

## Better Coverage for Children

When Congress reauthorized the Children's Health Insurance Program (CHIP) earlier this year, they took a big step toward guaranteeing that all children have access to high-quality, affordable health care. However, their job is not done: Millions of children remain uninsured, and countless more families are struggling to afford the insurance they have.

The health reform proposals that Congress is currently considering will help cover these children—and their families—by making insurance more available and more affordable and by expanding Medicaid.<sup>1</sup> However, as health reform moves forward, Congress will have to make key decisions about the benefits package for children and how to transition some children from existing coverage to coverage in the new health insurance marketplace or “exchange.” Therefore, advocates must continue to work with Congress to ensure that health reform legislation maintains the gains that have been made through CHIP reauthorization, and that guarantees meaningful access to comprehensive medical benefits for all children and their families.

### How will health reform help cover more children?

- Health reform will make it easy for families to get health coverage for their children.

#### Why do we need reform?

- More than 8.6 million children—or 11.1 percent—did not have health insurance in 2007.<sup>2</sup>
- The majority of these children—88.2 percent—come from families where at least one parent works.<sup>3</sup>

#### What does health reform do?

- Families will be able to keep their coverage if they already have good coverage. But if they don't, health reform will guarantee that they will be able to get quality, affordable coverage in a new health insurance exchange or through Medicaid.
- Health reform will establish a one-stop-shop for health coverage—the health insurance exchange. It will also create a system, known as a “no wrong door” policy, that will allow families to be connected with private insurance, Medicaid, or CHIP, no matter where they choose to apply.

### How will this help kids and their families?

- These measures will mean that more children and their families will get covered. For example, after Virginia adopted a “no wrong door” policy in 2002, it found that quarterly new Medicaid enrollment increased by 43 percent—from 16,000 to 23,000.<sup>4</sup>
  - These simplifications will make it easier for families to navigate the coverage options available to them, and it will be more efficient than the current patchwork of eligibility and enrollment systems.
- **Health reform will make coverage for children and their families more stable and affordable.**

### Why do we need reform?

- About 11 million—or one in six—non-elderly, middle-class Americans<sup>5</sup> are uninsured.<sup>6</sup>
- Even Americans who *have* insurance are increasingly burdened with high out-of-pocket costs. In 2009, for example, nearly two-thirds of the people whose families spent more than 10 percent of their pre-tax income on health care were from families earning more than \$30,000.<sup>7</sup>
- More than half (57 percent) of middle-class families reported that they or a member of their household cut back or skimped on needed health care because of the cost.<sup>8</sup>

### What does health reform do?

- The current health reform bills provide subsidies for middle-class families on a sliding scale based on income. These subsidies will help cover their premiums, so that these families can afford to purchase coverage through the exchange.
- Health reform will place a limit on the amount of money a family pays out-of-pocket for care.

### How will this help kids and their families?

- By making health care available and affordable for these families, health reform will provide children with secure and stable health coverage and will help children and their parents get the care that they need. Parents will have the confidence that if they change or lose their job, they will no longer have to worry about whether their children will have coverage.
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- **Health reform will create new opportunities for parents to get coverage, which will help cover more children.**

#### **Why do we need reform?**

- There are currently few affordable coverage options for parents with modest incomes.
- Many states have set their Medicaid eligibility levels for parents at extremely low levels: The national median eligibility level for parents is a mere 67 percent of the federal poverty level (\$12,268 for a family of three). Only 16 states and the District of Columbia provide Medicaid to parents with incomes up to the poverty level (\$18,310 a year for a family of three).

#### **What does health reform do?**

- Reform will raise the minimum Medicaid eligibility level to 133 percent of poverty, which will expand coverage to many parents who are currently uninsured.

#### **How will this help kids and their families?**

- Covering parents helps cover children as well. For example, states that have expanded coverage to parents have enrolled 20 percent more of their eligible children than states that have not.<sup>9</sup> And states that offer Medicaid coverage to both children and their parents have higher take-up rates among low-income children than states that do not offer Medicaid to parents.<sup>10</sup>
- Covering parents helps children obtain health care: Children who have insured parents are more likely to have well-child visits and to see a doctor when they are sick.<sup>11</sup>
- The new avenues for covering parents mean that more low-income families will be covered together in the same plan. This will allow everyone in the family to get health care from the same network of doctors, with the same cost-sharing rules, renewal processes, and other policies. Making coverage simpler for families helps them understand and use that coverage.

## Endnotes

<sup>1</sup> As of the date of publication, the Senate Health, Education, Labor and Pensions (HELP) Committee and the House Education and Labor, Ways and Means, and Energy and Commerce Committees had passed bills.

<sup>2</sup> Jennifer Sullivan, *Left Behind: America's Uninsured Children* (Washington: Families USA, November 2009).

<sup>3</sup> Ibid.

<sup>4</sup> Embry Howell, Christopher Trenholm, Kathy Gifford, and Bridget Lavin, *Case Study of Virginia: Exploring Medicaid and CHIP Enrollment Trends and Their Links to Policy and Practice* (Princeton, NJ: Mathematica Policy Research, Inc, July 2006).

<sup>5</sup> Middle Class Americans are defined as those earning between \$36,620 and \$73,240 a year, or 200 to 400 percent of poverty for a family of three in 2009.

<sup>6</sup> Diane Rowland, Catherine Hoffman, and Molly McGinn-Shapiro, *Health Care and the Middle Class: More Costs and Less Coverage* (Washington: Kaiser Family Foundation, July 2009).

<sup>7</sup> Kim Bailey and Laura Parisi, *Too Great a Burden: Americans Face Rising Health Care Costs* (Washington: Families USA, April 2009).

<sup>8</sup> Diane Rowland, Catherine Hoffman, and Molly McGinn-Shapiro. op. cit.

<sup>9</sup> Amy Davidoff, Lisa Dubay, Genevieve Kenney, and Alshadye Yemane, "The Effect of Children's Preventative Service Use: Implications of Parents' Medicaid Status," *Inquiry* 40, no. 3 (Fall 2003): 254-268.

<sup>10</sup> Genevieve Kenney and Lisa Dubay, "Expanding Public Health Insurance to Parents: Effects on Children's Coverage Under Medicaid," *Health Systems Research* 38, no. 5 (October, 2003): 1,283-1,302.

<sup>11</sup> Amy Davidoff, Lisa Dubay, Genevieve Kenney, and Alshadye Yemane, op. cit.



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