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Brown's Countdown, Day 35: State's safety net difficult to rank

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As Gov. Jerry Brown has proposed slashing government aid for poor people, he argues that California still provides more generous benefits than many other states.

His budget, chock full of comparisons, notes that "Texas and Illinois have a hard limit of three prescriptions per month" and "South Dakota charges 5 percent of costs up to \$50 for emergency room visits."

It's all relative, he says.

"If you compare (the safety net) to other states, we're still doing reasonably well," Brown said last month when he released his budget. "If you compare us to some European states, we're not doing so well at all. So it depends upon what your yardstick is."

A Bee review of several national yardsticks found that while California has a high share of people receiving low-income aid, the benefits they receive are not necessarily more generous than those provided in other states.

State-by-state comparisons are complicated.

Cost of living varies, and some states provide similar Medicaid services – health care for the poor – through different funding streams, making it difficult to say with certainty where California ranks.

California has 12 percent of the U.S. population but nearly 33 percent of the nation's welfare-to-work recipients. That's largely because it opts to cover children after their parents no longer qualify.

The state has 18 percent of the nation's Medicaid population in part because it has many low-wage workers without employer-based health care. California covers parents at 100 percent of the federal poverty level, or \$18,530 for a family of three, a more inclusive standard than 34 other states.

While California pays health costs for a larger share of its population, it spends less per person. It reimburses health care providers less and covers a younger, healthier group of people.

"We try to provide as strong a safety net as we can," said Diana Dooley, secretary of the state Health and Human Services Agency. "For many years, we have been providing a stronger safety net than we can afford. What we're trying to do is bring what we're paying in balance with what we can spend."

Caseload has plummeted

In the wake of a federal overhaul, California, like other states, has dramatically reduced its welfare caseload since its 1995 peak.

The state had a monthly average of 2.67 million welfare recipients that year, compared to 1.46 million in September, according to the U.S. Department of Health and Human Services.

But California hasn't reduced its caseload as much as other states. Its share of the nation's welfare population has grown from 19.9 percent in 1995 to 32.8 percent in September 2010.

A major reason, analysts say, is that California continues to pay families a child-only grant after parents hit a 60-month time limit. It is one of seven states to offer that benefit.

Brown proposes cutting off all welfare benefits after 48 months if the adult is not meeting work requirements. The change would eliminate 115,000 families and 234,000 children from the program, saving an estimated \$698.1 million.

"One reason California has such a large portion of the nation's caseload is that it hasn't had that sanction policy," said Caroline Danielson, a Public Policy Institute of California researcher. "In part, it's also because California has encouraged people to stay on welfare and work at the same time."

Brown also proposes blocking those families from receiving county general assistance, an aid program of last resort.

Advocates for low-income residents say California has legitimate reasons for its safety-net provisions. They say that parents who stay on welfare longer than four years often are the least employable in society, and that welfare-to-work grants help their children survive. California also has higher housing costs than other states.

"The core commitment we made in the 1997 creation of the new program was that we always provide money for kids after their parents' time off," said Mike Herald, lobbyist with the Western Center on Law and Poverty. "We have to find other ways to reduce the budget without taking the roof away from kids."

California pays a maximum monthly welfare grant of \$694 to a family of three, the fourth-highest maximum grant after Alaska, Hawaii and New York. That represents 45 percent of the federal poverty level in 2011.

Brown has proposed cutting grants by 13 percent, making California's grant the ninth highest in the nation, according to the Department of Finance.

"It's been long-standing that California has been near the top," Danielson said. "Part of the reason is that lawmakers were trying to take into consideration the higher cost of living here."

Given that CalWORKs recipients qualify for food stamps, advocates say their cash aid mostly pays for housing, and California has some of the highest rental costs in the nation. Housing costs vary by city, but Herald said California's welfare grant pays for just over half of the average rent of a two-bedroom apartment. Based on that measure, the state ranks 22nd in the nation, he said.

Less spent for more people

As for Medicaid, California has a large enrollment because it has a greater share of low-wage workers without health insurance and has above-average income standards, said Chris Perrone, deputy director of the California HealthCare Foundation's health reform and public programs initiative.

In 2006-07, 41 percent of California's Medi-Cal enrollees were non-disabled adults – the highest percentage in the nation, according to the Henry J. Kaiser Family Foundation.

While California covers a larger share of its population, it spends less per person.

In 2006-07, Medi-Cal spent \$3,168 per enrollee – the lowest average cost in the nation and 39 percent below the national average of \$5,163, according to the Henry J. Kaiser Family Foundation.

Perrone said that's because California has a younger, less costly Medicaid population. Families and children represent 75 percent of the state's Medi-Cal enrollees, according to the nonpartisan Legislative Analyst's Office.

But California also pays its medical providers low rates. The state ranks 46th in the nation in payment to physicians serving Medicaid patients, according to a study by the Urban Institute and California Healthcare Foundation.

Nevertheless, Brown has proposed a new 10 percent reduction for various Medi-Cal providers, saving an estimated \$719 million. Advocates say cutting those rates will reduce access to care because fewer providers will serve Medi-Cal patients.

That issue is the subject of a legal battle that has now reached the U.S. Supreme Court. The court's decision is likely to play a huge role in whether Brown can impose a new rate reduction.