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— The First Amendment

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AS WE SEE IT

Keep kids healthy

Federal, state health care meltdowns pose new dangers for local program

The economic uncertainty faced by many Americans is having a stark readout locally for many children.

A toxic political climate has combined with historic budget shortfalls to leave a majority of Santa Cruz County kids at risk of losing health insurance — at a time when families are unable to pick up the cost themselves.

The Sentinel's special report, "Uninsured Kids," done in conjunction with the California HealthCare Foundation Center for Health Reporting, concludes today with an examination of how the post-Massachusetts-vote uncertain future of President Obama's health care legislation, along with California Gov. Arnold Schwarzenegger's plans to slash spending, are adding to the enormous financial pressure facing programs such as Medi-Cal, Healthy Families and, locally, Healthy Kids.

Since more than half of Santa Cruz County's 58,000 children are insured by a public health program, funding cuts or even more drastic measures will have enormous repercussions. A proposal last week by state Democrats to revive a single-payer, universal health care system for California has no chance of surviving a governor's veto, if it was even affordable, which it isn't.

Let's look at the most immediate pressures:

■ Schwarzenegger has already said he wants to narrow eligibility for the state's Healthy Families program. If this proposal goes through, about 1,600 kids from low-income families in our county would lose their health insurance.

But it gets worse. The governor also is seeking money from the federal government as part of what he says is the state's "fair share" of reimbursements for mandated programs, such as dealing with illegal immigration. If the state doesn't get this \$7 billion — and the state's two U.S. senators say it's unlikely — he says he will be forced to eliminate Healthy Families altogether. That would mean more than 6,000 kids in the county would find themselves without any health insurance.

■ In addition, Santa Cruz County's Healthy Kids program, which covers otherwise uninsured kids, is under assault. The poor economy, which is putting more children in need as their parents lose health insurance, is mostly at fault. The local program has had to put kids over age 5 on a waiting list, until additional funding is secured. In addition, the major statewide foundations that have provided much of the financial support for Healthy Kids are pulling back, saying they've funded it long enough. The foundations hoped the state would see that Healthy Kids pays for itself, and more, in fewer emergency room visits and fewer missed school days because kids are sick and untreated. Now, state help appears unlikely.

What's particularly egregious is that Healthy Kids has been an enormously successful program that only a little more than two years ago was the envy of every other similar program in California.

Today, Healthy Kids is almost totally dependent on help from Sutter Health and the Central California Alliance for Health.

So, what can be done? For one thing, legislators need to know that the health of children is of the highest priority. The refusal of the governor to accept any plans for increasing revenue in California means that closing a budget deficit of \$20 billion will require draconian spending cuts for health and welfare programs.

Short term, more cuts might close the budget gap. Long term, the cost to local communities could be staggering.

With the prospects of help from state and federal sources faltering, the people of Santa Cruz County will have to step up, again, to renew their support for keeping kids healthy.



Do the right thing

A message to House Democrats: This is your moment of truth. You can do the right thing and pass the Senate health care bill. Or you can look for an easy way out, make excuses and fail the test of history.

Tuesday's Republican victory in the Massachusetts special election means that Democrats can't send a modified health care bill back to the Senate. That's a shame because the bill that would have emerged from House-Senate negotiations would have been better than the bill the Senate has already passed.

But the Senate bill is much, much better than nothing. And all that has to happen to make it law is for the House to pass the same bill, and send it to President Barack Obama's desk.

Right now, House Speaker Nancy Pelosi says she doesn't have the votes to pass the Senate bill. But there is no good alternative.

Some are urging Democrats to scale back their proposals in the hope of gaining Republican support. But anyone who thinks that would work must have spent the past year living on another planet.

The fact is that the Senate bill is a centrist document, which moderate Republicans should find entirely acceptable. In fact, it's very similar to the plan that Mitt Romney introduced in Massachusetts just a few years ago. Yet it has faced lock-step opposition from the GOP, which is determined to prevent Democrats from achieving any successes. Why would this change now that Republicans think they're on a roll?

Alternatively, some call for breaking the health care plan into

pieces so that the Senate can vote the popular pieces into law. But anyone who thinks that would work hasn't paid attention to the actual policy issues.

Think of health care reform as being like a three-legged stool. You would, rightly, ridicule anyone who proposed saving money by leaving off one or two of the legs. Well, those who propose doing only the popular pieces of health care reform deserve the same kind of ridicule. Reform won't work unless all the essential pieces are in place.

Suppose, for example, that Congress took the advice of those who want to ban insurance discrimination on the basis of medical history, and stopped there. What would happen next? The answer, as any health care economist will tell you, is that if Congress didn't simultaneously require that healthy people buy insurance, there would be a "death spiral": Healthier Americans would choose not to buy insurance, leading to high premiums for those who remain, driving out more people, and so on.

And if Congress tried to avoid the death spiral by requiring that healthy Americans buy insurance, it would have to offer financial aid to lower-income families to make that insurance affordable — aid at least as generous as that in the Senate bill. There just isn't any way to do reform on a smaller scale.

So reaching out to Republicans won't work, and neither will trying to pass only the crowd-pleasing pieces of reform. What about the suggestion that Democrats use reconciliation — the Senate procedure for finalizing budget legislation, which bypasses the filibuster — to enact health reform?

That's a real option, which may become necessary (and could be used

SEE KRUGMAN ON D5



PAUL KRUGMAN
New York Times

Politics in the age of distrust

In November 2008, William A. Galston and Elaine C. Kamarck wrote a report called "Change You Can Believe In Needs a Government You Can Trust."

Galston and Kamarck, who served in senior positions in the Clinton administration, threw up some warning flags for the incoming Obama administration.

Despite the Democratic triumph that month, they noted, public distrust of government remains intensely high. Historically, it has been nearly impossible to pass major domestic reforms in the face of that kind of distrust. Therefore, they counseled, the new administration should move cautiously to rebuild trust before beginning a transformational agenda.

The Obama administration interpreted the political climate in an entirely different way. As John F. Harris and Carol E. Lee wrote in Politico on Wednesday, the administration interpreted the 2008 election as a rejection of not only George W. Bush-style conservatism, but also Bill Clinton-style moderation. The country was ready for a New Deal-size change. It had a leader in Barack Obama who could uniquely inspire a national transformation.

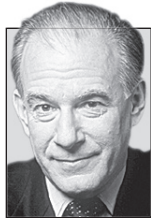
As happens every four years, hubris defeated caution, and the administration began its big-bang approach.

As always, it backfired. Instead of building trust in government, the Democrats have magnified distrust. The country already believed Washington is out of touch with its core concerns. So while most families were concerned about jobs, Democrats in Washington spent nine months arguing about health care. The

SEE BROOKS ON D5

A way around Congress

It's the truism of the week: To surmount his political troubles, President Obama needs to show leadership — especially on his signature issue of health care reform. But how can he do that with a Congress that will be even more gridlocked after last Tuesday's election shocker in Massachusetts than it was before?



DAVID IGNATIUS
Washington Post

A simple suggestion: Obama should use his authority as president to start reforming the health care system *right now* — without waiting for congressional passage of a behemoth health-financing bill. He should use the existing "public options" — especially Medicare and Medicaid — as laboratories for change. This approach would have the benefit of beginning to reduce the costs of delivering care *before* comprehensive legislation makes the system universal.

This approach, which some medical leaders have been urging for months, would respond to one of the messages that Massachusetts voters were sending. Bay State reporting suggests that voters liked Obama well enough, but they rejected the health care monstrosity that has emerged in Washington after a year of congressional logrolling and special

pleading. Judging by anecdotal evidence, people seem worried that the new legislation will disrupt their existing care and balloon the deficit — without really reforming the system.

As is usually the case when the public speaks this loudly, the people are right: The process that has produced the House and Senate bills has been an abomination. The voters sent Obama to Washington to lead, not to engage in endless horse-trading. When Sen. Ben Nelson demanded a tax exemption for his state of Nebraska as the price of his vote, that should have been a sign to the White House that the process had gone haywire. Instead, the administration agreed to similar buy-offs for the insurance industry and labor unions.

So how can Obama show leadership, immediately, without waiting another day for the venom-merchants of Capitol Hill? For an answer, I called my two health care gurus, Dr. Denis Cortese, the former chief executive of the Mayo Clinic, and Dr. Delos M. Cosgrove, chief executive of the Cleveland Clinic. They outlined some ways the president can break the impasse.

The White House can jump-start this reform process by appointing (at last) an administrator for the Centers for Medicare and Medicaid Services, which oversees the programs. Obama should direct the new CMS chief to

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