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SHARED RESPONSIBILITY TO COVER CALIFORNIA'S CHILDREN: A KEY STEP ON THE ROAD TO UNIVERSAL HEALTH INSURANCE

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Health insurance is the gateway to health and to our health care system, yet over five million Californians are uninsured,[1] about 800,000 of whom are children.[2] Having health insurance facilitates access to affordable care from a network of health care providers and shields families from financial ruin in the case of a catastrophic medical emergency. While most Californians have access to employment-based coverage, a growing number of people either work for firms that do not offer health insurance or cannot afford its rapidly increasing cost. Public programs such as Medi-Cal and Healthy Families play a crucial role by offering health insurance to low-income children and some parents. However, many uninsured Californians do not meet the eligibility criteria for these programs and cannot afford or are ineligible for private insurance.

A recent series of reports by the Institute of Medicine (IOM) details the high costs that result from being uninsured, both for individuals and for society as a whole. Private costs borne by individuals and families include premature death, unnecessarily prolonged illnesses, developmental losses for children, and financial stress. Social costs include lost economic productivity from avoidable illness and death, diverted public health system capacity, excessive reliance on costly emergency room settings, and the hidden taxation for implicit cross-subsidies that pay for uncompensated care.[3] The IOM concludes that

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the aggregate social cost related to the uninsured equals or exceeds the value of resources that would be required to extend health insurance to everyone.

Because the moral and economic costs associated with having 5 million Californians uninsured—one fifth of the population—are so great, California policymakers have considered a variety of reform measures, including tax credits to purchase individual insurance, individual and employer mandates, and a state-run, single-payer system. While none of these particular proposals have become law, the need for some kind of solution is widely perceived to be increasingly urgent.

Key Features of Reform

The best and most feasible approach to comprehensive health reform in California is a system that builds on the structures already in place and that relies upon the concept of shared responsibility. Indeed, this approach could incorporate elements from many of the reform plans that have already been proposed in California. Given the current budgetary environment in California, however, a bold yet feasible incremental step toward universal coverage—starting with children—is the best path to take.

All children can be covered if California accepts shared responsibility for doing so: parents should be required to secure health insurance for their children, employers should continue their current financing roles, and government must ensure that health insurance is both accessible and affordable for all children now and all Californians soon. An initiative to make health insurance for children affordable, mandatory and universal would be politically popular, fiscally realistic, and structurally feasible. National polling shows that a strong majority of voters in both major parties support the concept of personal responsibility for insuring dependent children, with assistance from employers and government where needed.[4] In addition, a recent poll found that, by a three-to-one margin, voters believe that insuring all children is more important than making recent federal tax cuts permanent.[5] Children are relatively inexpensive to insure, and over half

of uninsured children in California are already eligible for Medi-Cal or Healthy Families. And because parents are already required to comply with numerous mandates for their children, such as school attendance, vaccinations, and child safety seat laws, many of the structural mechanisms that would facilitate health insurance enrollment and compliance are already in place.

The New America proposal could be implemented in three logical steps. First, the government should ensure that parents have easy access to insurance products for their children. Second, the government must create subsidies to make insurance affordable. Third, with accessible and affordable health insurance available to them, parents must be required to obtain health insurance for their children. This requirement is necessary for children's health insurance to be truly universal. Parents could secure insurance for their children through any of the various avenues in which they enroll their children today or through a new buy-in option described in more detail later in this paper. We expect that employers providing insurance to their workers today would continue to perform this critical role in the health system. We describe our proposal in more detail in the remainder of this paper, but the key features include:

- More aggressive outreach and enrollment strategies would be utilized to ensure that all uninsured children eligible for Medi-Cal and Healthy Families are enrolled in those programs. Efforts would also be made to simplify and streamline private insurance.

- To ensure affordability, advanceable and refundable tax credits would become available to those with low to moderate incomes.

- Parents would continue to have access to the wide range of choices that they have today to cover children, and lower income parents would get the financial assistance they need. Children enrolled in a parent's employment-based health plan or private non-group plan could keep that insurance.

- Families choosing to enroll their children in the private, non-group market could continue to do so and would have access to advanceable and refundable tax credits.

- All children who are ineligible for public programs (Medi-Cal, Healthy Families, and county-based programs) could enroll in a Healthy Families-like buy-in pool, with sliding-scale subsidies for those families who need them. Children without other access to health insurance would be defaulted into this pool.

- An overlapping system of compliance tools, relying on schools, providers, the Healthy Families buy-in pool, and the Franchise Tax Board would be developed to ensure that premium payments are made and that children never lose health insurance in California again.

- When the full system is in place, all parents in California would be required to maintain health insurance for their children.

Our proposal's key elements—a requirement to cover all children, subsidies for low and moderate income parents, compliance to assure a fair sharing of burden, and a buy-in pool for those without access to group insurance—are all integral and cannot work well without the other elements being implemented as a package.

Incorporating Key Elements of Existing Reform Proposals

A variety of health reform proposals have recently been introduced or considered in California. The proposal described in this paper draws from and incorporates many elements from these approaches. Major features from the following pieces of legislation have informed this proposal.

- *SB 437 (Escutia) / AB 772 (Chan):* Outreach and enrollment strategies and a buy-in policy

- *AB 1670 (Richman/Nation):* Individual mandate to purchase health insurance
- *SB 840 (Kuehl):* A large pooling mechanism that can promote efficiency and contain costs
- *SB 2/Prop 72:* An essential role for employer-sponsored coverage

Underlying Goals and Principles of Reform

The most fundamental goal of this proposal is to ensure affordable, universal coverage for children with minimal disruption to the current system. To translate that goal into a policy proposal, we rely on a core set of principles.

- No family in California should have to live in fear that their child will have an illness that they will be unable to have treated or that will ruin them financially.
- All children should have access to a comprehensive benefits package that ensures they will be able to receive preventive care, access to appropriate care on short notice, and management of any chronic conditions.
- To ensure equitable treatment toward all of California's families, subsidies should be offered to all families who truly need it, not just the currently uninsured.
- Efforts should be made to minimize disruption of existing and effective avenues to health insurance coverage, like employer-sponsored insurance, which should continue to be relied upon to the largest extent possible.
- Because the purchase requirement must apply to all children to be effective, a compliance mechanism must be established.

- Undocumented immigrants should be given the same support and be subject to the same requirements as all children. This is both out of fairness to these children and to California's taxpayers, who ultimately pay for the uncompensated care costs of undocumented children who resort to hospital emergency rooms when lack of health insurance precludes them from receiving care in a more appropriate and cost-effective setting. The second paper in New America's series on covering all California children, "Immigrant Coverage," discusses the state of immigrant coverage and the operational issues of how best to facilitate coverage of this population.

MAKING HEALTH INSURANCE ACCESSIBLE TO ALL CHILDREN

Children with Employment-Based Health Insurance

Most children in California have private, employment-based health insurance even though there is no mandate to cover anyone today. We expect the labor market conditions that make this possible will not change in the context of a health insurance mandate for children. Indeed, parents should be encouraged to sign their children up for health insurance that is offered through the workplace and subsidized where appropriate. Eligibility, benefit levels, and cost-sharing should remain much the same as they are today.

For equity reasons as well as practical enforceability reasons, parents of children who are eligible for Healthy Families but who choose to enroll their children in employment-based health insurance should be eligible for new tax credit subsidies just as the lower income parents of previously uninsured children who enroll their children in employment-based health insurance after the mandate would be. All parents at the same income levels should have access to similar health insurance subsidies.

Enrolling Eligible Children in Medi-Cal and Healthy Families

Because the largest group of uninsured children is comprised of children eligible for (but not enrolled in) Medi-Cal and Healthy Families, an effective health insurance mandate should incorporate more aggressive outreach strategies for enrolling eligible children into public programs. California should be commended for its recent efforts in enrolling uninsured children into these programs: between 2001 and 2003, the number of uninsured children actually fell as a result of increased enrollment in public programs.[6] Still, over half of California's uninsured children are eligible for public programs.

The 100% Campaign and Pacific Institute for Community Organization (PICO) California have specified a number of outreach and enrollment steps that California could take to facilitate enrollment of eligible children into Medi-Cal and Healthy Families. These steps include: an expansion of the "Express Lane" pilot program to expedite the enrollment of children into programs that use similar income rules, such as the Reduced Price Lunch and Women, Infants, and Children (WIC) programs; accelerated enrollment into Healthy Families for eligible children who apply at county Medi-Cal offices; simplified annual renewal forms and processes for Medi-Cal and Healthy Families; and an easier system for families to pay their share of children's premiums for Healthy Families. These and other constructive outreach and enrollment strategies are incorporated into SB 437 (Escutia) and AB 772 (Chan).[7]

Parents of children eligible for Medi-Cal and Healthy Families should be responsible for enrolling their children into these programs and paying premiums as appropriate. Before a child can be disenrolled from a public insurance program, proof of new insurance should be provided. If no such proof is given, parents would be referred to the buy-in pool, which would have the responsibility for determining subsidy eligibility and insurance status and ensuring health insurance for the child as needed.

Establishing a Buy-In Pool for Children without Access to Employment-Based Coverage or Public Programs

A portion of California's uninsured children do not have access to employment-based health insurance, primarily because their parents work for firms that do not offer health insurance as a job-based benefit, or because they cannot afford the out-of-pocket premium required by their employer. Still others are ineligible for Medi-Cal and Healthy Families because their family income is above the eligibility threshold of 250% of the federal poverty level. Absent reform, these families simply have no place to go aside from the individual market for health insurance. Because the individual, or non-group market, rates each family's risk separately and cannot achieve the economies of scale that group health insurance does, the costs are often too high for many families to afford.

To supply these families with a more viable and affordable option for their children, we recommend establishing a buy-in pool. Families could buy into Healthy Families, under guaranteed issue rules and at an actuarially fair community rate.[8] Families at any income could buy into Healthy Families, but only those below a certain income level would be subsidized.

While families of any income level can buy into Healthy Families, children should be screened before they are enrolled in the pool to ensure that they are not eligible for Medi-Cal or Healthy Families. If they are eligible for either of those programs, children should be enrolled in them rather than the buy-in pool. While it is a parental responsibility to ensure that eligible children are enrolled in the buy-in pool, the purchasing pool should also play a role in compliance. After a certain period of time in which the health insurance mandate is in effect, any child that remains uninsured should be defaulted into the buy-in pool after being screened for eligibility for other insurance.

Individual Market

To preserve individual choice, parents should always retain the right to purchase a child-only health insurance policy in the private, non-group market, or just to add their children to a family policy they already purchase. If parents choose to enroll their children in the

non-group market, they could satisfy the health insurance requirement by doing so. Parents who enroll their children in the individual insurance market will still need to demonstrate proof of comprehensive insurance at appropriate compliance points.

Maintaining the existing non-group market as an option for covering children raises a concern about adverse selection against the buy-in pool, since the buy-in pool would accept all applicants at a community rate while the current non-group market does not. Although it is a risk, serious adverse selection in this case is unlikely for four reasons. First, most children with health problems are already covered through public or employer plans, and any uncovered lower income child will likely be enrolled in a public program after the mandate goes into effect as that would be the least expensive way for them to get coverage. High income uninsured children who are not eligible for Medi-Cal or Healthy Families are unlikely to have health problems, for their parents could afford to cover them now and are choosing not to. Third, economies of scale and corresponding lower administrative loads in the buy-in pool will make premiums in the pool attractive to the healthy who may have lower expected claims but would still have to pay the vastly elevated loads in the non-group market. Finally, the vast majority of children in the non-group market are covered as part of a family policy, and so inertia plus normal family preferences will keep families insured together in one plan, rather than separating one child with a health problem from the rest of the family and buying them alone into the buy-in pool.

CONSISTENT STANDARDS

Regardless of the method in which health insurance is purchased, certain standards should apply to all families. These standards are described below.

- Comprehensive benefits: The Healthy Families benefit package will serve as the benchmark for all subsidized children's health insurance in the state. Specific

benefits, such as age-appropriate vaccinations, preventive care, and acute care guarantee that each child has access to needed care. It should be noted that, because of ERISA constraints, the state of California cannot mandate a particular benefit package for self-insured employers.[9] Since half of California children are already covered by their parents' employers, requiring these children to be taken off their parents' family policies and forced to enroll in a separate plan in the Healthy Families buy-in pool would cause much disruption for relatively little gain in benefit comprehensiveness. To ensure the potential gain is indeed small, until we can secure universal coverage for all Californians, each employer and insurer will be required to enable each parent to report to MRMIB the actuarial value of their child's plan relative to the Healthy Families benefit package. Parents with higher incomes are not likely to face financial constraints in securing access to services for their children that are comparable to the Healthy Families benefit package, regardless of what package their employer offers. Lower-income families, however, may need help, and that is partly why we would make them eligible for public subsidies even if they have private insurance, to enable them to provide their children access to comprehensive health services in the event their employer does not offer a benefit package as comprehensive as the Healthy Families package. The third paper in New America's series on covering all California children, "Ensuring Seamless Coverage for California's Children," discusses the operational issues of how to monitor compliance with the benchmark coverage package.

- Affordability: To ensure that all families can afford health insurance for their children, subsidies must be provided for some. Because many children who are eligible for Medi-Cal or Healthy Families have private insurance today, equity considerations and the potential for "crowd out," switching from private to public coverage, require that subsidies for these families to purchase private insurance be included as part of any new children's coverage initiative.

- Responsible use of government funds: With additional state funding and a mandate for children's coverage, some fear that some employers may reduce their current support for dependent health insurance. Our vision is one of the health system working best when everyone—individuals, the state, and employers—shares responsibility. Most employers offer health insurance for dependents today without any mandate in order to attract and retain workers in a competitive marketplace, and we and economic theory expect them to continue. However, to avoid creating incentives for employers to discontinue financing, California should carefully tailor its subsidy structure to low income workers only and monitor employer behavior, at least in the early years, to ensure that employers continue to finance the health system as they have in the past. If needed, there are several mechanisms available to the state to help ensure that employers share in the responsibility of paying for health insurance.

- Compliance: No universal coverage system will work unless all are required to pay their fair share. To enforce proper payment from parents on behalf of their children, California policymakers have a variety of tools at their disposal. An overlapping system of compliance support should be developed that relies on information sharing among schools, health care providers, the Healthy Families buy-in pool, and the Franchise Tax Board to ensure that premium payments are made and that children are enrolled in the right health insurance plan for them.

MAKING HEALTH INSURANCE AFFORDABLE FOR ALL CHILDREN

Currently, children in families earning less than 250% of the federal poverty level ($40,225 annually for a family of three) are eligible for either Medi-Cal or the Healthy Families program. Medi-Cal enrollment, for the lowest income children, is free, and monthly premiums for the Healthy Families program are capped at $15 for each child, with a family maximum of $45 per month. This level of cost sharing is both generous and consistent with the laudable policy goal of maximizing low-income children's coverage.

However, many families in the Healthy Families income range and below purchase private, employment-based health insurance at a monthly cost that is much higher than $15 per child. When designing a subsidy structure, this reality creates complex tradeoffs between efficient subsidy policy design, generosity, and equity.

To illustrate these tradeoffs, consider the following example. If a single parent with an income that is equal to 249% of the poverty level (the upper limit of eligibility for children in the Healthy Families program) is enrolled in a single policy through her employer and has one child enrolled in Healthy Families, her total monthly cost for health insurance premiums would be about $55.[10] The monthly cost to cover herself would be about $40 per month and the cost of enrolling her child in Healthy Families would be $15. But if the parent's employer gave her a raise which pushed her income up to 251% of the poverty level, her child would no longer be eligible for Healthy Families.[11] If the mother then switched to a family policy in the private employment-based group market (after redetermination occurred), it would then cost her about $220 a month to cover herself and her child. Thus, small income increases would force the household to spend $165 more each month.

This type of subsidy "cliff" creates bad incentives for work effort and for continued employer contributions toward dependent coverage for workers whose children are eligible for Healthy Families or Medi-Cal. To erase the cliff completely, new subsidies could be phased out on a sliding scale, but they would have to begin at the high Healthy Families subsidy level (roughly $1300 per child) at 250% of poverty plus $1. But this is precisely the part of the income distribution where many households live, so erasing the cliff altogether would be expensive. In addition, 1.5 million California children are eligible for public insurance but are currently covered through private insurance, mostly employer sponsored insurance.[12]

Under the New America proposal, the existing Medi-Cal and Healthy Families subsides would be preserved. In addition, advanceable and refundable tax credit subsidies for

private coverage would be made available on a sliding scale for families below 400% of the federal poverty level.[13] This will achieve several policy goals, such as:

- Finessing the Healthy Families "cliff" less expensively;
- Enhancing equity for lower income families who have sacrificed greatly to cover their children already;
- Preserving incentives for private insurance to continue serving most California children well; and
- Preserving incentives to work harder by avoiding phasing out the new subsidy too quickly.

For families earning more than 300% of the poverty level, the tax credits would become modest. An illustrative subsidy program is described in Table 1.

Table 1: Description of New America's Health Insurance Subsidy Structure

Source of Health Insurance	Subsidy Description
Medi-Cal	Current subsidies continue. All uninsured children eligible for Medi-Cal are assumed to enroll unless currently covered via private health insurance.
Healthy Families	Current subsidies continue. All uninsured children eligible for Healthy Families are assumed to enroll unless currently covered by private insurance.
Employer-Sponsored Health Insurance (ESI)	Sliding scale refundable, advanceable, but modest tax credits are available for parents up to 400% of poverty. Children who are covered under ESI today can stay there, and those who are eligible but decline and uninsured today can purchase it post-mandate.
Individually Purchased Private Health Insurance	Same tax credit schedule and assumptions as for employer-sponsored health insurance.
Healthy Families Buy-In	Will be available to all. With guaranteed issue and community rating, it may offer attractive child-only prices to many without access to ESI.

MAINTAINING CONSISTENT INSURANCE ENROLLMENT

To be effective, a health insurance mandate must apply to all children. To ensure that all families secure health insurance for their children, a credible system of compliance must be established that does not criminalize the uninsured.[14]

Since the buy-in pool would serve as a catch-all for children without access to other health insurance, children would be screened for eligibility in other public insurance plans before being enrolled. If found eligible for another program, then the family would be referred to that option. Parents have the responsibility to maintain health insurance for their children. However, if they fail to do so for any reason, then the child should be automatically enrolled in health coverage through the buy-in pool (and should be considered to have been covered through the buy-in pool for the period during which the parents failed to purchase other coverage). The parents should then be charged the buy-in premium rate for coverage, as well as appropriate payments for the period of uninsurance and a reasonable penalty.

At various points in time, the insurance status of children should be reviewed through an overlapping system that would rely on a number of tools. If proof of insurance is not provided in any of the following situations, then the verifying entity should be required to refer the family to the buy-in pool for eligibility screening and coverage.

- Start of each school year: At the beginning of each school year, every family should present proof of child insurance to the school.
- Tax filing: For persons filing with the Franchise Tax Board and claiming a child exemption, proof of child insurance should be required.
- Accessing health services: Health care providers seeking payment should check health insurance status. No hospital should be permitted to discharge a newborn without proof of health insurance.

- Insurer notification: Families should be required to provide proof of new insurance to their existing coverage provider when changing coverage.

ESTIMATED COST TO THE STATE OF CALIFORNIA

Definitive cost estimates are beyond the scope of this paper, but a reasonable ballpark estimate of the public cost of achieving universal coverage for children in California is between one and a quarter and two billion dollars per year at full implementation. This is roughly 2% of current state spending, and could be financed in many ways, including one half of one percent of general sales tax revenues.[15] Where in this range the actual cost would fall will depend on the ultimate generosity of the tax credit/subsidy structure and on the savings the state can realize from current safety net expenditures, since universal coverage of children will have been achieved. This estimate represents the costs of enrolling all eligible children into either Medi-Cal or Healthy Families, the costs of providing tax credit subsidies to most families with uninsured children, and the costs of providing tax credits to lower income families with children currently enrolled in employer sponsored health insurance or a non-group health insurance policy. Subsidies for currently uninsured children whose parents earn too much to qualify for Medi-Cal or Healthy Families would help make health insurance more affordable in the context of a requirement to purchase it. Subsidies for currently insured children would be applied to the private health insurance that low-income families currently struggle to afford.

Though it is costly, subsidizing the low-income insured serves two essential purposes. First, it satisfies the principle of equity described earlier in this paper: subsidies for health insurance should be based on family income alone rather than current insurance status. Second, it holds privately insured children in private insurance, whereas the costs to the state of California would be at least as great and probably greater over time if these families dropped private insurance and enrolled their children in public programs instead, which roughly 1.5 million privately insured children today could do. There is no "crowd out" issue in the New America approach because low income parents choosing private

insurance would be subsidized similarly to those choosing public insurance options for their children.[16] It is also important to note that this cost estimate assumes that 100% of children will be enrolled in some type of health insurance.

CONCLUSION

Extending health insurance to all children in California will lead to a healthier, better educated, and ultimately more productive workforce. Children with health insurance are more likely to have a regular source of primary care, to have their health needs met, and to attend school regularly. In turn, they are more likely to grow up healthy and to become productive citizens. Conversely, the costs of uninsurance for children are high. According to the IOM, uninsured children have less access to health care and often receive care late in the development of a health problem or not at all, resulting in hospitalization for conditions that could have been treated in an outpatient setting; as a result, such undiagnosed and untreated conditions can affect children's functioning and opportunities throughout their lives, and even lead to premature and avoidable deaths.[17]

Significant attention has been paid to health reform proposals in California over the past year, and California has long been an innovative leader in health care delivery and financing. Last year, Proposition 72, which would have required employers with 200 or more workers to provide health insurance to employees and dependents or to pay into a state fund, failed by only the slimmest of margins; several coverage bills have been seriously considered in the Legislature; and Governor Schwarzenegger has expressed his public support for covering the uninsured.[18] Now Governor Romney of Massachusetts has laid down a challenge for all states and our nation by proposing universal coverage for all through an individual mandate,[19] and both Senator John Kerry recently and former Senator John Edwards in the last presidential campaign proposed individual mandates and subsidies to cover all children.[20] California can take a bold and important step towards universal health insurance coverage by developing this system of universal and mandatory coverage for children now.

Endnotes

[1] In 2003, 6.6 million persons in California were uninsured at some point, and 4.9 million were uninsured at the time of the California Health Interview Survey. Brown, Rick and Shana Lavarreda, "Job-based Coverage Drops for Adults and Children but Public Programs Boost Children's Coverage," UCLA Center for Health Policy Research, February 2005.
[2] In 2003, 1.1 million children were uninsured at some point, with 779,000 uninsured children at the time of the CHIS survey. See Brown, E. Richard and Shana Alex Lavarreda, "Children's Insurance Coverage Increases as Result of Public Program Expansion," UCLA Center for Health Policy Research, December 2004.
[3] Institute of Medicine, "Hidden Costs, Value Lost: Uninsurance in America," National Academy of Sciences, 2003.
[4] Perry, Michael, "A New Survey Finds that Many Americans are Open to the Idea of Mandatory Health Insurance Coverage for Adults; The Majority Support Mandatory Coverage for Children," New America Foundation, March 2004.
[5] Every Child Matters Education Fund, "2005 National Child Health Poll," July 2005.
[6] Brown, E. Richard and Shana Alex Lavarreda, "Children's Insurance Coverage Increases as Result of Public Program Expansion," UCLA Center for Health Policy Research, December 2004.
[7] Fact Sheet: SB 437 (Escutia) and AB 772 (Chan), 100% Campaign and PICO
[8] Technically, the buy-in pool will be a Healthy Families look-alike. Because of restrictions on the use of federal dollars, families buying into Healthy Families will have children in an actuarially separate pool than Title XXI eligible children.
[9] Butler, Patricia, "Revisiting Pay or Play: How States Could Expand Employer-Based Coverage within ERISA Constraints," National Academy for State Health Policy, May 2002. States could, probably, require parents to acquire a package of a specified actuarial value on behalf of their children. However, the inability to force real employers to change their offerings puts undue burden on the majority of parents to cover themselves in one place and their children in some other place. The least disruptive way to proceed then is to use benefit package benchmarks like the Healthy Families' package, impose reporting requirements that compare each child's package to other norms in their local markets, and robust subsidies so that low income families can pay for the essential preventive and chronic care management services that may need to be added to some households.
[10] All private premium data are taken from the California Employer Health Benefit Survey 2004, sponsored by the California Healthcare Foundation, and available at http://www.chcf.org/documents/insurance/HRETEmployerBenefits2004.pdf.
[11] Children enrolled in Healthy Families are continuously eligible for 12 months. This example assumes that the child would no longer be eligible at the time of the annual redetermination.
[12] Estimate based on 2003 CHIS data, from website, downloaded May 5, 2005.
[13] That is $64,360 for a family of three, based on the 2005 Federal Poverty Guidelines, *Federal Register*, Vol. 70, No. 33, February 18, 2005.
[14] *Please note:* The third paper in New America's series on covering all California children, "Ensuring Seamless Insurance Coverage for California's Children," discusses the operational issues related to ensuring compliance with the mandate.
[15] California Budget Project, "Lasting Returns: Investing in Health Coverage for California's Children," February 2005.
[16] "Crowd-out" is said to occur when the availability of public insurance reduces enrollment in private insurance. It is a serious issue with some public expansion proposals because of the possibility that private employers will drop their coverage benefits knowing that employees can enroll in the new government program.
[17] Institute of Medicine, "Health Insurance is a Family Matter," National Academy of Sciences, 2002 and Institute of Medicine, "Hidden Costs, Value Lost: Uninsurance in America," National Academy of Sciences, 2003.
[18] See, for example, "Transcript of Governor Arnold Schwarzenegger at the Panetta Institute," Monday, October 18, 2004, Panetta Institute, Monterey, CA.

[19] Greenberger, Scott S., "Romney Eyes Penalties for Those Lacking Insurance, Costs are Key in Health Plan," *Boston Globe*, June 22, 2005.
[20] Kaiser Daily Health Reports, "Edwards Offers Proposal that Would Mandate that Parents Have Health Insurance for Children," June 29, 2003; SB 114, Kids Come First Act of 2005, Title III.