

**STATEMENT OF RAYMOND CASTRO, SENIOR POLICY ANALYST, NEW JERSEY POLICY PERSPECTIVE, ON CHRISTIE NJ FAMILYCARE CUTS, MARCH 8, 2010**

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Gov. Chris Christie plans to terminate NJ FamilyCare health coverage for immigrant parents who have been here less than five years even though they are in the United States legally, have played by all the rules, and pay taxes just like other working New Jersey families. Effective March 1<sup>st</sup>, he also has closed enrollment to all parents, including those who are citizens, with family incomes between \$24,352 and \$36,620 for a family of three. He has done this in spite of the fact that NJ FamilyCare is one of the most effective programs in the state.

**These cutbacks will affect many more parents than was reported.** The Christie administration in its FY 2010 budget cut list reported that 11,700 legal immigrant parents will be terminated from FamilyCare effective April 2009. Closing enrollment for parents who are citizens will add another 8,000 adults so by July 1<sup>st</sup> nearly 20,000 people will lose their health coverage. In addition, as adults are denied coverage no new people will be added causing total enrollment to decrease every month. By the end of FY 2011 69,000 additional adults will lose their coverage if the cuts are extended in the Governor's budget as expected.

**Every county will be affected by the FamilyCare cutbacks.** The attached table shows the number of legal immigrants and US citizens who will lose or be denied health coverage in FY 2010 and FY2011 statewide and by county. The total impact is significant in all counties.

**The state will lose more federal funds than it will save by closing enrollment.** Most parents are eligible for almost two dollars in federal funds for every one dollar in state funds that is invested in FamilyCare. New Jersey already receives less return on federal funds sent to Washington than any state in the nation.

**Fewer children will be enrolled.** Although the intent is to cut parents from NJ FamilyCare, the consequence will be that fewer children will be enrolled too. In fact, one of the reasons to include parents in NJ FamilyCare is that research shows enrolling more parents increases enrollment of children. More children will be hurt, more federal dollars will be lost.

**Costs will be shifted to the communities.** Many of these parents will end up in emergency rooms at much higher cost as the state is also cutting charity care to hospitals. These uncompensated costs will be shifted to everyone else with insurance as a hidden tax. Community health centers that are already overburdened due to

the recession will see a sudden increase in patients without any additional assistance from the state. Municipalities, which will also receive less aid from the state, will have to respond to the new public health problems that will be created by these cutbacks, such as the possible spread of infectious diseases and the need for more support services to people who become disabled.

**A recession is not the time to terminate services to struggling low-income families.** These parents are already worried that they may lose their jobs if they have not already. Christie is targeting working class families for other cutbacks such as in low-income housing, public transportation, unemployment insurance as well as layoffs in the public sector. The combined impact of these reductions could force many of these families on welfare at an even greater cost to the state.

**These cuts will only worsen the state's economy.** Federal funds come from outside the state and have what economists call a multiplier effect on the economy. Every one dollar the state invests in FamilyCare generates \$4.2 dollars in business activity. It makes no sense for the state to take steps to *decrease* federal funds while the federal government at the same time is trying to *increase* them to New Jersey to stimulate the economy. Economists have found that to improve the economy and address state budget shortfalls it is much more effective for states to increase revenues rather than reduce services. The last thing the state should do is to reduce taxes on the wealthy which is what Christie is proposing by not extending the tax on those making more than \$400,000.

**We have been down this road before and the results were disastrous.** The last time the state closed enrollment in FamilyCare to parents was in 2002. In May 2007 NJPP released a report which analyzed the impact. Within four years 45,000 fewer children were enrolled in FamilyCare, charity care costs increased by \$750 million, and the state lost \$1.2 billion in federal funds, \$1.1 billion in economic activity, 8,403 jobs and \$390 million in wages. It has been said that “Those who cannot remember the past are condemned to repeat it.”

We need to remember and learn.