

KEEPING KIDS COVERED: PUBLIC INSURANCE OPTIONS



Public insurance maintains children's access to coverage when private insurance options are limited.

Public health insurance programs such as Medicaid and the Children's Health Insurance Program (CHIP) have been critical to maintaining coverage and meeting the health care needs of millions of children in working families. Today, more than one in three U.S. children – 35 million – receive their health insurance through CHIP or Medicaid.¹ These programs have helped to reduce the rate of uninsured children to a record low of just 4.8%, less than one-third of the rate (14.9%) when CHIP began in 1997.² Covering children is also cost-effective. Children account for nearly 50% of Medicaid enrollees, but less than 20% of all Medicaid spending.³

While employer-sponsored insurance (ESI) has long been the primary source of coverage for families, many are finding that rising costs make this option prohibitively expensive. The launch of the Affordable Care Act's (ACA) health insurance Marketplace in 2014 introduced alternative private options, but these plans often fall short in affordability and quality of benefits for children, and their future availability is uncertain.

CHIP and Medicaid are the Only Affordable Option for Many Lower-Income Working Families

CHIP and Medicaid

Every state provides Medicaid to children in families with incomes at least up to 133% of the federal poverty level (FPL) – or \$32,300 for a family of four – usually with no out-of-pocket costs.⁴ For low- and moderate-income working families who do not qualify for Medicaid but cannot afford private coverage, CHIP can provide low- or no-cost coverage for children. CHIP eligibility levels vary by state, averaging around 255% FPL – about \$62,000 for a family of four.⁵ CHIP can have small premiums, but remains affordable by covering 98% of costs and never requiring families to pay more than 5% of income.⁶

Employer-Sponsored Insurance

ESI remains the most common source of health coverage for families, but is becoming increasingly unaffordable. Less than half of all U.S. children received coverage from their parents' ESI in 2014, down from 57% in 2000.⁷ Families covering children with ESI are more likely to face out-of-pocket costs like copayments, coinsurance and premiums than under CHIP or Medicaid. Additionally, worker contributions to premiums for employer-sponsored family plans have nearly doubled in the past decade, from \$2,973 in 2006 to \$5,277 in 2016, which is simply unaffordable for many families.⁸

Marketplace Plans

Two major issues limit accessibility of Marketplace plans for families with children. First, families switching from CHIP to the Marketplace face much higher out-of-pocket costs. Costs and access to care can be particularly challenging for children with special needs.⁹ Second, not all families are eligible for subsidies due to the "family glitch." This flaw in the ACA prevents workers from receiving subsidies if their employer offers "affordable coverage" – an *individual plan* costing less than 9.6% of income – even if *family plans* are unaffordable. On average, family plans cost more than four times individual plans.¹⁰

CHILDREN'S COST SHARING AND PREMIUMS BY SOURCE OF COVERAGE, 2014

	AV ¹	AVERAGE COST SHARING	AVERAGE PREMIUM	TOTAL (cost sharing and premium)
Separate CHIP	98%	\$31	\$127	\$158
Employer-sponsored insurance plan	81%	\$288	\$603	\$891
Second lowest cost silver Marketplace plan	82%	\$266	\$806	\$1,073

¹ Actuarial Value – percentage of total costs that the plan will cover

SOURCE: Finder B. *Affordability for Children in Separate CHIP Versus Employer-Sponsored Insurance*. Medicaid and CHIP Payment and Access Commission. January 2016.

Value of Comprehensive, Child-Specific Coverage

CHIP and Medicaid offer more comprehensive benefits that meet the unique health care needs of children than most other insurance plans, often covering more services, with fewer limitations.

In 2015, PolicyLab compared caregiver-reported experiences with Medicaid, CHIP and private insurance for children in low- to moderate-income families. We found that CHIP and Medicaid provided higher rates of preventive and dental services and were more likely to meet all of a child's medical needs than private plans.⁴

Additionally, a U.S. Department of Health and Human Services review was unable to certify any Marketplace plans as comparable to public insurance due to higher costs and lower-quality benefits.⁵ Marketplace plans do not define a class of pediatric benefits beyond a broad inclusion of vision and dental services. States have flexibility to determine what services to offer, but often exclude important pediatric benefits, particularly for children with special needs, that are generally included in CHIP and Medicaid.⁶ Even if Marketplace plans remain and become more affordable for more families, the current level of services offered is not necessarily adequate to meet the needs of all children.

Protecting Children's Coverage Moving Forward

In the many ongoing conversations about the future of health care in this country, including decisions about whether to continue CHIP and make changes to Medicaid, we must ensure that children are not unintentionally harmed by losing access to their existing high-quality, affordable coverage options. Every plan that enrolls children must recognize the obligation to meet their unique health care needs, without imposing an insurmountable financial burden on the family, in order to help them grow into healthy and productive adults.

For additional information about children's health care coverage and access, please visit http://bit.ly/PL_HealthCoverage.

POLICYLAB AT CHILDREN'S HOSPITAL OF PHILADELPHIA

The mission of PolicyLab at Children's Hospital of Philadelphia (CHOP) is to achieve optimal child health and well-being by informing program and policy changes through interdisciplinary research. PolicyLab is a Center of Emphasis within Children's Hospital of Philadelphia Research Institute, one of the largest pediatric research institutes in the country.

POLICYLAB

Children's Hospital of Philadelphia
3401 Civic Center Boulevard
CHOP North, Room 1528
Philadelphia, PA 19104

policylab.chop.edu

Phone: 267-426-5300

Fax: 267-426-0380

PolicyLab@email.chop.edu

 @PolicyLabCHOP

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