



## Children's Defense Fund

# Keep Children's Health Coverage Strong: Protect Medicaid!

January 4, 2017

Thanks in large part to Medicaid and its partner, the Children's Health Insurance Program (CHIP), more than 95 percent of all children in America now have health insurance. Medicaid is a lean, efficient program that has historically served primarily low-income children and seniors, and children and adults with disabilities, such as Down syndrome. Forty-three percent of all Medicaid beneficiaries are children. Without Medicaid's strong protections, coverage guarantee and comprehensive, age-appropriate health and mental health coverage, millions of children would go uninsured or underinsured, substantially increasing short and long term costs for states and local communities while jeopardizing children's futures. Children who are insured are more likely than their uninsured counterparts to be healthy, graduate from high school, attend college and earn more/pay more taxes as adults. As our nation's leaders make critical decisions about America's future, Medicaid must remain exempt from structural changes or cuts that would undermine its ability to serve children and other vulnerable populations.

### **Medicaid is an essential part of the health insurance system for children.**

Together, Medicaid and the Children's Health Insurance Program (CHIP) provide comprehensive and affordable health coverage to more than 45 million children in low-income families, those with special health care needs and abused and neglected children in foster care. Together with CHIP, Medicaid has helped bring the rate of uninsured children to the lowest level on record. Today fewer than 5 percent of children in America lack the health coverage they need to survive and thrive.

- Medicaid provides virtually no-cost health coverage to almost 37 million low-income children and children with disabilities. By providing children with access to health and mental health services when they need them, the long term effects and costs of many childhood health conditions can be reduced or eliminated entirely. Today, all states provide Medicaid coverage to at least children under 19 with family incomes less than 138 percent of the federal poverty level (\$33,534 for a family of four in 2016).
- Medicaid is a lifeline for children with disabilities and their families, serving 40 percent of all children in America with special health care needs such as autism. For families struggling to provide the time and financial resources needed to care for disabled children, Medicaid is often the only viable source of financing for their health care, which can be extensive. Medicaid's guarantee also helps parents cope with their children's health needs even when they are forced to stop working to care for their children. For others, Medicaid supplements private coverage to allow children access to specialized medical equipment and devices (such as hearing aids and wheel chairs).

- Medicaid is also critical for children who are generally healthy in low-income families, as it helps children get the well child visits and screenings they need to support healthy development and prevent expensive health complications later.
- Medicaid is especially important for communities of color, as children of color comprise 70 percent of poor children. More than half of Black and Hispanic children are enrolled in Medicaid or CHIP.
- Child-serving systems, such as Education and Child Welfare, benefit when children's health care needs are appropriately addressed so children can succeed in school and get the services they need while in foster care.

### **Medicaid ensures children the full range of comprehensive services they need.**

Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit is the gold standard of coverage for children in America. It guarantees the full range of comprehensive primary and preventive coverage children need and ensures children access to all medically necessary health and mental health services.

- EPSDT was established in 1967 after it became known that half of all military recruits were ineligible to serve due to treatable but uncorrected physical, mental and developmental conditions. To ensure children were healthy enough to live up to their full potential and fit to protect national security, Medicaid adopted the current EPSDT standard with its comprehensive, child appropriate benefits.
- Medicaid has helped millions become healthier by improving access to preventive and primary care, and protecting against or reducing the long term effects of serious conditions. Compared to low-income uninsured children, children insured by Medicaid are significantly more likely to have a regular doctor and receive well-child care, and significantly less likely to have unmet or delayed needs for medical care, dental care and prescription drugs.

### **Medicaid is a smart investment.**

By investing in child well-being now, our nation and economy will recoup benefits later. Research comparing children eligible for Medicaid during childhood to their non-eligible peers found Medicaid-eligible children were more likely to attend college, make greater contributions as adult taxpayers, and live longer than those without coverage. Additionally, the cost of covering children in Medicaid is low: while children comprise more than two-fifths of all Medicaid beneficiaries, their care constitutes only one-fifth of Medicaid spending.

- Medicaid encourages early attention to children's health, preventing more serious and more costly consequences later on. Early investment pays off. Consider that:

- Children enrolled in Medicaid missed fewer classes and performed better in school than those uninsured.
- Medicaid covers 45 percent of all births in the United States. Every \$1 spent on prenatal care can save \$3.33 in costs associated with care immediately after birth, and another \$4.63 associated with costs later in the child's life.
- Children enrolled in Medicaid are much more likely than uninsured children to get the cost-effective preventive care they need before conditions emerge or become more serious and expensive to treat. Almost 75 percent of children enrolled in Medicaid had a preventive well-child visit in the past year, compared to just 41 percent of uninsured children.
- Medicaid is already far more efficient and cost effective than private insurance for children. It costs significantly less to cover a child through Medicaid than through private coverage and Medicaid administrative costs are about half those of private insurance coverage. Over the past decade, Medicaid costs per enrollee generally have grown more slowly than premiums for employer-sponsored coverage or overall national health expenditures.
- Since 2014, states have had the option to expand Medicaid to low-income adults under the Affordable Care Act. In states that expanded Medicaid, hospitals are treating fewer uninsured patients and the amount of uncompensated care they are providing is declining steeply. The Medicaid expansion has saved states money and these savings are expected to grow over time.

### **Medicaid's benefits for children depend on its strong structure.**

Medicaid's guarantee of health coverage for eligible children is essential to their futures. Any steps to reform health care must protect Medicaid from structural changes or budget cuts that would threaten the health and lives of low-income children and seniors, and children and adults with disabilities who rely on Medicaid.

- Proposals for major structural changes to Medicaid like per capita caps or block grants that limit federal expenditures might save the federal government money in the short run, but would eliminate a 50 year guarantee of health coverage for children while shifting costs to states, providers and beneficiaries. To meet the rigid constraints of a per capita cap or block grant, states would have to increase their own spending substantially, make deep cuts, or most likely both. Any "savings" would likely come from making changes that would be harmful to children and others such as reducing those who are eligible, ratcheting down benefits, increasing the cost burden to patients, making enrollment harder for eligible children, and cutting already below-market provider payment rates. The resulting loss of or limits on health coverage would require states and local communities to absorb these substantial costs. An uninsured child costs the local community \$2,100 more than a child insured by Medicaid.