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Health Insurance: A Critical Support for Infants, Toddlers, and their Families

This brief is part of a forthcoming joint project of CLASP and ZERO TO THREE, which focuses on the essential policies needed to support infants, toddlers, and their families.

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Low-income infants, toddlers, and their parents need access to quality, affordable, publicly financed health insurance. Access to health care is arguably the most basic ingredient for children's healthy development and wellbeing. Infants and toddlers need medical care to support their physical, cognitive, and emotional development. Parents' health is also critical to children's wellbeing, as parents need to be healthy in order to support their children as they learn and grow. More effective parenting is possible when parents get treatment for physical and mental health needs. Health insurance offsets the cost of medical expenses, such as routine check-ups, sick visits, prescriptions, diagnostic and surgical procedures, as well as specialized care for chronic illnesses, disabilities, and pregnancy.

Children with insurance are generally healthier and more likely to receive necessary treatment when sick or injured, in addition to the preventive care so important to their health and wellbeing.¹ Children's and mothers' access to health insurance during pregnancy and in the first months of life can be the difference between life and death, since coverage is linked to significant reductions in infant mortality, childhood deaths, and the incidence of low birthweight.² Well-baby checks and routine screenings catch problems before they worsen and become more difficult and costly to treat. Over the long term, health coverage for low-income children can also improve high school and postsecondary success, with enduring effects on employment over their lifetime.³

Parents' access to health care matters greatly for children. Children do better when their parents and other caregivers are healthy, both emotionally and physically.⁴ Adults' access to health care supports effective parenting, while untreated physical and mental health needs can interfere with parents' ability to care for their children. For example, a mother's untreated depression can place at risk her child's safety, development, and learning.⁵ Untreated chronic illnesses or pain can contribute to high levels of parental stress, which are particularly harmful to children during their earliest years.⁶ The first few years of a child's life set the foundation for healthy development,⁷ and children need stability—coupled with responsive, nurturing relationships with caregivers—to learn and grow.⁸ Additionally, health insurance coverage is key to the entire family's financial stability, particularly because coverage lifts the burdens of unexpected health problems and related costs.

Medicaid and the Children's Health Insurance Program (CHIP) are the largest public health insurance programs in the United States, collectively covering 45 percent of children ages 5 and younger.⁹ In Medicaid, the federal government requires states to cover certain groups of people, including children in families with income up to 138 percent of the Federal Poverty Line (FPL).¹⁰ States are also required to provide certain mandatory health care services, such as access to physicians and family planning. Most important for children is the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit, which is a set of preventive health care services that ensure children's health and development is monitored regularly and that problems are identified and addressed early.¹² Beyond federal requirements, states can choose to extend coverage to other groups and have the flexibility to determine the types, amount, duration, and scope of medical services they will cover. Medicaid is a federal-state partnership, meaning that the federal government covers a fixed percentage of states' health care costs—ranging from 50 to 74 percent—and states are required to cover the rest.¹³ CHIP complements Medicaid by providing funds to states for health insurance coverage of children whose family income is too high to qualify for Medicaid.¹⁴

The Affordable Care Act (ACA) was enacted in 2010 with the goals of expanding health care coverage, reducing costs for patients, and improving the health care delivery system.¹⁵ Thanks to Medicaid and CHIP, the uninsured rate for children was already fairly low. However, the ACA improved children's health care coverage and further increased enrollment by streamlining Medicaid income eligibility definitions; extending the CHIP program; and mandating that all qualified health insurance plans offer a minimum set of benefits known as Essential Health Benefits (EHB), which include preventive care, prenatal and newborn care, mental health services, pediatric services, and habilitative therapies.¹⁶ Moreover, prior to passage of the ACA, many low-income parents did not have coverage for themselves because they were not offered it at work or could not afford private insurance and also were not eligible for Medicaid. The ACA also allowed states to expand Medicaid eligibility to non-elderly adults at or below 138 percent FPL.¹⁷ Collectively, ACA provisions provided coverage to many parents for the first time, which had the secondary effect of increasing children's enrollment in health care coverage.¹⁸

Historic gains in health coverage over the last three years have resulted in the lowest uninsured rates on record for children and their parents, and these rates must be preserved. Today, nearly all children in America—95 percent—have the health insurance coverage they need to survive and thrive.¹⁹ In 2014, Medicaid covered 36.1 million children, and CHIP covered more than 8.1 million children.²⁰ Medicaid and CHIP also play a particularly important role for children of color, covering more than half of all Black, Hispanic, and American Indian and Alaska Native children.²¹ Over half of Medicaid enrollees are children.²² Together with Medicaid, which covers almost half of all births in the United States,²³ and CHIP, the ACA has helped reduce the proportion of uninsured children in the United States from 13 percent for young children under 5 years old in 1997 to a record low of 3.2 percent for that same group in 2015.²⁴

Growing evidence shows that children enrolled in Medicaid in their early years not only do better in childhood than children without health insurance, but also have better health, educational, and employment outcomes in adulthood.²⁵ Research also demonstrates that Medicaid coverage improves access to care and overall health and reduces mortality rates.²⁶

By opting to expand Medicaid under the ACA, 31 states and D.C. have taken a crucial step to support child wellbeing by enabling low-income parents to get health and mental health services.²⁷ Research suggests that Medicaid expansion has not only improved access to medical benefits and affordability of care, but also improved access to behavioral health treatment for newly eligible enrollees in expansion states.²⁸ Expansion states have also experienced greater increases in coverage compared to non-expansion states, which have higher proportions of uninsured people who are eligible for Medicaid. In states that did not expand Medicaid, children comprise three quarters of the uninsured population that is eligible for Medicaid or CHIP.²⁹

Additionally, access to care for pregnant women and the services that they receive improved since the ACA's enactment. With the EHB requirement in the ACA, all private health insurance plans have to cover maternity and newborn care. Prior to the ACA, 62 percent of plans in the individual market did not include such coverage.³⁰ The ACA requires insurance to cover breast pumps for nursing mothers and amended federal labor laws to require employers to protect mothers' ability to pump at work, enabling babies to benefit from breastfeeding longer.³¹

Children and parents need access to health insurance for their short-term and long-term health and wellbeing. The federal government should maintain the structure and financing of Medicaid and the ACA to allow states to continue improving infants', toddlers', and parents' health. States that have not yet expanded Medicaid should seize the opportunity to do so and provide health insurance to a group of people who may otherwise struggle with cost or ineligibility for publicly funded insurance. All states can identify and implement high-priority improvements in Medicaid and related policies to support access to needed services for children and families. Jeopardizing coverage for children and their parents will negatively impact the wellbeing of children's health, school readiness, and future success. Because parents' and children's wellbeing are so inextricably linked, the loss of necessary health and mental health services can have long-term, dire consequences for them both.

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