Study Finds Affordable Care Act Leaves Many Children Without Important Benefits: First-Ever Analysis Points to Need for Improving Pediatric Benefits Under the Affordable Care Act

Newswise — An article published in the Health Affairs December issue is the first ever comprehensive analysis to investigate the Affordable Care Act's (ACA) Essential Health Benefit (EHB) as it relates to children. The study found that the EHB has resulted in a state-by-state patchwork of coverage for children and adolescents that has significant exclusions, particularly for children with developmental disabilities and other special health care needs.

Previous studies have compared the EHB standard more broadly to the Children's Health Insurance Program (CHIP), but this analysis presents the detailed evidence regarding the types of exclusionary practices that limit the effectiveness of coverage for children insured through health plans sold in the individual and small group markets. The analysis was conducted by researchers from PolicyLab at The Children's Hospital of Philadelphia; Children's National Health System in Washington, DC; Johns Hopkins Bayview Medical Center; and the Milken Institute School of Public Health at the George Washington University (GW).

“The Affordable Care Act offers great promise for kids, but we are concerned that its intended benefits are not fully realized for children. We sought to understand which pediatric services are covered, and which ones are excluded, by health insurance plans in the health insurance Marketplaces. Since there is currently no national pediatric benefit standard, our analysis compared benchmark plans at the state-by-state level,” said study lead author, Dr. Aimee M. Grace, a pediatrician and fellow at Children's National Health System.

“Pediatric services” is one of ten benefit classes required by the ACA that must be covered in all health insurance plans sold in the individual and small-group health insurance Marketplaces. However, other than oral health and vision care, neither the ACA nor the regulations for implementing it define “pediatric services”. Additionally, while the ACA gave the Health and Human Services (HHS) Secretary the ability to define a pediatric benefit standard at the national level, HHS chose instead a state-by-state benchmark plan approach, which affords greater discretion to both states and payers. The researchers found that this approach has led to great variation among states regarding coverage of pediatric services. For example, 25 states specifically cover treatments for congenital defects, and 24 specifically include coverage for both autism spectrum disorder (at least in part) and hearing aids. There is also great variation among states regarding exclusion of certain pediatric services; for example, 13 states specifically exclude services for children with learning disabilities, and 10 states exclude speech therapy for developmental delays, stuttering, or both.

According to senior author Sara Rosenbaum, the Harold and Jane Hirsh Professor of Health Law and Policy and Founding Chair of the Department of Health Policy at the Milken Institute School of Public Health at GW, “This benefit patchwork means significant state-to-state variation in what will be covered for children with special needs.”

The analysis suggests four potential policy steps:

1. Pediatric treatment limits and exclusions, particularly exclusions based on mental retardation, mental disability, or other developmental conditions, should be barred.
2. The concept of “medical necessity” should be incorporated into the defined pediatric benefit. Medical necessity should include not only the clinical utility and appropriateness of a covered service, but also whether the service is appropriate in the pediatric developmental health context.
3. The essential health benefits standard for pediatric services should be revised to address both covered services, particularly for children with special needs, and actuarial value (the percentage that the average person can expect the plan to cover). The authors suggest keeping with the current CHIP practice of an actuarial value of 90 percent for qualified health plans sold in the Marketplaces, to reduce the burden of high deductibles, coinsurance, and other forms of cost sharing for families with children.
4. The use of CHIP plans as a benchmark plan for pediatric services should be permitted.

HHS made a commitment to review its “benchmark plan” approach for the 2016 plan year. At this time, HHS could define a pediatric benefit standard at the national level. Establishing a benefit standard has important implications for the eight million children who currently receive their health insurance coverage through CHIP, a program whose funding has not been extended beyond 2015. If this funding were not extended, many of these children would enter the Marketplaces for their insurance coverage. For these children, as well as the children already covered by plans in the Marketplaces, the appropriateness of the essential health benefits standard for children is one of the most important issues in child health policy today.

As noted by Kathleen Noonan, a co-author, and Co-Director at PolicyLab at the Children’s Hospital of Philadelphia and faculty at the University of Pennsylvania’s Master of Public Health Program, “With Congressional debate expected about whether to extend funding for CHIP beyond fiscal year 2015, how well the pediatric services element of the essential health benefits standard addresses the needs of children will be an important factor to consider.”

The study abstract is available online at: http://content.healthaffairs.org/content/33/12/2136.abstract. The full article is available upon request.

Aimee M. Grace, the report’s lead author, will speak about the report’s findings at a press conference December 8 at the National Press Club. Find more information here:
http://healthaffairs.org/blog/2014/11/24/health-affairs-december-briefing-childrens-health/

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