. Make your organization a focal point for public education about your CHI and other health care concerns. Similarly, your organization can work with your CHI’s staff to strengthen its outreach activities and make them more accessible to everyone in your community.

• **Fundraising.**
  Your organization will be able to help your CHI program identify and build relationships with new corporate donors and philanthropists.

• **Mobilizing.**
  Though your CHI may be a reality today, without strong political support, it may not be tomorrow. Your organization can inform elected officials — local, state and federal — that you’re judging them based on their support for funding children’s health insurance in your community.

• **Organizing.**
  In the absence of national leadership, state and local organizing will be the only option to win quality, affordable health care for working families. That won’t happen unless activists in other communities have the opportunity to learn from your experience.
A NEW CHALLENGE FOR SOCIAL SERVICE WORKERS...AND THE COMMUNITY

For social service providers, adding CHI to the already lengthy number of programs their staff would promote was daunting. Mary Cardenas of the county’s Social Service Agency, the agency that determines local Medi-Cal eligibility, notes that her staff’s most difficult challenge “has been developing a process to meet the goals of CHI without interrupting other necessary services.”

However, Cardenas added that interest in CHI could bring social services workers into contact with immigrants and other residents who are often reluctant to use the agency’s services.

However, the success of outreach on behalf of the new health plan would not only hinge on the work of government agencies, but also community activists. “We knew that many of our members would not sign-up for government health insurance unless they were encouraged to do so by people they trust,” recalls Maritza Maldonado of PACT. This is particularly true of the members of Santa Clara County’s large immigrant community.

“We get the word out through our congregations and the informal networks of friends and family in our neighborhoods. We knew that, without this, the CHI would never reach its goal
of insuring all children, no matter how much money the program had, because people simply would not take advantage of it,” Maldonado added.

The importance of involving community activists was clear at one CHI “kick-off” in March 2001. More than 3,000 local residents, predominantly immigrants, gathered at Our Lady of Guadalupe Catholic Church. With live music, food, and activities for children, PACT activists transformed the church into a giant enrollment center where dozens of county staff signed up uninsured children. As a result of that one event, county officials estimate that more than 500 children gained health insurance.

**SURGING ENROLLMENT**

During its first months of operation, CHI’s impact on enrollment in Medi-Cal, Healthy Families and the new Healthy Kids insurance programs became readily apparent.

In the nine months after it began providing coverage, enrollment in the Healthy Kids program grew from an initial 660 participants on February 1 to more than 6,400 on October 1. Just as significantly, enrollment in Med-Cal and Healthy Families surged. Over the course of one year county Medi-Cal enrollment of children aged 0–18 years grew by more than 5,000. By March 2002, over 25,000 children had gained health care coverage through the Children’s Health Initiative.

**CHI has clearly won a place in the hearts of Silicon Valley families, but it is still a work in progress.**
THE NEXT STEP

CHI has clearly won a place in the hearts of Silicon Valley families, but it is still a work in progress. While evaluation of the program will be ongoing, supporters point out that in a region that’s home to one of America’s fastest growing and most diverse immigrant communities, CHI must tailor its outreach strategies to better meet the needs of families with different languages and cultural traditions.

In addition, social service providers observe that the simplicity of the Healthy Kids application process, compared to the more complicated approach of Medi-Cal and Healthy Families, is a source of resentment among parents whose children aren’t eligible for Healthy Kids coverage.

CHI will also face the challenge of retaining its participating clients and, no less significantly, maintaining its network of health care providers in the face of ongoing frustration with Medi-Cal and Healthy Families reimbursement rates.

“There are a lot of physicians and dentists who look at what Medi-Cal and Healthy Families pay and decide it’s just not worth it,” said Leona Butler, CEO of SCFHP. “I’ve heard of some doctors who treat kids for free rather than deal with all the paperwork the government requires.”
FUNDING FOR THE FUTURE

The most significant challenge facing CHI will be funding. This will be particularly crucial as health care costs cause more employers to abandon family coverage.

While in the near term, support from local government and philanthropies is assured, over the coming years CHI will need to broaden and diversify its financial base.

One potential source of support will be efforts like those of area employees at Sun Microsystems who have decided to contribute directly to support CHI’s services. In the future, CHI — and efforts like it — might also hope to gain the federal support that so far has been elusive. Recently, California Assemblyman Manny Diaz secured Gov. Gray Davis’ approval of state legislation that could ultimately help Healthy Kids obtain matching federal funds.

A stronger, more secure CHI means a lot to families in Silicon Valley. Just ask Raymundo Mendoza. “I found out about Healthy Kids through PACT and I applied down at my son’s school,” Mendoza said. “It took less than three seconds and now we can choose any doctor for the kids that we want.”

Mendoza said he’s happy with the coverage, but is quick to add, “Now I only wish I could find insurance for my wife.”
APPENDIX 1 : MEDIA COVERAGE
SUCCESS STORY FOR KIDS’ HEALTH
EDITORIAL, AUGUST 1, 2001

What an incredible success the Children’s Health Initiative is turning out to be. Its goal is ambitious: making Santa Clara County the first in the nation to have health coverage for all its children. Yet today, little more than a year since the idea was proposed, that goal looks remarkably attainable.

What a credit to the initiative’s visionary sponsors — Working Partnerships USA, the local labor-affiliated research group, and People Acting in Community Together (PACT), the faith-based neighborhood organizers. They not only sold Santa Clara County and San Jose on the idea, but they’re out on the street helping to make it happen.

Tuesday’s Mercury News story by Michelle Guido told the compelling tale. More than 15,000 of the county’s 70,000 uninsured children have been enrolled in insurance plans since January, an astonishing rate of about 100 each weekday. This far exceeds the sponsors’ most optimistic predictions.

The initiative first was proposed as a San Jose program to take advantage of revenue from the national tobacco lawsuit settlement. The city’s unenthusiastic reception sent the sponsors to the more receptive county — and it’s just as well. San Jose eventually came on board, and the countywide program is far better.

Much of the funding goes toward signing kids up for existing state and federal programs — Medi-Cal, for families near the federal poverty line, and Healthy Families, for the working poor. In too much of California, parents aren’t aware of Healthy Families. Here county workers and other groups, including PACT, get out the word. Like successful outreach programs in Stockton and Shasta County, this one is proving that low-income parents who know about Healthy Families sign up for it.

The initiative still faces major challenges.

One is retention. Some plans require small premium payments, and families tend to let them slide in lean
times. Legislation calling for Healthy Families insurance premiums to be deducted from paychecks would help, but that’s just in the talking stages.

Another challenge is sorting out which ethnic or other groups within the county may be under-served by the outreach so far, and targeting them.

But the greatest challenge is fund-raising: About half of the $14 million annual cost of the program must come from private sources. Calpine and Hewlett Packard are early contributors. But the slowing economy will make money harder to raise at the same time it leaves more children in need of help.

There is no one remedy for the growing gap between rich and poor in this county, so we need to attack individual symptoms. The Housing Trust of Santa Clara County, noted here Tuesday, is tackling affordable housing. The Children’s Health Initiative is an even more ambitious effort calling on government and the private sector.

A healthy child does better in school and has a better chance of escaping poverty. Community leaders in and out of public office who’ve been part of this initiative should be proud of what they’ve accomplished—and of the example they’re setting for the nation.

More than 15,000 of the county’s 70,000 uninsured children have been enrolled in insurance plans since January, an astonishing rate of about 100 each week-day.
APPENDIX 2 : PROGRAM APPLICATION
Healthy Kids of Santa Clara County

Application and Instructions

Before You Complete and Sign this Application

It is important to read all the instructions and information provided. When you understand the information provided, please sign this application and enclose your premium payment. If you have any questions, please ask your Application Specialist.

- Please use the instructions starting on page 5 to complete this application.
- Print clearly.
- Use black or blue ink only.

FOR HELP, CALL TOLL-FREE, 1-888-244-5222
Rev. 4-1-01

WORKING PARTNERSHIPS USA
Healthy Kids Application

Tell us about the person applying for the child.

1. Last Name | First Name | Middle Initial
   2. Home Address (Number and Street) DO NOT USE A P.O. BOX | Apartment Number | Home Phone Number
   3. City | Zip Code | Work Phone Number
   4. Mailing Address (if different from above) or P.O. Box | Apartment Number | Message Phone Number
   5. City | Zip Code

13A. What language do you prefer to speak? | 13B. What language do you prefer to read?

Tell us about the child(ren) under age 19 for whom you are applying.

2. Name: Last | First | Middle
   3. If the child's address is not the same as person applying, give complete address:
   4. Relationship to person applying:
   5. Gender: □ Male □ Female
   6. Date of Birth: □ / □ / □ □ / □ / □ □ / □ / □ □ / □ / □ □ / □ / □ | □ / □ / □ □ / □ / □ □ / □ / □ □ / □ / □ □ / □ / □
   7. Ethnic Code: (optional)
   8. Social Security Number: (optional)
   9. Responsible Parent or Guardian: Last Name | First Name
   10. What school or HeadStart program does the child attend?

Address of parent/guardian, if different from person applying:

Are the child(ren) covered by other health insurance? yes □ no □
If yes, the children may not be eligible for Healthy Kids.
Do you have any child care needs? yes □ no □ If yes, how often?

Page 2

For help, call toll-free, 1-888-244-5222
Healthy Kids Application

3 Gross income (before taxes)

- List gross income of parents or guardians, of child(ren) applied for, who are also living in the household.

<table>
<thead>
<tr>
<th>Name of person with income</th>
<th>Source of Income?</th>
<th>How often received?</th>
<th>How much income before deductions?</th>
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Deductions

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<thead>
<tr>
<th>Type of Payment your family makes</th>
<th>Monthly Amount Paid</th>
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<tbody>
<tr>
<td>Child Support</td>
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<tr>
<td>Alimony</td>
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<td>Child Care</td>
<td></td>
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<tr>
<td>Other</td>
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</tbody>
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- What is the total number of people in the child(ren)'s family living at home? (Include child(ren)'s parents or guardians and other children not listed here.) ________

4 Choice of Doctor or Clinic

- Selecting a doctor or clinic, and a dentist will assist in getting your Healthy Kids coverage started without delay.

<table>
<thead>
<tr>
<th>Name of Doctor/Clinic (optional)</th>
<th>Doctor/Clinic Code (optional)</th>
<th>Name of Dentist/Clinic (optional)</th>
<th>Dentist/Clinic Code (optional)</th>
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First Premium Payment

Your Application Specialist will help you calculate your monthly premium using the Family Contribution Chart on page 7. If your child is not eligible for Healthy Kids your payment will be refunded to you.

Send your first month's premium payment with the application. If you pay premiums for 3 months at a time, your 4th month is FREE! If you pay 9 months, the rest of the year is free. Make your check payable to Healthy Kids. Personal checks, money orders, and cashier's checks are fine. Sorry, we do not accept cash.

Please mail this application along with your premium payment to: Healthy Kids
PO Box 5560
San Jose, CA 95150.

FOR HELP, CALL TOLL-FREE, 1-888-244-5222

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Healthy Kids Application

Healthy Kids Declarations

I declare that each child I am applying for:

- is a resident of Santa Clara County.
- is not in juvenile hall or in a mental hospital.

I further declare that:

- All individuals listed on this application will abide by the rules of participation, the utilization review process and the dispute resolution process of the Healthy Kids Program.
- I agree to pay the monthly premiums. If I do not pay the premiums, I will either make application for payment by the Healthy Kids Premium Assistance Fund or I understand my child will be taken off the program. I understand that if taken off the program, it will be another 6 months before my child can rejoin the plan.
- I give permission to Healthy Kids to check my family income, health coverage, and all other facts on this application.
- I agree to notify Santa Clara Family Health Plan within 30 days of any change of address of any person listed here who is accepted into the program and any change in billing address.

Privacy Notice

The Information Practices Act of 1977 and the Federal Privacy Act require the Healthy Kids Program to provide the following notice to individuals who are asked by Healthy Kids to supply information:

- Personal and medical information requested is for member identification and program administration purposes only. Member’s information may be shared with State and local agencies involved in administration of health programs.
- Information about persons who do not become members will be used only for purposes of eligibility determination and program administration. Failure to furnish this information may result in the return of the application as incomplete.
- The following information on the application is not mandatory:
  - social security number,
  - ethnicity information
  - and any other item marked voluntary or optional.

An individual has a right to access records containing his/her personal information that are maintained by the Santa Clara County Health Authority.

Resolving Disputes

If you enroll in Healthy Kids you agree to have certain claims (which may include medical malpractice claims) decided by neutral binding arbitration, thereby giving up your right to a jury or court trial. The Healthy Kids Evidence of Coverage has information about the arbitration requirements. You may call Santa Clara Family Health Plan to find out more.

Signature and Certification

I have read and understand the application instructions, the declarations, and all information printed on this application. I declare that the answers I have given are true and correct to the best of my knowledge and belief.

Signature ___________________________ Date ____________
Witness Signature ___________________ Date ____________
(If person signed with a mark)

Application Specialist

CAA Signature _______________ CAA# _______________ EE# _______________ Date ____________
CAA Phone # ________________________

FOR HELP, CALL TOLL-FREE, 1-888-244-5222
Instructions for the Healthy Kids Application

1. The person applying for the child must be a parent, legal guardian, stepparent, foster parent or caretaker relative.

2. Tell us about the child(ren) under age 19 who need coverage.

Answer Questions 14-22 for each child. To add more children, use a separate piece of paper or a photocopy of page 2 of the application.

Question 15 Write the complete address, if different from person completing this application:
- Street Number and Name
- Apartment Number
- City and Zip Code

Question 16 How is each child related to the person making this application.
For example: daughter, stepchild, nephew, etc.

Question 19 Use this chart to find the ethnic code number or letter. Ethnic Codes are not required for Healthy Kids.

Question 20 Social Security numbers are not required for Healthy Kids.

Question 21 Write the name of the responsible parent or guardian of each child. If the responsible parent/guardian is the same for all children, write the name for child 1, write “same” for the other children.

Question 22 Write the name of the school or HeadStart program attended by each child applied for, if applicable.

Ethnic Codes

<table>
<thead>
<tr>
<th>Number</th>
<th>Ethnicity</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>White</td>
</tr>
<tr>
<td>2</td>
<td>Hispanic</td>
</tr>
<tr>
<td>3</td>
<td>Black/African American</td>
</tr>
<tr>
<td>4</td>
<td>Asian</td>
</tr>
<tr>
<td>5a</td>
<td>Native American Indian</td>
</tr>
<tr>
<td>5b</td>
<td>Alaskan Native</td>
</tr>
<tr>
<td>7</td>
<td>Filipino</td>
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<tr>
<td></td>
<td>A Amerasian</td>
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<td></td>
<td>C Chinese</td>
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<td></td>
<td>H Cambodian</td>
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<td></td>
<td>J Japanese</td>
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<td>K Korean</td>
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<td></td>
<td>M Samoan</td>
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<tr>
<td></td>
<td>N Asian Indian</td>
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<td></td>
<td>P Hawaiian</td>
</tr>
<tr>
<td></td>
<td>R Guamanian</td>
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<tr>
<td></td>
<td>T Laotian</td>
</tr>
<tr>
<td></td>
<td>V Vietnamese</td>
</tr>
<tr>
<td></td>
<td>Z Other</td>
</tr>
</tbody>
</table>

FOR HELP, CALL TOLL-FREE, 1-888-244-5222

page 5


3 Gross Income

List income of all parents or guardians of the child(ren) being applied for who live in the home. This information is used to determine eligibility for Healthy Kids.

Question 23 Use a separate line for each parent or guardian of the child(ren) being applied for who receives income. If a person gets income from two different sources, use two lines.

For example: If Maria has two jobs, use one line for each job to report her earnings.

Question 24 List where the income comes from. For instance:
- work (employer or self employment);
- child support from a parent who is not in the home;
- alimony from an ex-spouse; benefit payments from government agencies such as Social Security Retirement Survivor Disability Insurance and Veterans Administration;
- insurance policies;
- pension funds;
- rental properties;
- and gifts from relatives and friends, etc.

Question 25 How often is this income received? For example:
- once a week (weekly)
- every two weeks
- twice a month
- once a month
- once a year, etc.

Question 26
- Write the amount of income you get each time.

For example: If the income is received once a week, write the weekly amount in the box.

- If the income amounts change from time to time, put the average amount received on a regular basis. We will use the paystub or other document you give us to figure out the correct monthly income.

- If you know your family’s income will go up or down in the next few months due to overtime, promotion, raises in pay, expected increases in child support/alimony, layoffs, furloughs, etc., explain on a separate sheet of paper.

For example: Maria’s income from her job this month is $1000 but her regular monthly pay is only $800. Explain on the paper that Maria’s paycheck included $200 overtime pay (or a $200 bonus), and how long the overtime will last (how often she gets bonuses).

- If self-employed, write the net profit from Schedule C of last year’s federal income tax return, or provide the last 3 months’ profit and loss statements.

- If using last year’s federal income tax return, add all income amounts reported. Do not deduct losses.

Deductions from Family Income

The answers in this section will help determine what amounts will be deducted from your family’s gross monthly income for calculating Healthy Kids eligibility.

Question 29 Family size is used to determine eligibility for Healthy Kids. Include all people who are supported by the income listed in question 26. An unborn child; all children under age 21 living in the home; all children under age 21 away at school and claimed as tax dependents should be included. Do not count family members who get public assistance such as SSI/SBP or CalWORKs.
## Choice of Doctor or Clinic

Questions 30-33 Selecting a doctor or dentist will assist Healthy Kids in getting health care started without delay. Your Application Specialist can help you.

### Family Contribution Chart

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Maximum Monthly Family Income</th>
<th>$4 per child up to maximum of $12 per family</th>
<th>$6 per child up to maximum of $18 per family</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,074</td>
<td>$2,148</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>$1,452</td>
<td>$2,904</td>
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<tr>
<td>3</td>
<td>$1,830</td>
<td>$3,660</td>
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<tr>
<td>4</td>
<td>$2,207</td>
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<td>5</td>
<td>$2,585</td>
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<td>6</td>
<td>$2,963</td>
<td>$5,925</td>
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<td>7</td>
<td>$3,339</td>
<td>$6,678</td>
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<td>8</td>
<td>$3,717</td>
<td>$7,434</td>
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<tr>
<td>9</td>
<td>$4,095</td>
<td>$8,190</td>
<td></td>
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<tr>
<td>10</td>
<td>$4,472</td>
<td>$8,943</td>
<td></td>
</tr>
</tbody>
</table>

Income per Federal Poverty Level: 4/1/01

⇒ Premium Assistance may be available.

FOR HELP, CALL TOLL-FREE, 1-888-244-5222
What Documents are Needed

1. Proof of Santa Clara County residency
   You can use your proof of income as proof of residency if it shows your Santa Clara County address. Other proof of residency would be utility bills, rental agreements, driver’s license, etc.

2. Proof of Income
   - A copy of the most recent paystub; or
   - Signed statement from employer indicating gross monthly income and dates received; or
   - Last year’s federal income tax return; or
   - For day laborers and others without written proof of income a letter from a recognized charitable organization stating the gross income of the person and the time period in which it is received or from your employer; or
   - Self-employed persons can include last year’s federal income tax return including Schedule C or 3 months’ profit and loss statement.
Supervisors' Transmittal

The Agenda Transmittal item number 13 that was heard by the Board of Supervisors on 12/5/2000 has received the following Board Action:

Accepted report on Children's Health Initiative summarizing the County's goal to enroll all eligible children in the County of Santa Clara into one of several insurance programs, and took the following actions:

a. Authorized Chairperson to execute Agreement with Santa Clara County Family Health Plan regarding administration of the Healthy Kids Program relating to providing insurance to eligible children residing in Santa Clara County in an amount not to exceed $3 million, for period ending August 31, 2001, with automatic renewals for consecutive one-year terms.

b. Adopted Resolution delegating authority to the County Executive to negotiate and execute Amendments to Agreement with Santa Clara County Family Health Plan for the Healthy Kids Program, following review and approval as to form and legality by County Counsel.

c. Held to December 12, 2000: Approval of Request for Appropriation Modification No. 103 - $3 million, increasing revenue and expenditures in the Children's Health Initiative budget.

Distribution

12/6/00 - Approved transmittal, conformed copy of adopted Resolution, duplicate original and conformed copy of Agreement to: Santa Clara Family Health Plan (to be picked up), Approved transmittal, conformed copy of adopted Resolution and Agreement to: SCVHHS Administration.

SANTA CLARA VALLEY HEALTH & HOSPITAL SYSTEM ADMINISTRATION
2220 MOORPARK AVENUE
SAN JOSE, CA 95128

DEC - 8 2000

Mahalie O. Lacy
November 29, 2000

TO: County Board of Supervisors

FROM: Working Partnership USA
People Acting in Community Together (PACT) through
Robert Silver
Executive Director, SCVHHS

SUBJECT: Approval of Various Actions Related to the Children’s Health Initiative.

RECOMMENDED ACTIONS

1. Accept the attached report on the Children’s Health Initiative summarizing the County’s goal to enroll all eligible children in the County of Santa Clara into one of several insurance programs, including the Healthy Kids insurance product that will insure all eligible children whose families earn up to 300% of Federal Poverty Level.

2. Execute the attached contract with Santa Clara Family Health Plan to administer the Healthy Kids plan to provide health insurance to eligible children residing in Santa Clara County, including the transfer of $3,000,000 reserved by the Board of Supervisors during the FY01 Board Hearings to the Santa Clara Family Health Plan for deposit into a Trust Fund.

3. Adopt a Resolution delegating signature authority to the County Executive to execute amendments to this contract with prior review and approval by County Counsel. This authority is not subject to a time limit.

4. Approve the attached Appropriation Modification recognizing $3,000,000 in revenues and expenses in the Children’s Health Initiative budget (BU0612).
FISCAL IMPLICATIONS

There will be no impact on the County General Fund as a result of this action. A $3,000,000 reserve for the Children's Health Initiative was approved in the FY01 Budget to be used upon execution of the final contract with Santa Clara Family Health Plan. These are one-time Tobacco Settlement funds, but are anticipated to be renewed annually as long as the Tobacco Settlement funds are available.

Funding for this program will be deposited in a separate budgetary fund in the County treasury with annual budgets approved by the Board of Supervisors. Amounts in this new special revenue fund, which has been created solely for the Children's Health Initiative, will be paid to the Santa Clara Family Health Plan pursuant to contractual relationship. Unexpended funds, if any, together with related interest earnings, will be retained within the fund and will be available as a dedicated financing source for subsequent appropriations.

The $3,000,000 in the balance of this fiscal year will be used for premiums for the new Healthy Kids insurance product, and one time startup and operating costs associated with the Children's Health Initiative (see Attachment B). Those funds will enable an estimated 4,500 children to be enrolled in Healthy Kids by the end of FY2001.

A public-private partnership is forming in the effort to fund the Children's Health Initiative. To date, the Children & Families First Commission has allocated $2,000,000 (annualized) to cover children aged 0–5, and the Santa Clara Family Health Plan Foundation has contributed $1,000,000 toward this effort. A development office will be created to expand the public-private funding partnership so that the County's funds will be leveraged and sufficient, sustainable resources developed for the continuation of the program.

REASON FOR RECOMMENDATIONS

On October 4, 2000, the Board of Supervisors approved the proposal (in concept) to enroll all eligible children residing in the County of Santa Clara into an insurance program managed and coordinated by the Santa Clara Family Health Plan and directed the County Executive and County Counsel to negotiate a contract with SCFHP (see Attachment C for contract).

With implementation of the Children's Health Initiative, Santa Clara County will be the first county in the United States to launch and implement a comprehensive health insurance initiative to make health insurance accessible to all eligible children (see Attachment A for complete program description).

The Children's Health Initiative includes a plan for outreach through which children from Palo Alto to Gilroy will be identified and evaluated for eligibility first for Medi-Cal, second for Healthy Families, and finally (if not eligible for the first two programs) enrolled into Healthy Kids. The Children's Health Initiative builds upon current efforts and resources focused on enrolling children into one of the two existing programs and seeks to become a “best practice” for educating families and improving retention in health insurance plans.

Responding to the rising numbers of uninsured low-income children in Santa Clara County, the Board of Supervisors fostered the creation of the Healthy Kids insurance product. The Healthy
Kids insurance program will make health insurance coverage accessible and available to all eligible children in the County, filling gaps in the current system.

As described in the 1999 Santa Clara County Community Health Assessment\(^1\), there are numerous consequences of being uninsured, including poor access to care, and preventive health services such as routine checkups and health screenings, increased inappropriate and costly use of County emergency room facilities to meet immediate health care needs, and increased preventable hospitalizations. Creation of the Children's Health Initiative and Healthy Kids will help address and improve this situation and the overall health of our community.

**CONTRACT HISTORY**

**Santa Clara Family Health Plan**

The Santa Clara Family Health Plan will be the administrative entity for managing the Healthy Kids insurance product and will report monthly on enrollment and finances to the Board of Supervisors through the Health and Hospital Committee. The Santa Clara Family Health Authority (d.b.a. Santa Clara Family Health Plan) is a public agency and was formed pursuant to statute, by the Santa Clara County Board of Supervisors and by County Ordinance on August 1, 1995.

The SCFHP is a fully licensed Knox-Keene health plan, currently serving approximately 37,000 Medi-Cal and 6,000 Healthy Families members who have selected this plan within a competitive market. Current market share for SCFHP by program represents 63% of Medi-Cal managed care and Healthy Families enrollees. SCFHP has an existing large network which includes all area hospitals, more than 2,100 doctors and clinics and all major pharmacies.

The SCFHP is responsible for managing Medi-Cal and Healthy Families revenue from state and federal governments. In addition, its operations are subject to audits by the California Department of Managed Health Care, the federal Departments of Health Services and Health Care Financing Administration, and is subject to the Brown Act, conducting its business in public with all records subject and open to public inspection.

Implementation of the Healthy Kids insurance product is contingent on the Santa Clara Family Health Plan receiving approval for a material modification of its license by the State of California's Department of Managed Health Care to provide the insurance plan as described in Attachment C. Approval is expected by the end of the calendar year.

In November 1996, The Board of Supervisors approved the initial agreement between the Santa Clara Family Health Plan (SCFHP) and Valley Health Plan (VHP) for Medi-Cal Managed Care. Under this Provider Services Agreement, VHP is the subcontracting health plan that unites the disproportionate share health care providers in the County for purposes of accepting Medi-Cal Managed Care enrollment. SCFHP also has a direct contract with Santa Clara Valley Medical Center, executed in December 1996, for the provision of inpatient and outpatient services.

In the Balanced Budget Act of 1997, Congress established a new children's health program that would become the Healthy Families Program, administered by the California Managed Risk Medical Insurance Board (MRMIB). Throughout 1997 and into early 1998, SCFHP and VHP

SUPERVISORS’ TRANSMITTAL

worked together to prepare for this program and to obtain the Community Provider designation for SCFHP, which would make the SCFHP network (including VHP) a more attractive choice for Healthy Families members.

During the Spring of 1998, the First Amendment to the original SCFHP/VHP Provider Services Agreement and the Second Amendment to the direct SCFHP/VMC Provider Services Agreement were executed for the Healthy Families Program. At the same time, VHP executed Healthy Families provider agreements with its network.

Delegation of Authority

On February 15, 2000, the Board of Supervisors adopted a resolution continuing the delegation of authority to the Executive Director, Santa Clara Valley Health & Hospital System, to amend agreements between Valley Health Plan and Santa Clara Family Health Plan.

Copies of the adopted resolution are on file with the Clerk of the Board.

BACKGROUND

The Packard Foundation recently released a study which includes the following information:
- The average uninsured rate for Santa Clara County’s children was 14.8% or approximately 71,000 uninsured children for years 1997 and 1998.
- About 51,000 or 72% of the 71,000 uninsured children are eligible for Medi-Cal or Healthy Families but not enrolled.
- Approximately 20,000 children are not eligible for either Medi-Cal or Healthy Families programs, due to family income criteria or immigration status.

History of this Referral

In May 2000, Working Partnerships USA and PACT approached the County and City of San Jose with a proposal to use tobacco settlement funds to create a health insurance program for children in San Jose. On May 24, 2000, Supervisor Alvarado made a referral to the County Executive and SCVHHS administration to review this request.

During the Board’s budget hearing on June 14th, Supervisor Alvarado proposed using $3 million of the tobacco settlement funds to pay for children’s health insurance. Supervisor Simian made the motion that the program be expanded to cover children throughout the County. The Board unanimously approved the creation of a $3 million reserve for children’s health insurance.

In response to these actions, staff from Working Partnership USA, PACT, SCVHHS, SCFHP, County Executive’s Office, Social Services Agency, The Community Health Partnership and others formed a Working Group to formulate a plan and strategy to provide health insurance to Children. The Working Group formulated the overarching plan for a Children’s Health Initiative and the resulting Healthy Kids insurance product.

This new product is designed to be a Healthy Families “look alike” that will provide medical, mental health, vision and dental benefits for all children up to age 19 who are living in Santa Clara County and whose families have an income up to 300% of poverty and who are not otherwise able to obtain coverage (including Medi-Cal and Healthy Families).

On September 9, 2000, the Santa Clara County Children and Families First Commission approved $2 million in matching funds on an annual basis, for insuring children ages 0-5 years who do not qualify for Medi-Cal or Healthy Families.

On September 21, 2000, the Santa Clara County Health Authority Board of Directors approved the allocation of $1 million in funding to the Santa Clara Family Health Foundation, to be used toward the Children's Health Initiative.

On October 4, 2000, the Board of Supervisors accepted a report on the Children’s Health Initiative plan, in concept, which proposed to enroll all eligible children in the County into an insurance program managed and coordinated by the Santa Clara Family Health Plan.

On October 27, 2000 the Santa Clara Family Health Plan submitted an application to the City of San Jose for $804,200 in Year One and $1,986,750 in Year Two of the City’s Healthy Neighborhoods Venture Funds (tobacco settlement), to be used for coverage of the per member, per month premiums for the Healthy Kids insurance product and outreach and enrollment activities under the Children’s Health Initiative.

The Working Group, composed of members of SSA, SCVHHS, Working Partnerships, People Acting in Community Together (PACT), the County Executive’s Office and SCFHP, has established an aggressive timeline for initiating the Children’s Health Initiative Plan, including a start date of January 2, 2001 to begin to enroll all eligible children into the children’s health initiative program.

Sources and Uses of Funding

Details on the sources and uses of funding are available in Attachment B. The highlights are summarized in the table below:

<table>
<thead>
<tr>
<th>SOURCES OF FUNDING</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of Santa Clara</td>
<td>These funds, allocated by the Board of Supervisors during the FY 01 budget hearings, will be used to contract with the Santa Clara Family Health Plan for the purposes of underwriting premiums for eligible children, funding “start up” such as legal counsel and information systems, and funding for outreach, application assistance and education. Further, these funds will be used to leverage other funding opportunities from both foundations and the business community.</td>
<td>$3,000,000 annually</td>
</tr>
<tr>
<td>Santa Clara County Children and Families First Commission</td>
<td>The action to provide matching funds for the Children’s Health Initiative, for children ages 0 – 5, was approved on September 9, 2000</td>
<td>$1,000,000 in FY 01; $2,000,000 annually</td>
</tr>
<tr>
<td>Santa Clara County Health Authority</td>
<td>The Board of Directors approved this allocation on September 21, 2000. Additional allocations will be reviewed annually.</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

To date, these three entities have committed to providing $5 million in FY 01 to ensure eligible uninsured children in Santa Clara County have access to health insurance coverage.
As previously discussed, the Santa Clara Family Health Plan submitted a grant application to the City of San Jose in late October for $804,200 in Year One and $1,986,750 in Year Two of the City’s Healthy Neighborhoods Venture Funds (tobacco settlement) for coverage of monthly premiums for the Healthy Kids insurance product as well as outreach and enrollment activities under the Children’s Health Initiative.

On November 18th, rankings of all the proposals received by San Jose were made public, with the Children’s Health Initiative proposal receiving a score of 83 points. In the Education/Health category, through which CHI would be funded, the proposal received the 3rd highest overall rating and was the highest ranked large project. The grant awards for the City’s Healthy Neighborhoods Venture Funds will be approved on December 12, 2000.

The summary Operating Budget for the Children’s Health Initiative is as follows:

<table>
<thead>
<tr>
<th>Operating Budget</th>
<th>FY 2001</th>
<th>FY 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy Kids –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium Expense</td>
<td>$1,037,500</td>
<td>$5,129,400</td>
</tr>
<tr>
<td>CHI operating expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligibility Determination</td>
<td>$300,000</td>
<td>$600,000</td>
</tr>
<tr>
<td>Contracts</td>
<td>$100,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Hardship Fund</td>
<td>$20,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total</td>
<td>$420,000</td>
<td>$900,000</td>
</tr>
<tr>
<td>Start-up Expense</td>
<td>$1,700,000</td>
<td>$220,000</td>
</tr>
<tr>
<td>GRAND TOTAL EXPENSE</td>
<td>$3,157,500</td>
<td>$6,249,400</td>
</tr>
</tbody>
</table>

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve this action will prohibit the Administration team moving forward with the Children’s Health Initiative proposed by the Board during the FY01 Board Hearings, thus delaying or terminating efforts to enroll eligible children in Santa Clara County for health insurance coverage.

STEPS FOLLOWING APPROVAL

The Clerk of the Board will forward two (2) copies of the approved items and executed contracts to SCVHHS Administration,

Attachment A: Children’s Health Initiative & Healthy Kids program description
Attachment B: Children’s Health Initiative Budgets
Attachment C: Santa Clara County contract with the Santa Clara Family Health Plan

Cc: Susan Branch
    Gary Graves
ATTACHMENT A-REWRITE

CHILDREN'S HEALTH INITIATIVE
*Health Insurance for the Children of Santa Clara County*
Effective January 2, 2001

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9. Who is going to administer Healthy Kids? 6
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15. How will we develop a new and expanded approach to outreach? 10
16. What outreach efforts have already occurred? 11
17. Why is retention so important? 12
What is the Children’s Health Initiative?

The Santa Clara County Board of Supervisors, Working Partnership USA and People Acting in Community Together (PACT) have established the goal that 100% of the children residing in Santa Clara County have access to quality health care and are insured. The Children’s Health Initiative incorporates several major program components in order to meet this goal:

- Every child in Santa Clara County shall have real access to regular health care as a result of being insured;
- No child who is a resident of Santa Clara County, and whose parents have an income at or below 300% of the federal poverty level, shall be turned away from receiving health coverage.
- Establish our Plan for Outreach as a 'best practices' program within the State of California for educating families on the appropriate use of their benefits and the health care system, and improving enrollment retention.

As currently designed, the Children’s Health Initiative seeks to reach all uninsured children in Santa Clara County whose families have incomes at or below 300% of the federal poverty level (FPL). Through an extensive outreach and enrollment project, workers and volunteers will discuss the benefits of health insurance for children with families, evaluate the families’ eligibility, and then assist the family in enrolling their child/children in the appropriate health insurance program (Medi-Cal, Healthy Families, or Healthy Kids).

Depending on the child’s age and the family size and income, the appropriate plan will vary. Moreover, children within the same family may qualify for different programs. The following table demonstrates how these factors combine to determine eligibility in each program.
Children's Eligibility for Medi-Cal, Healthy Families & Healthy Kids

<table>
<thead>
<tr>
<th>Age</th>
<th>Income Limit as % of Federal Poverty Level (FPL)</th>
<th>Program</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 Year</td>
<td>&lt;200%</td>
<td>Medi-Cal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>201-250%</td>
<td>Healthy Families</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0-300%</td>
<td>Healthy Kids*</td>
<td></td>
</tr>
<tr>
<td>1-5 Years</td>
<td>&lt;133%</td>
<td>Medi-Cal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>134-250%</td>
<td>Healthy Families</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0-300%</td>
<td>Healthy Kids*</td>
<td></td>
</tr>
<tr>
<td>6-18 Years</td>
<td>&lt;100%</td>
<td>Medi-Cal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>101-250%</td>
<td>Healthy Families</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0-300%</td>
<td>Healthy Kids*</td>
<td></td>
</tr>
</tbody>
</table>

* Children ineligible for Medi-Cal and Healthy Families ARE eligible for Healthy Kids up to 300% of FPL.

What is Healthy Kids?

Healthy Kids is the essential component in helping reach the goal of making health insurance accessible to all children in the County. It is a new, locally funded health insurance product created by a public-private partnership, designed to fill in the gap for those who do not qualify for the existing programs and are financially unable to purchase coverage.

Healthy Kids will function like other managed health care plans regulated by the California Department of Managed Health Care and will offer benefits and provider
networks that are the same as those of the State managed Healthy Families program. The benefits are:

- Complete medical coverage including preventive check ups,
- Specialist care,
- A 24-hour nurse advice line,
- Mental health services,
- Vision,
- Dental,
- Alcohol & drug treatment,
- Hospital care,
- Prescriptions and many other services.

Who is eligible for Healthy Kids?

All children who are:

- under age 19;
- residents of Santa Clara County;
- families earn 300% FPL or less; and are
- ineligible for Medi-Cal or Healthy Families.

Why create a 300% FPL ceiling?

In the Santa Clara Valley the cost of living, particularly housing, is such that even 300% of poverty here is barely comparable to the 250% legislatively established for Healthy Families throughout the entire state. Moreover, it is believed that families earning over 300% FPL are more likely to have access to employer sponsored health insurance. As it is not the intent of this plan to replace health coverage currently being provided by employers for dependents, the 300% FPL ceiling seems reasonable.

In consideration of the aforementioned issues, Healthy Kids begins with an income limit of 300% of the federal poverty level. After experience and data has been gained, this decision will be re-evaluated in light of the unique economic pressures within Silicon Valley. The high cost of living may well require that Santa Clara County establish its own “poverty level”. Further study of those children above the 300% FPL limit who continue to be uninsured will lead to better understanding of how to best meet their needs. (Note: For a family of four, 300% of the federal poverty level equals an annual income of $51,150.)

How do children qualify?

Application Specialists will help families complete the application form. The family will provide proof of income and county residency. Annual requalification will be required to maintain coverage.
Recognizing the variability in employment status, a variety of forms will be accepted as proof of income. For example, families may provide copies of recent pay stubs or tax returns to demonstrate income levels. Or, in cases where such documents are not available, the family may submit a letter from the employer or agency through which they find work. Residency can be determined by school enrollment forms, canceled mail or any other usually accepted documents. Spot checks will be conducted to validate this process. In addition, certified mail and/or returned mail can help verify residency.

Upon completion of the application, children deemed ineligible for Medi-Cal and Healthy Families will receive a temporary insurance card for Healthy Kids. Should the child qualify for Healthy Families or Medi-Cal, the family will be assisted, automatically, in applying for the appropriate program.

**How much does Health Kids cost?**

The total cost of Healthy Kids is $87 per member per month. Of that, the family’s share of the premium will be $4 per month per child, capped at an $18 monthly payment per family. Families may pre-pay 3 months of their share of the premium and receive the fourth month free, or, pay for 9 months and receive the fourth quarter free. In addition to the monthly cost, there will be co-payments for certain services (the same as Healthy Families):

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TYPES OF SERVICES</th>
<th>COPAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Facilities</td>
<td>All patient acute &amp;</td>
<td>No co-payment</td>
</tr>
<tr>
<td></td>
<td>Skilled Nursing (100 days)</td>
<td>$5 co-payment</td>
</tr>
<tr>
<td></td>
<td>All Outpatient Services</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>Inpatient-based</td>
<td>No co-payment</td>
</tr>
<tr>
<td></td>
<td>Office or home visit</td>
<td>$5 co-payment</td>
</tr>
<tr>
<td></td>
<td>Visits for chemotherapy, dialysis, surgery, anesthesia, radiation</td>
<td>$5 co-payment</td>
</tr>
<tr>
<td>Preventive Services</td>
<td>Visits for immunizations, periodic health exams, well-child visits,</td>
<td>No co-payment</td>
</tr>
<tr>
<td></td>
<td>STD tests, cytology exams, family planning, vision and hearing tests,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>prenatal care, health education</td>
<td></td>
</tr>
<tr>
<td>Diagnostic x-ray and</td>
<td>Therapeutic radiology services, ECG, EEG, mammography, other</td>
<td>No co-payment</td>
</tr>
<tr>
<td>Laboratory Services</td>
<td>outpatient diagnostic laboratory and radiology tests</td>
<td></td>
</tr>
<tr>
<td>prescriptions</td>
<td>Generic or name brand drugs</td>
<td>$5 co-payment</td>
</tr>
<tr>
<td></td>
<td>Inpatient drugs and drug administration in a physician’s</td>
<td>No co-payment</td>
</tr>
</tbody>
</table>
### ATTACHMENT A-REWRITE

**CHILDREN’S HEALTH INITIATIVE**  
*Health Insurance for the Children of Santa Clara County*  
**Effective January 2, 2001**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Cost Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental Health</td>
<td>Office, as well as FDA-approved contraceptives and devices</td>
<td>No co-payment $5 co-payment</td>
</tr>
<tr>
<td></td>
<td>Inpatient limited to 30 days/year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outpatient visits up to 20 visits per year</td>
<td></td>
</tr>
<tr>
<td>Drug and Alcohol</td>
<td>Inpatient detoxification</td>
<td>$5 co-payment</td>
</tr>
<tr>
<td></td>
<td>Crisis intervention and abuse treatment</td>
<td>$5 co-payment</td>
</tr>
<tr>
<td>Other Services</td>
<td>Orthoses, prostheses, medical transportation</td>
<td>No co-payment $5 co-payment</td>
</tr>
<tr>
<td></td>
<td>Physical, occupational, and speech therapy</td>
<td></td>
</tr>
</tbody>
</table>

(The attached contract with Santa Clara Family Health Plan contains a complete listing of services and copayments, see Attachment C.)

Experience with Healthy Families shows that some families have a difficult time paying monthly premiums for insurance coverage however small it may be. For those families for whom the monthly share of premium is a barrier to enrolling their children into Healthy Kids, there will be a separately operated Hardship Fund. Families may request an application for qualification to the Hardship Fund from the Application Specialists or the Santa Clara Family Health Plan (SCFHP), which will then evaluate the application based on family size, income, and extraordinary circumstances.

Families qualifying for the Hardship Fund will not be billed their monthly share of premium; those funds will be transferred in increments to SCFHP by an agency such as the United Way, which would manage this account. The Hardship Fund will cover only the family's monthly share of premium payment.

The Santa Clara Family Health Plan will consider the following family size and income guidelines for the Hardship Fund.

<table>
<thead>
<tr>
<th>FAMILY INCOME</th>
<th>ELIGIBILITY CRITERIA</th>
<th>NUMBER OF CHILDREN</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$20,000</td>
<td>Hardship with</td>
<td>1 or more</td>
</tr>
<tr>
<td>$20,001-$30,000</td>
<td>Hardship with</td>
<td>2 or more children</td>
</tr>
<tr>
<td>$30,001-$40,000</td>
<td>Hardship with</td>
<td>3 or more children</td>
</tr>
<tr>
<td>$40,001-$50,000</td>
<td>Hardship with</td>
<td>4 or more children</td>
</tr>
</tbody>
</table>

The Hardship fund will also consider families with changing or extraordinary financial circumstances. Rather than disenrolling children automatically after two months of non-payment (current Healthy Families practice), Healthy Kids will “bill” the Hardship Fund and dispatch a staff member to determine the reasons for non-payment. Should the
ATTACHMENT A-REWRITE

CHILDREN’S HEALTH INITIATIVE
Health Insurance for the Children of Santa Clara County
Effective January 2, 2001

family subsequently qualify for the Hardship Fund, the payments will be made for the family. In those instances where non-payment is a choice, not a hardship, the children will then be disenrolled from Healthy Kids.

How is the County’s Money Going to Be Used?

The County’s tobacco settlement funds will be used primarily to pay premiums for children. In the start-up phase of Healthy Kids, these funds also will cover development costs that are critical to the creation of Healthy Kids. These would include legal and consultant fees, information systems, design and printing costs, etc. (Please refer to Attachment B).

In future years, the Healthy Kids program will cost an estimated $14 – 18 million annually. It is expected that the County’s $3 million will leverage additional funds from the City of San Jose, private foundations and businesses, tobacco tax funds and others.

Funding for this program will be deposited in a separate budgetary fund in the County treasury with annual budgets approved by the Board of Supervisors. Amounts in this new special revenue fund, which has been created solely for the Children’s Health Initiative, will be paid to the Santa Clara Family Health Plan pursuant to contractual relationship. Unexpended funds, if any, together with related interest earnings, will be retained within the fund and will be available as a dedicated financing source for subsequent appropriations.

The Santa Clara County Office of Budget and Analysis will monitor the Healthy Kids program (which will be administered by the Santa Clara Family Health Plan). The Santa Clara Family Health Plan will provide reports on the finances and enrollment of Healthy Kids to the Board of Supervisors through the Health and Hospital Committee on a monthly basis.

What happens when enrollment exceeds resources?

If the monthly reports on Healthy Kids’ finances and enrollment indicate that enrollment will exceed resources, a waiting list will be created and enrollment closed while efforts are undertaken to increase funding. As soon as additional funds are secured, children can have their applications considered for enrollment in Healthy Kids – on a first come, first served basis.

Who is going to administer Healthy Kids?

The Santa Clara Family Health Plan will administer the Healthy Kids program, as it currently does for 63% of county residents enrolled in Medi-Cal (managed care) and Healthy Families.
SUPERVISORS’ TRANSMITTAL

ATTACHMENT A-REWRITE

CHILDREN’S HEALTH INITIATIVE

Health Insurance for the Children of Santa Clara County
Effective January 2, 2001

The Santa Clara County Family Health Authority (d.b.a. Santa Clara Family Health Plan) is a fully licensed Knox-Keene health plan and is a public agency, formed pursuant to ordinance by the Santa Clara County Board of Supervisors on August 1, 1995. SCFHP is a public community health plan and offers the proven ability to administer health insurance plans with low-cost administration. The plan is subject to applicable Brown Act requirements.

Importantly, SCFHP has the ability to provide continuity of care as children move back and forth in eligibility between health plans due to changes in parental incomes. And as in the Healthy Families and Medi-Cal programs, all materials will be available in English, Spanish and Vietnamese. Moreover, the Santa Clara Family Health Plan’s staff and network of providers speak over 35 languages.

As the Healthy Kids administrator, SCFHP will conduct the following duties:

- Application processing
- Eligibility determination
- Contracting with health care providers
- Oversight and maintenance of provider networks
- Claims and provider payments on behalf of enrollees
- Contracting with dental plan
- Contracting with vision plan
- Contracting for outreach and education services
- Funds administration
- Premium billing
- Family contribution collection
- Notification of families of failure to pay premium/hardship process
- Tracking hardship fund payments
- Coordination of evaluation activities
- Fraud detection and resolution

Why choose the Santa Clara Family Health Plan?

The SCFHP met all of the criteria for administration of the Healthy Kids program as stated in the Children’s Health Initiative concept paper, and approved of by the Board of Supervisors on October 4, 2000:

- Ability to administer
- Ease of administration/core business functions being prepaid health care
- Public accountability
- Experience
- Continuity of care between Healthy Families, Medi-Cal and Healthy Kids
ATTACHMENT A-REWRITE

CHILDREN'S HEALTH INITIATIVE

Health Insurance for the Children of Santa Clara County

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- Low cost of administration
- Locally based

SCFHP has responsibility for managing revenue from the state and federal government (through Medi-Cal and Healthy Families) and has its operations audited annually by the California Department of Managed Care, the state Department of Health Services, the federal Health Care Financing Administration, and the Board of Supervisors' external audit firm. Each has determined SCFHP's sound fiscal management. As a public entity, SCFHP is subject to the Brown Act, conducts its business in public and has all of its records open for public inspection. Moreover, the Board of Supervisors appoints each of the members of the SCFHP Board of Directors -- of which two are seats reserved for County Supervisors.

The Santa Clara Family Health Plan is a culturally competent provider of health insurance services. The Healthy Kids network will be made up of more than 2,100 doctors and clinics, 9 hospitals and more than 170 pharmacies located throughout Santa Clara County.

In addition, a Community Oversight Board will be created to help oversee and hold SCFHP accountable to the public for the Children’s Health Initiative and Healthy Kids product. This eleven-member board will be created along with the start of Healthy Kids. Membership will represent the community and contributors:

- 1 member of Working Partnerships USA
- 1 member of People Acting in Community Together (PACT), a community-based organization
- 1 representative from Santa Clara County (elected official, preferably)
- 1 representative from the Children & Families First Commission
- 1 representative from the City of San Jose
- 2 parents of consumers
- 1 representative of labor
- 1 medical professional
- 1 representative from the business community
- 1 representative from schools (superintendent)

How will Healthy Kids be implemented?

Enrollment for Healthy Kids is scheduled to begin on January 2, 2001 and coverage on February 1. Assumptions are that approximately 4,500 children will enroll during the remainder of FY 2001, and in FY 2002, enrollment should increase to 5,700.

Because the SCFHP is a fully operational health plan, it is able to absorb the influx of this new activity and means that Healthy Kids will ramp up very quickly. The plan cannot
ATTACHMENT A-REWRIGHT

CHILDREN’S HEALTH INITIATIVE
Health Insurance for the Children of Santa Clara County
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start until approved by the State Department of Managed Health Care, which has notified
the SCFHP that it anticipates meeting the above schedule.

What’s the benefit to the community?

Perhaps the benefit to the community is best stated by the Institute for Health Policy
Solutions in its report to the Packard Foundation, “Background Data and Models for
Expanding Health Insurance Coverage to Uninsured Children in Santa Clara County”

“Children’s access to health insurance and health care are important
determinants of better health outcomes and readiness to learn. A
regular source of care is particularly important for children in assuring
that appropriate preventive services are provided, acute and chronic
conditions are diagnosed and treated in a timely manner, and that
children’s development is adequately monitored. Furthermore,
children’s regular access to preventive services can decrease their need
for emergency and specialized services.”

In other words, providing health coverage to children is the morally, medically and
financially right thing to do.

What about governmental matching funds?

Once operational, and during the first 18 months, there will be an exploration of available
federal/state matching funds. Matching funds for premiums were not pursued at the
outset due to the aggressive start up time frame of this Initiative. Matching funds for
outreach are currently being used and will be actively sought on a continual basis.

Why is outreach important?

Health care plans and benefits, and the health care delivery system in general, are
complicated, intimidating, and are known primary barriers to parents seeking and
obtaining health insurance for their children. As such, a goal of the Children’s Health
Initiative is to reduce parents’ fears and confusion by deploying a cadre of Application
Specialists throughout the community who are highly trained and skilled in the arts of
communication, information dissemination, and building trusted relationships with
enrollees and the community-at-large.

A January 2, 2001 timeline may be perceived by some as ambitious for launching this
comprehensive outreach effort. However, kids need coverage now, which is the purpose
of establishing an aggressive start date. Using existing and successful practices currently
utilized within the County, and calling on established trusted relationships to move
forward with Plan activities will enable us together to meet the goals of the Children’s
Health Initiative.
ATTACHMENT A-REWRITE

CHILDREN'S HEALTH INITIATIVE

Health Insurance for the Children of Santa Clara County
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How will we develop a new and expanded approach to outreach?

The Medi-Cal/Healthy Families Advisory Committee (Advisory Committee) is a collaborative of county-wide stakeholders that have conducted investigations and gathered information in the areas of outreach and enrollment best practices, barriers to enrollment, public awareness campaign strategies, retention of members, and training of personnel. Advisory Committee membership includes, but is not limited to, representatives from following agencies: Santa Clara Valley Health & Hospital System (SCVHHS), Santa Clara County Social Services Agency (SSA), Santa Clara Family Health Plan, Alum Rock Union School Districts, Working Partnerships, Community Health Partnership, People Acting in Community Together, Packard Foundation, and The Health Trust.

Successful identification and enrollment of all eligible children into a health insurance program will include 1) continuous communication and planning between SCVHHS Valley Community Outreach Services and the Social Services Agency, to ensure a fluid coordination of the County's application process for enrollment, 2) developing a coordinated set of county-wide outreach activities to prospective enrollees, 3) providing comprehensive and dedicated assistance with the complex application process by trained professionals, including beneficiary education to promote appropriate health system utilization, and 4) creating a policy to streamline the processes necessary to provide continuous coverage for children as their family's eligibility criteria changes over time.

In conjunction and partnership with our outreach efforts, the Social Services Agency will be performing an Agency-wide analysis of its existing Medi-Cal eligibility practices. There are a number of entry points within the application process that have proven to hold barriers for many eligible residents. Any opportunity to enroll an applicant into a program that becomes frustrating or unnecessarily burdensome is a potential missed opportunity to get a child enrolled for health care.

Keeping that in mind, a consultant effort is underway to conduct an overview of Social Services Agency operations and data collection processes, to improve the application process for applying through the SSA. The Social Services Agency, the Health and Hospital System, and the Santa Clara Family Health Plan are co-sponsoring the activities of the consultant, for the following purposes:

- To ensure that when Medi-Cal applicants are found ineligible, SSA staff will refer them to an Application Specialist for enrollment into one of several available programs.
- To develop a basic pre-screening questionnaire for Medi-Cal eligibility, to be used by Application Specialists, to maximize the use of everyone's time in the application process.
- Develop a plan to implement new processes, including a timeline for system-wide changes.
While our outreach plans are being developed, Valley Community Outreach Services program staff will:

- Ensure immediate efforts are coordinated with all other stakeholders;
- Establish and implement a core set of training materials and modules, as well as a specialized set of trainings relative to job specification, including, but not limited to areas of: managed care system, cultural competence, available resources, understanding the various insurance programs, understanding the SSA system, and understanding their assigned milieu, computer and various technologies training, communication skill building;
- Be deployed to school sites, the safety net of community clinic providers, and to Valley Medical Center and associated Health Centers;
- Serve as the 'single-point-of-contact' for prospective enrollees, to, screen and assess enrollees, assist prospective enrollees with the application process, triage and refer to appropriate program, provide education about application materials, support enrollee in obtaining required documents, when appropriate submit application, provide follow-up support for status of application, provide information and resources for future contact with VCOS program, staff the 1-800 telephone for inbound calls (and outbound when needed);
- Track and monitor staff performance and enrollment outcomes including implementing a centralized system to capture, track, analyze, and report outreach and enrollment data.

What outreach efforts have already occurred?

Throughout Santa Clara County there currently are a variety of outreach and enrollment efforts underway, performed by different agencies and stakeholders targeting and enrolling children and families. In June of 2000, the Board of Supervisors approved additional Valley Community Outreach Services (VCOS) staff, that are dedicated to performing countywide outreach and application assistance activities. Those activities have included:

- **Community Clinics:** Gardner Family Health Network, CompreCare, Indian Health Center, Planned Parenthood, MayField Clinic, Mountain View.
- **Valley Health Centers:** East Valley, San Martin, Bascom, Silver Creek, and Fair Oaks.
- **Schools:** Gavilan College, Head Start, Sherman Oaks, Columbia, Miller, Burnett, Erikson, James Lick.
- **Social Services:** Assistance Application Center, Gilroy Offices.
- **Community Centers:** Mexican Heritage Corporation, Columbia Neighborhood Center, Family Resource Center, Head Start of Gilroy.
ATTACHMENT A-REWIRE

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- Shopping Center: Mi Pueblo.
- Faith-based Organizations: City Team Ministries, Sacred Heart Community Center.

Why is retention so important?
The success of this outreach plan will ultimately be measured by the success of retaining its members and increasing utilization of care as outlined by the Children's Health Initiative efforts. Santa Clara County Children's Health Initiative will stand alone as a best practice model for achieving healthier communities by retaining our children and families within a health program once they are successfully enrolled. The uniqueness of our plan stems from 1) addressing the specific needs of the uninsured in our County, 2) providing the administrative continuity required to eliminate barriers to continuous coverage for each child, 3) educating enrollees on how to proactively utilize the health care delivery system, and 4) providing the commitment and resources necessary to deploy a highly trained and effective application assistance team.
Children’s Health Initiative

Project Budget—as of November 21, 2000
For each incremental $1.0 million raised per year, the Children's Health Initiative can provide an additional 1,000 children.

<table>
<thead>
<tr>
<th></th>
<th>Grand Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Foundations &amp; Donations</td>
<td>$000,000.00</td>
</tr>
<tr>
<td>Santa Clara Family Health Plan Foundation</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>City of San Jose</td>
<td>$000,000.00</td>
</tr>
<tr>
<td>Projected Funding</td>
<td>$000,000.00</td>
</tr>
</tbody>
</table>

**Children's Health Initiative (CHI) including Healthy Kids Trust Fund**
## Operating Budget & Fund Balance

Children’s Health Initiative (CHI) including *Healthy Kids*

<table>
<thead>
<tr>
<th></th>
<th>FY 2001</th>
<th>FY 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Healthy Kids Premium Expense</em></td>
<td>$ 1,037,500</td>
<td>$ 5,129,400</td>
</tr>
<tr>
<td><strong>CHI Operating Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligibility Determination</td>
<td>$ 300,000</td>
<td>$ 600,000</td>
</tr>
<tr>
<td>Contracts</td>
<td>$ 100,000</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>(e.g., with CBGs to promote enrollment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardship Fund</td>
<td>$ 20,000</td>
<td>$ 100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 420,000</td>
<td>$ 900,000</td>
</tr>
<tr>
<td><strong>Start-up Expense (One-Time)</strong></td>
<td>$ 1,700,000</td>
<td>$ 220,000</td>
</tr>
<tr>
<td><strong>GRAND TOTAL EXPENSE</strong></td>
<td>$ 3,157,500</td>
<td>$ 6,249,400</td>
</tr>
<tr>
<td>From Trust Fund</td>
<td>(3,157,500)</td>
<td>(6,249,400)</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td>-0-</td>
<td>-0-</td>
</tr>
</tbody>
</table>

### Note

This operating budget does not reflect the $1.9 million approved in May 2000 by Board of Supervisors for outreach.
<table>
<thead>
<tr>
<th></th>
<th>Fund Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Balance FY 2002</em></td>
<td></td>
</tr>
<tr>
<td><em>Operating Expense FY 2002</em></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
</tr>
<tr>
<td><em>Committee Funding FY 2002</em></td>
<td></td>
</tr>
<tr>
<td><em>Balance FY 2001</em></td>
<td></td>
</tr>
<tr>
<td><em>Operating Expense FY 2001</em></td>
<td></td>
</tr>
<tr>
<td><em>Committee Funding FY 2001</em></td>
<td></td>
</tr>
<tr>
<td><em>Total</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,933,100</td>
</tr>
<tr>
<td>(6,416,400)</td>
</tr>
<tr>
<td>5,842,500</td>
</tr>
<tr>
<td>5,000,000</td>
</tr>
<tr>
<td>1,573,500</td>
</tr>
<tr>
<td>5,000,000</td>
</tr>
</tbody>
</table>
Expense Distribution
Children’s Health Initiative

FY 2001

- Start-up Expense $1,700,000 (54%)
- Operational Expense $900,000 (14%)
- Operational Expense $220,000 (4%)
- Premium Expense $1,037,500 (33%)

FY 2002

- Premium $5,129,400 (82%)
### Breakdown of Premium

<table>
<thead>
<tr>
<th>Category</th>
<th>Premium (PM/M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental Health</td>
<td>$87.0</td>
</tr>
<tr>
<td>Administrative/Customer Service</td>
<td>$5.0</td>
</tr>
<tr>
<td>Vision</td>
<td>$0.0</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$1.1</td>
</tr>
<tr>
<td>Radiology</td>
<td>$17.0</td>
</tr>
<tr>
<td>Dental</td>
<td>$35.2</td>
</tr>
<tr>
<td>Professional (e.g., Doctors &amp; Nurses)</td>
<td></td>
</tr>
</tbody>
</table>

Total PM/M: $127.4
Start-Up Expense FY 2001
$1,700,000 Total (First-year, One-time Expense in white)

- Promotion & Advertising: $600,000 (35%)
- Information Systems: $550,000 (32%)
- Materials Production: $150,000 (9%)
- Consultants: $200,000 (12%)
- Training: $100,000 (6%)
- Legal: $100,000 (6%)
Enrollment
Projected Monthly
FY 2001 & FY 2002
RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CLARA
DELEGATING AUTHORITY TO COUNTY EXECUTIVE
TO NEGOTIATE AND EXECUTE AMENDMENTS TO THE AGREEMENT WITH
SANTA CLARA FAMILY HEALTH PLAN FOR HEALTHY KIDS PROGRAM

WHEREAS, the County of Santa Clara ("County") wishes to initiate a new program which would make health insurance accessible to eligible children; and

WHEREAS, the Board of Supervisors may delegate contracting authority to County officials, and has done so from time to time as deemed necessary and in the interests of the County; and

WHEREAS, delegating authority to County Executive to negotiate and execute amendments to the agreement for the Healthy Kids Program with Santa Clara Family Health Plan would assist the County by permitting timely amendments to the Agreement for such matters as modifications to the Healthy Kids Insurance product, or the premium rates, if such changes are required;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Santa Clara:

1. The County Executive is hereby authorized on behalf of the County of Santa Clara to negotiate and execute the amendments to the agreement with Santa Clara Family Health Plan for the Healthy Kids Program, subject to review and approval by County Counsel. This delegation of authority includes the authority to negotiate and execute amendments required to reflect changes in applicable regulations or law; changes to the Healthy Kids Product; changes to the premium rates; or to allow the transfer of monies allocated to development costs or other expenses to funds allocated for the payment of premiums; but this delegation does not include the authority to increase the total annual County funding for the Healthy Kids Program.
2. This delegation of authority shall continue throughout the term of the agreement with Santa Clara Family Health Plan for the Healthy Kids Program.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Clara, State of California on DEC. 5, 2000 by the following vote:

AYES: Supervisors ALVARADO, BEALL, GAGE, MCHUGH, SIMITIAN

NOES: Supervisors None

ABSENT: Supervisors None

Donald F. Gage
Chairperson, Board of Supervisors

Phyllis Perez
ATTEST: Phyllis Perez, Clerk
Board of Supervisors

APPROVED AS TO FORM AND LEGALITY:

Susan Konecny Branch
Susan Konecny Branch
Deputy County Counsel
Working Partnerships USA was formed in 1995 in response to the widening gap between Silicon Valley’s prosperous employers and the well being of much of the region’s workforce. Today, Working Partnerships is a unique collaboration among labor unions, religious groups, educators and other community-based organizations that crafts innovative solutions to the problems of the New Economy.

By coupling economic research and policy development with organizing, advocacy and public education Working Partnerships has succeeded in:

- Winning passage of one of the strongest “Living Wage” ordinances in the U.S.
- Enacting the Santa Clara County Children’s Health Initiative America’s first universal health system for children
- Launching a community-wide initiative to increase the availability of affordable housing in Silicon Valley
- Expanding the accountability of corporate recipients of public subsidies

Working Partnerships is also shaping the next generation of labor market intermediaries through the establishment of Working Partnerships Membership Association, a temporary workers’ organization and by operating Working Partnerships Staffing Service, a high-road temporary staffing firm.