

Children's Defense Fund

Medicaid Works for Children and for America



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Medicaid has provided hundreds of millions of children who are poor or have disabilities – many from communities of color – with comprehensive health coverage that enables them to become strong, productive members of society. Without Medicaid's strong protections, coverage guarantee and individualized health and mental health care, many of these children would go uninsured, increasing costs for states and local communities.

Medicaid is the single largest health insurer for children, providing health coverage to almost 35 million low income children and another 1.4 million children with disabilities.

- Together, Medicaid and the Children's Health Insurance Program (CHIP), insure one in three children overall, six in ten low income children, and four in ten children with special health care needs. CHIP works in tandem with Medicaid to expand health coverage to children in families with income above Medicaid thresholds.
- Without Medicaid and CHIP, many children would go uninsured. Health coverage costs more than \$14,000 a year for a family of four – almost as much as a parent would earn working full time at minimum wage. About 85 percent of uninsured children live in working families for whom private health coverage is financially out of reach.

Medicaid for children is a bargain.

- Health coverage for children is inexpensive relative to other populations. Children constitute more than half of all Medicaid beneficiaries, but represent only 20 percent of Medicaid expenditures. It costs almost twice as much to cover an adult and nearly five times as much to cover an elderly adult in Medicaid as it does a child without disabilities.
- Medicaid is an extremely efficient insurer for children. Health coverage for a child in Medicaid costs about 27 percent less than private insurance, with administrative costs running about half those of private insurance.
- Health needs do not magically disappear when public or private insurance coverage is not available. State and local communities must absorb the entire cost of care for uninsured children if Medicaid or CHIP coverage is lost. These costs are substantial: an uninsured child costs the local community \$2,100 more than coverage for a child with Medicaid or CHIP.

Medicaid encourages early attention to children's health, preventing future, more serious and more costly health consequences later on. Such early investments pay off. For instance:

- 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 life.
- Every \$1 spent on vaccinations for children saves \$16 in medical and other costs.
- The cost of hospitalization for a preterm or low birthweight baby is about 25 times the cost of hospitalization when a healthy baby is born.

Medicaid and CHIP keep health coverage stable for children during tough economic times.

- During the recent recession, Medicaid and CHIP worked as intended, covering children who lost their health coverage as families economic circumstances worsened. Even as employer-based health coverage eroded and the uninsured rate for adults has risen, today there are fewer uninsured children than ever before.
- Recognizing just how well Medicaid and CHIP work, every state has now chosen to go beyond minimum federal requirements in order to cover more children in Medicaid and CHIP. States now provide Medicaid or CHIP coverage to children in families with incomes ranging from 160 percent of poverty (\$35,280) to 400 percent of poverty (\$89,400 for a family of four), depending on the state.

Medicaid provides children with access to all the medically necessary services they need to survive, thrive and drive tomorrow's economy.

- Children enrolled in Medicaid are much more likely than uninsured children to obtain preventive care. Almost three-quarters of children enrolled in Medicaid had a preventive well-child visit in the past year, compared to just 41 percent of uninsured children.
- Child health impacts educational attainment. Children enrolled in Medicaid and other public health insurance programs miss fewer classes and perform better in school than when uninsured. Chronic absenteeism is a predictor of children dropping out of school, which in turn impacts future income. The median income for adults with bachelor's degrees is almost double that of adults who never graduate from high school.
- Medicaid's comprehensive, developmentally appropriate benefit package was originally created to ensure our nation's troops were healthy enough to serve. Over time Medicaid has reached half of the low income adults between the ages of 18 and 24, many of whom our nation relies on for military service.

Any cuts to Medicaid – in the form of a spending cap, block grant, or changes to current rules governing eligibility and enrollment (including lifting the Medicaid and CHIP “maintenance of effort” requirements) – would disproportionately harm children.

- An analysis by the Congressional Budget Office (CBO) found that if the MOE were repealed, two thirds of those who would lose coverage would be children. Further, CBO estimates that by 2016, half the states would eliminate their CHIP programs altogether.
- Children who make up more than half of Medicaid beneficiaries would be disproportionately affected by cuts to program eligibility, benefits, or provider reimbursement, resulting in compromised access to care and poorer child health outcomes.
- Cuts to Medicaid would disproportionately impact low income children, children with disabilities, and children in communities of color who are more likely to suffer from poor health.

Proposed cuts to Medicaid would increase costs for states and local communities.

- To meet the rigid constraints of a block grant or a cap, states would have to increase their own contributions substantially, make deep cuts to the program, or both. If Medicaid were block granted and funding reduced to levels currently approved by the U.S. House of Representatives, states would lose more than \$1.4 trillion in federal funds over the next ten years (an average of 34 percent of states' federal Medicaid dollars).
- Structural changes to Medicaid being discussed in budget talks would lower federal health costs but increase costs for states and local communities, low income families and providers. States and local communities will see many more uninsured children, and end up paying substantially more for costly untreated serious illness later on, compromising investments in other critical areas like education.

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