

Talks resume as enrollment is halted for kids' insurance

By JUDY LIN
Associated Press

SACRAMENTO — Negotiations over closing California's \$26.3 billion budget deficit resumed Friday, as government offices closed for the second time this month and a health program for low-income children stopped accepting new applicants.

Gov. Arnold Schwarzenegger and the Legislature's four top lawmakers spent about three hours in a closed-door meeting Friday evening to work out a disagreement over repaying billions of dollars to schools that halted talks earlier in the week.

Democratic Assembly Speaker Karen Bass said afterward that the officials made "huge progress" in trying to resolve the impasse over the state's \$26.3 billion budget deficit.

The leaders were expected to return for more talks on Sunday.

Senate Minority Leader Dennis Hollingsworth, R-Temecula, was reserved when asked how soon a deal might be struck.

"I think predictions have been wrong over the last week, so I'll say we're close but we'll see what happens," he said before entering Schwarzenegger's Capitol office.

He said any compromise to close the state's shortfall should include a reserve of \$1 billion to \$2 billion.

As talks restarted, the effects of California's fiscal crisis were being felt throughout the state.

'Now we're looking at unraveling all the success because of the state budget crisis. It's an ultimately sad state where working families can't afford private care.'

LESLIE CONNOR,
Santa Cruz County
Health Improvement Partnership

Most state agencies, including the Department of Motor Vehicles, were closed Friday as part of the three-day-a-month furloughs ordered by Schwarzenegger. Prisons, state hospitals, highway patrol and firefighting agencies remained staffed.

About 100 protesters gathered outside the governor's Los Angeles estate to denounce pay reductions for state workers and proposed cuts to health and social programs.

Healthy Families, which offers reduced-cost medical coverage to low-income children, began putting new applicants on a waiting list because of a projected shortfall of at least \$90 million. It was the first time the program had done so since it was started 12 years ago.

Advocates fear as many as 570,000 children would be denied access to health coverage, but program officials pegged the figure around 400,000 if the freeze were imposed for an entire year.

The move was made to prevent the state from having to remove children from coverage if lawmakers approve deep funding cuts, said Ginny Puddefoot, deputy director for health policy at the Managed Risk Medical Insurance Board, which oversees the Healthy

Families program.

Even with the enrollment freeze, families continued applying.

"I understand there's no money, but the kids, they deserve to have some health insurance, some coverage. We don't have enough income to pay for their medical bills," 26-year-old Pa Lor said as she signed up for the waiting list at a Sacramento County Healthy Families contract provider.

Puddefoot said the recession was driving up need as parents lose jobs and struggle to find new ones, especially ones that provide health insurance.

For Santa Cruz County Healthy Families, the freeze is expected to affect at least 2,000 children who will be put on the waiting list over the course of the next 12 months, said Leslie Connor, program policy director for the Health Improvement Partnership. About 6,500 kids are enrolled in Healthy Families in the county, Connor said. The county's Healthy Kids program implemented an enrollment freeze for new applicants on May 15 for kids ages 6-18. Children age 5 and under will still be covered by First 5.

"We made a lot of progress," Connor said. "About 98 percent of kids are covered in Santa Cruz County whether by Medi-Cal or Healthy Families or Kids or privately. Now we're looking at unraveling all the success because of the state budget crisis. It's an ultimately sad state where working families can't

There are about 2,200 kids enrolled in Healthy Kids, Connor said. She anticipates about 10 applicants to be placed on the waiting list each week until June 30, 2010 when the freeze is anticipated to be lifted.

"I think there's a lot of local coalitions of people who commit to making Healthy Kids work and are really concerned with how kids will be covered and occupy a lot of their time figuring out how to fill in the gap. The state is really falling apart."

Sentinel staff writer Alia Wilson contributed to this report.