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Sounding The Alarms On Children's Health Coverage

Population Health Sciences

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Buried beneath a very intense discussion on the future of adult coverage in this country has been a far more serious issue in children's coverage many years in the making.

The American Health Care Act (AHCA) and the president's recent budget proposal certainly have those who care for children concerned about the future of children's insurance. The AHCA's proposed changes to Medicaid would undo a half century of health care standards that were designed to maximize child development and well-being outcomes, such as guaranteed comprehensive health care coverage that includes access to mental health services, dental care, and school-based assistance for children with special health care needs. For special needs children, they have also insured that children with autism have aides to assist them in school, or that a child with cerebral palsy has access to appropriate transportation for themselves and their durable medical equipment to and from school, as well as the assisted nursing to support them while they are there.

But it's not just the direct impact to children that is concerning. To the extent the AHCA rolls back the Affordable Care Act's (ACA) Medicaid expansion, it would strip health insurance coverage from many low-income parents, whose own health is critical to that of their children.

There have also been proposed cuts to Medicaid that are at a magnitude never seen before: the president's budget recommends reducing Medicaid funding by more than $600 billion dollars over 10 years, above and beyond the more than $800 billion in Medicaid cuts written into the AHCA.

These changes to Medicaid would not be trivial: more than 36 million children and adolescents in this country are insured through Medicaid, a number that grows every day. These are not simply children living in poverty; most hail from working families. Many of these children have complex medical or behavioral health concerns, intellectual disabilities, or are in foster care. Medicaid's reach among children is huge.

The Risk To Families Is A Perfect Storm That's Been Brewing For Some Time

Although the dramatic changes proposed by the AHCA and the president's budget are more immediate, the truth is that their impact would negate the gains made in reducing the uninsured rate in children and leave families with fewer options for their children's health care. When the ACA became law in 2010, children's uninsurance rates in this country were much lower among children than adults (and continued to decline to only 5 percent by 2015). Lawmakers, therefore, designed the ACA principally to address uninsurance among adults, but nonetheless, added regulations that guaranteed a set of essential benefits to families who purchased coverage through the exchanges, including maternity, pediatric, mental health, and substance abuse benefits.

Optimism abounded and many hoped that the exchanges' success might one day eliminate the need for the Children's Health Insurance Program (CHIP). CHIP is a federally subsidized state program, which, at its peak, has insured an additional 8 million children in low- and moderate-income families who were not offered affordable coverage through their employers and could not qualify for Medicaid because their families were just above the federal poverty line.

From that high point, there has been a steady erosion of children's coverage under their parents' employer-sponsored plans that has gone largely unseen. Even as we've climbed out of recession and more low-income individuals are gaining employment, they're not being provided affordable family coverage by their employers. Facing soaring benefits costs, many employers are dropping dependent coverage for their employees, or offering ever-more-expensive coverage. Escalating family deductibles and premiums have far outpaced those for single-adult enrollees, making such coverage unaffordable for many families.

Lacking affordable options to cover their children, it's not surprising that many low- and moderate-income families have responded by flocking to public insurance. We reported on this trend in a recent *Health Affairs* article, in which we found that in 2013, nearly one-third of children in low-income working families above the poverty line got their health coverage through Medicaid or CHIP, up 8 percent from just six years earlier.

Today, more than 40 percent of children and adolescents in this country are now covered by Medicaid and CHIP, second only to employer-sponsored insurance. As a result, children are disproportionately vulnerable to health care reforms that cut public programs. In making any changes, caution is needed, as is an awareness of the many factors leading to families' heavy reliance on public programs, if we are to improve, or at least maintain, children's health.

Potential Solutions To Weather The Storm

Children largely remain on the outside of the ongoing health care debate, yet they have the most to lose. Beyond protecting Medicaid as an entitlement with certain guaranteed benefits there are other potential solutions that could help mitigate this risk.

CHIP Reauthorization

While the AHCA works its way through Congress, some may not have noticed that CHIP funding expires this fall. Without re-appropriation, more than 8 million children may lose coverage immediately. States are already

sounding alarms; they have been unable to project their CHIP budgets for next year. The immediacy of the CHIP re-appropriation debate in Congress offers a “NOW” opportunity to stake a new way forward and present pragmatic solutions to strengthen children’s insurance, embracing the realities that have reshaped the family insurance market.

Guarantee Of Essential Health Benefits

The most critical issue arising from any children’s insurance plan today, whether in the employer-sponsored or public insurance market, is the promise of a set of health standards to all children regardless of their insurance. The House-passed AHCA proposes removing the requirement of federally guaranteed essential health benefits from all plans. Should this become law, states will have the choice of whether or not to provide these benefits. So, one solution for protecting children is to require these states to provide families access to a CHIP plan that meets a comprehensive and standard set of federally legislated and guaranteed essential benefits, such as vision, developmental, and behavioral health screenings.

Private Market Reforms

Beyond essential benefits, it may be time to address the affordability and quality of dependent coverage on the employer-sponsored and exchange markets. We may need stronger caps on deductibles as a proportion of income, and limits to exorbitant cost-sharing for child dependents. Furthermore, prohibitions of narrow networks—or the increase of cost-sharing for enrollees who seek out-of-network services—in the pediatric market would go a long way to ensuring that families have critical access to pediatric subspecialty care should their children develop cancer, diabetes, or other debilitating illnesses. While narrow networks may work in the adult health care arena, they are not nimble for families whose children have special health care needs and require specialists based solely in children’s hospital networks that may be tiered out in such plans. All told, the private market is not working for families, and if Congress wishes to halt the migration of families onto public insurance, they may need to hold employers and commercial insurers responsible for their own contributions to crowding families out of that market.

We are at an inflection point in the historic success we’ve had at providing near- universal children’s coverage in this country. While our leaders get mired in discussions around the future of adult coverage, they need to be mindful of immediate vulnerability within the children’s market that could threaten their coverage. It’s time we uncover this threat and make it a bigger part of the mainstream conversation.

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