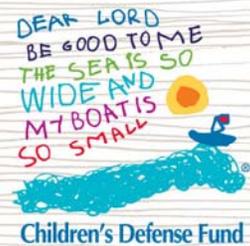


Health Coverage for All Children and Pregnant Women Now – the Economic Advantage



May 2009

As parents lose their jobs in today's global recession, children are losing health coverage. A critical element of economic recovery must be to reform our health system to ensure that all children can get affordable, comprehensive health coverage, and keep it through good times and bad. Piecemeal, incremental changes to the health care system, like the CHIP legislation that recently passed Congress, is not real health reform. CHIP will leave 5-6 million children uninsured, and millions more underinsured. The current children's health care system is not President Obama's promised mandate for health coverage for every child. Real reform can and must be accomplished in 2009.

- Child poverty - extreme child poverty - loss of health coverage are increasing at a time when the safety net to catch children is at its weakest in memory.
- Health care is now a greater portion of the American economy than housing or food. **The average premium for group coverage for a family is \$12,680 each year— almost 90% of the annual earnings of a minimum wage worker who works full-time, year round.**
- Health care **premiums have increased more than three times as fast as wages since 2001.**
- Almost half of people with homes in foreclosure named medical problems as a cause.
- Businesses are struggling to afford coverage for their workers; since 2000, **the percentage of employers providing health benefits dropped from 69% to 63%.**
- Every one percentage point rise in the national unemployment rate increases enrollment in Medicaid and SCHIP by one million, including 600,000 children, and cause the number of uninsured to grow by 1.1 million.
- **Prevention costs far less than illness**, and primary care doctor visits cost less than emergency rooms:
 - Every \$1 spent on vaccinations for children saves \$16 in later costs to the community.
 - The cost for a child to visit a doctor in the early stages of an asthma attack is about \$100, going to the emergency room to treat full-blown asthma symptoms costs more than \$7,300.
 - The cost of hospitalization for a pre-term or low birthweight baby is 25 times the cost of hospitalization when a healthy baby is born.
 - **An uninsured child costs the local community \$2,100 more than a child with Medicaid or CHIP.**
- **At least 44 states are facing budget shortfalls for fiscal year 2010 and beyond. At least 19 states have implemented cuts that will affect low-income children's or families' eligibility for health insurance or reduce their access to health care services.**
- Expanding coverage to every child and pregnant woman would **help stimulate the economy**:
 - Temporarily increasing the federal matching rate (FMAP) for state child health coverage expenditures would generate \$1.36 for every \$1 spent.
 - Employment in the health care industry would continue to expand.
 - Job loss from rising premiums would be curbed – a 20% increase in health insurance premiums could result in 3.5 million workers losing their jobs.

Affordable, comprehensive coverage for all children and pregnant women, regardless of where they live— while providing states with fiscal relief—is what our country can and must do now. It will help stimulate the economy and begin to change the costly paradigm in our health system from sickness to prevention and early intervention.