Threats to the ACA and Medicaid: What's at Stake for Children

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Access to health care is a basic ingredient for children’s healthy development and well-being.

Prior to passage of the Affordable Care Act (ACA), many low-income parents lacked access to affordable health coverage.

Currently, the ACA and Medicaid are being threatened.
Why the ACA Matters for Early Childhood

• Affordable health insurance coverage
  ▪ For children
  ▪ For parents
  ▪ For providers

• What can you do?
  ▪ Roles for early childhood providers and advocates
Affordable Health Insurance Coverage
Access to health care is a fundamental need for children.

• Children with health insurance are generally healthier and more likely to get necessary treatment when sick or injured; and get preventative care.

• Most young children are already covered.
  ▪ 95% of children ages 0-5 have health insurance coverage.
  ▪ 45 million children receive health insurance through Medicaid of CHIP.

- Low-income parents are covered in Medicaid expansion states
  - Among low-income parents, 37% lacked coverage in 2007.
- High need for health and mental health coverage
  - Only 40% of parents report good or excellent health.
  - 20% experienced major depression in the past 12 months.
    - 46% in their lifetimes

• Parents' access to health care has lasting consequences for their children
  ▪ Research finds significant associations between poor maternal health and child behavior problems and health.
  ▪ Treating physical and mental health problems supports effective parenting.
  ▪ Parent coverage is associated with better access to care for children.
  ▪ Health insurance promotes parents’ access to care and financial security.
Coverage for Caregivers Matters, too.

• Caregivers spend a significant amount of time with children
• Many child care workers have low incomes and were able to access insurance through Medicaid or the exchanges.
• Access to health insurance allows caregivers to be healthy and access treatment when necessary leading to better outcomes for themselves and the children they care for.
Affordable health insurance leads to access.

• Coverage, whether through Medicaid or private insurance, is associated with improvements in health care access and utilization.

• Compared to uninsured adults, adults with Medicaid coverage are more likely to have a usual source of care, visit a doctor for a checkup, and access specialty care.
Access to health insurance provides children a healthy start in life.

- Children who get help from Medicaid in their early years not only do better in childhood but also have better health, educational, and employment outcomes many years later, into adulthood.

- Medicaid coverage improves access to care and overall health, and reduces mortality rates.
Medicaid Expansion gave many low-income parents access to health services for the first time.

Current Status of State Medicaid Expansion Decisions

NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. *AR, AZ, IA, IN, MI, MT, and NH have approved Section 1115 waivers. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.
Where Children’s Coverage Stands Today, Impacts of Federal Proposals
The Children’s Uninsured Rate has Declined To Historic Lows

Parent Coverage Has Improved Too

Source: Urban Institute tabulations of 2008-2015 National Health Interview Survey data

Notes: Parents are defined as adults ages 19 to 64 living with a biological child, adoptive child, or stepchild age 18 or under. Uninsured is at time of survey. All other adults age 19 to 64 are classified as childless.
How are Children Covered?

Medicaid/CHIP Cover Nearly Half of Children Under Age Six

Percent of Children Under 6 With Medicaid/CHIP Coverage

Source: Georgetown University CCF analysis of the 2015 Integrated Public Use Microdata Series (IPUMS)
Children Are the Largest Group of Medicaid Beneficiaries

Source: CMS Medicaid and CHIP Enrollment Report, November 2016

Includes data from 48 states that report both adult and child enrollment. Excludes enrollment data from AZ, DC and TN.
Long-Term Effects of Childhood Medicaid Coverage

Medicaid helps children grow up to reach their full potential. Children enrolled in Medicaid:

- Miss fewer school days due to illness or injury
- Do better in school
- Are more likely to graduate high school and attend college
- Grow up to be healthier as adults
- Earn higher wages
- Pay more in taxes

Childhood Medicaid Yields Strong Government Return on Investment

Effect of childhood Medicaid in adulthood

- Better health
- Higher incomes

Outcome

- Reduction in hospitalizations and emergency room visits
- Increased tax payments and reduced receipt of Earned Income Tax Credit (EITC)

Government Savings (ROI)

- Government recouped 3-5% of initial cost of expanding Medicaid in one year (savings of $22-$34 million)
- The increase in tax payments alone returned nearly one-third (32 cents on the dollar) of the initial cost of expanded childhood Medicaid by the time children reached age 28 and 56 cents of each dollar by the time they reached age 60.

If benefits of childhood Medicaid eligibility continue and if other financial benefits to the government were included in the authors’ calculations (increased tax receipt, better educational outcomes, take-up rate, and lower mortality), the savings may be even more substantial.
Source: A. Chester and J. Alker, “Medicaid at 50.”
Medicaid

- Created in 1965 as a companion to Medicare
- Permanently authorized with guaranteed federal funding
- An entitlement: federal government matches state spending on an open-ended basis.
- Federal government pays 50% to 75% of benefit costs, with no cap
- States administer program and can determine eligibility, benefits, cost-sharing, provider payments above federal minimums
Children’s Health Insurance Program (CHIP)

- Passed in 1997 to help states provide coverage to uninsured children who do not qualify for Medicaid
- Block grant with capped annual allotments to states
- Federal government pays 65% to 85% of costs (E-FMAP); with a 23% percentage point bump in 2016-17 up to annual allotment
- States administer and have flexibility to design eligibility, benefits, cost-sharing, payments beyond federal minimums
Public Coverage for Children in U.S.

- **Expansion CHIP**: 4.7 million
- **Separate CHIP**: 3.7 million
- **Marketplace**: 1.1 million
- **Medicaid**: 36.8 million

Medicaid is the Largest Source of Federal Funds for States

Federal Fund Expenditures, FY 2015

- **Medicaid**
  - 56.1%
  - $319 Billion

- **All Other Programs**
  - 43.9%
  - $250 Billion

This includes public assistance; elementary, secondary, and higher education; corrections; transportation; and others.

What do we know ACA repeal and efforts to restructure Medicaid?
ACA Repeal: Key Provisions Impacting Kids and Families

- Loss of parent expanded coverage and impact on:
  - Parent health
  - Family economic security
  - Welcome mat effect on child enrollment
- Coverage for former foster youth up to age 26
- Maintenance of Effort requirement through 2019 (MOE)
- 1.1 million kids lose marketplace coverage
ACA Repeal: Impact on Kids and Families

Repeal bill vetoed in January 2016 would:

- More than double the # and % of uninsured children
- More than double the # and % of uninsured parents
- Removal of ACA’s Maintenance of Effort provision (MOE) and/or failure to extend funding for the Children’s Health Insurance Program (CHIP) accelerate these losses

Source: Urban Institute (Dec 2016). “Partial Repeal of the ACA Through Reconciliation: Coverage Implications for Parents and Children” and “Implications of Partial Repeal of the ACA Through Reconciliation” available at [www.urban.org](http://www.urban.org)
Federal Proposals to Restructure Medicaid Financing: What to Expect?

**Block Grants**
- Sets a specific amount for each state
- Fundamental change in entitlement and financing structure
- Would have major implications for beneficiaries, providers, managed care plans, states and localities
- To achieve federal savings, states would receive less funding

**Per Capita Caps**
- Would set amount states are reimbursed per enrollee
- Protects states if enrollment grows but does not protect against other risks (e.g. formula doesn't account for new treatments or epidemics)
- If costs exceed cap, states, providers and/or enrollees will make up the difference
Block Grants/Per Capita Caps Shift Costs to States

Current Medicaid Financing System

60% FMAP State

$100

$40

$60

Higher spending (unexpected cost growth)

$120

$48

$72

Capped Federal Medicaid Funding

60% FMAP State

$100

$40

$60

Expected spending with cap

$100

$60

$40

Higher spending (unexpected cost growth)

$120

$80

$40

Federal cap

Chart by the Center on Budget and Policy Priorities, CCF Back to the Basics webinar series: Medicaid financing
Uninsured Rate Rose with CHIP Freezes

SHADAC analysis of Current Population Survey (CPS) and American Community Survey (ACS) Public Use Microdata Sample (PUMS) files. Data reported from 1987 through 2012 are from SHADAC analysis of the Current Population Survey’s Annual Social and Economic Su
State Flexibility May Sound Promising but... Most Proposals Involve Cuts

- Enrollment caps or closed
- More red tape and beneficiary requirements
- Reduced Benefits
- Increased Cost-Sharing
Early Periodic Screening, Diagnostic and Treatment (EPSDT)

- Core benefits package for children in Medicaid
- States are required to cover all appropriate and medically necessary services needed to correct and ameliorate health conditions
- Caps make it harder for states to meet requirement
- New state flexibility in federal proposals could remove this protection
Timeline for Proposals

- ACA repeal – procedural votes started process, goal of March, timeline slipping
- Medicaid financing changes – part of replacement package, or could show up as part of 2018 budget negotiations (if not before or part of replace)
- No new CHIP funding after September 30, 2017. Unclear where and how extension will fit into larger ACA/Medicaid plans.
ACA Repeal and Medicaid Caps: Threats for Children

1. Millions of children, parents, caregivers lose health coverage.
2. No coverage guarantee in Medicaid.
3. No children’s benefit guarantee (EPSDT).
4. Added costs and barriers to care for families.
5. Added pressure on other state-funded programs that serve children and families.
Action Steps
What can you do?

• Contact your Senators and Representatives and Governors
• Tell a story
• Get plugged in with child advocacy and health consumer advocacy groups.
• Stay up to date
  ▪ Get connected with CLASP and CCF
Questions?
Resources
Resources

Georgetown Center for Children and Families
  • ccf.georgetown.edu
  • Say Ahhh! Our child health policy blog
  • State Child Coverage Snapshots

CLASP
  • www.clasp.org
  • For Medicaid and ACA resources: http://www.clasp.org/issues/work-supports
  • For Child Care and Early Ed resources: http://www.clasp.org/issues/child-care-and-early-education
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