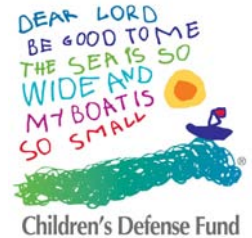


Children's Defense Fund

Protect Medicaid for Children

December 2012



Medicaid is a lean, efficient, and popular program that enables children to become healthy, productive, taxpaying members of society. Without Medicaid's strong protections, coverage guarantee and individualized health and mental health coverage, many children would go uninsured, increasing short and long term costs for states and local communities. As our nation's leaders make critical decisions about America's economic future, Medicaid -- which provides comprehensive health and mental health coverage for millions of children -- must remain exempt from cuts or structural changes that would undermine its critical protections.

Medicaid works for tens of millions of children.

- Together, Medicaid and the Children's Health Insurance Program (CHIP) provided comprehensive and affordable health coverage to more than half of all children in America at some point in 2011. Medicaid alone covered almost 36 million children who otherwise could not afford coverage.
- Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit package guarantees the full range of comprehensive primary and preventive coverage that children need, and ensures children access to all medically necessary health and mental health services.
- Medicaid encourages early attention to children's health, preventing more serious and more costly consequences later on. Early investment pays off:
 - Medicaid covers more than 40 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. 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.
 - Children enrolled in Medicaid miss fewer classes and perform better in school than when uninsured.
- Medicaid is a lifeline for children with disabilities, serving 40 percent of children in America with special health care needs. For many of these children, Medicaid is the only source of financing for their care. For others, Medicaid supplements private coverage to help ensure these children have access to the medical equipment and devices (such as hearing aids) they need to survive and thrive.
- Medicaid is particularly important in communities of color. In 2008, more than half of all children enrolled in Medicaid or CHIP were children of color.

- Medicaid is extremely efficient: its comprehensive coverage costs about 27 percent less than private insurance, and its administrative costs are about half those of private insurance. Medicaid costs are also rising more slowly than those of private insurance: last year, Medicaid costs rose by 2 percent compared to 4.6 percent for private insurance.

Medicaid's current structure guarantees children health care when they need it, and must be protected.

- Major structural changes like per capita caps or block grants that limit expenditures would eliminate the long-standing guarantee of health and mental health services children need when they need them. They would threaten the health of millions of America's most vulnerable children and families, while placing our nation's preparedness at risk.
- Per capita caps, block grants, and other structural changes do not create cost efficiencies. Instead they shift costs from the federal government to states, local communities, and/or beneficiaries. To meet the rigid constraints of a per capita cap or block grant, states would have to increase their own spending, make deep cuts, or both. Any "savings" would likely come from reducing eligibility, limiting benefits, increasing cost sharing, creating administrative barriers to make enrollment harder for eligible children, or cutting the already below-market provider payment rates. Any of these steps would cause significant harm to millions of vulnerable children and families.
- Reforms that result in loss of or limits on health coverage for children would require states and local communities to absorb these costs, which are substantial. An uninsured child costs the local community \$2,100 more than a child covered by Medicaid.

There is precedent to protect Medicaid while reducing the deficit.

- The fundamental principle of protecting children and other vulnerable populations has been a cornerstone of deficit reduction since the bipartisan Gramm-Rudman-Hollings Balanced Budget Act of 1985. Every automatic budget cut mechanism of the past quarter-century has exempted core low-income assistance programs, including Medicaid, from any cuts triggered when budget targets or fiscal restraint rules were missed or violated.
- The principle of exempting vulnerable populations from budget cuts is strongly supported by the American people. A recent Public Opinion Strategies poll showed most voters specifically oppose cuts to Medicaid (73 percent) and education programs (75 percent).

For more information about CDF's Be Careful What You Cut Campaign visit www.becarefulwhatyoucut.com.