

## **FAMILYCARE – KEEP IT IN THE FY06 BUDGET!**

### **Governor's FY 06 Budget Proposal (for July 05 through June 06)**

Governor Blagojevich has proposed \$8 million state funds in FY 06 for the FamilyCare program to fully fund the third and final year of his promised three-year phase-in plan for the program. These funds will leverage \$12 million of federal funding for this expansion of health insurance.

This budget allocation will increase FamilyCare's eligibility ceiling, effective January 1, 2006, from the current 133% of the federal poverty level (\$25,000 for a family of 4) to 185% (\$35,000 a year for a family of 4). It is estimated that **74,000 more parents will qualify for health insurance** coverage, bringing the total potentially eligible for the program to 400,000.

The newly eligible group will also qualify for the “premium subsidy choice”. These families will be able to choose either to be covered by the state’s insurance (Medicaid), or to receive a cash subsidy to help pay the premium to be covered by an employer’s health insurance or private insurance.

### **FamilyCare Background**

FamilyCare provides health insurance for parents/caretakers of minor children (the children are already covered under Medicaid or KidCare). The federal government pays 65% of the program costs.

### **Why the FamilyCare plan deserves support in spite of the difficult state budget:**

- **Children benefit** -- they are more likely to be insured and more likely to use primary health care when their parents are insured.
- Illinois gets **unusually high 65% federal matching funds** for FamilyCare.
- The federal funds come from a “**use it or lose it**” annual allotment earmarked for Illinois but taken away if we do not use it. On September 30, 2002, Illinois lost \$159 million. FamilyCare keeps this federal money in Illinois.
- FamilyCare helps working parents access primary and preventive health care, which **keeps parents healthy, productive, employed**. It also helps families avoid the stress of debt and bankruptcy from medical bills.
- **FamilyCare completes welfare reform** – without it, low income working families with health care needs are punished for working by losing their health insurance coverage.
- **Employers benefit** because workers are more productive.
- **FamilyCare helps control the cost of health insurance for employers**. The premium subsidy option will help employees afford to stay in employer health plans. When these on-average healthier employees participate in health plans, those plans have better actuarial performance and this helps control premium increases.
- FamilyCare **decreases the uncompensated care burden on health care providers**.
- This is an ideal positive initiative for the budget: smart leverage of federal dollars (which we otherwise lose), help for workers and employers, help for children and families, help for the stressed medical system.

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