Economic and Policy Insights on the American Health Care Act

Population Health Sciences

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The following insight on the passage of the American Health Care Act was originally featured on "Health Policy$ense," the blog of the Leonard Davis Institute of Health Economics at the University of Pennsylvania. The original blog post also features quick takes from Senior Fellows Scott Harrington, PhD, professor of health care management and insurance and risk management at the Wharton School; Dan Polsky, PhD, executive director of the Leonard Davis Institute of Health Economics; and Mark Pauly, PhD, professor of health care systems, insurance and risk management and business and public policy at the Wharton School. For the full blog post, click here.

The House's passage of the AHCA revealed the strong appetite in Congress to reduce the federal government's share of health care spending, even at the expense of increasing uninsurance nationwide. Much will be written in the coming days about who could be most harmed by these cuts. Commentaries will highlight the newly insured participants on the exchanges or those adults who were recently insured through state Medicaid expansions. But the hidden story here is the tremendous vulnerability for children's health care coverage.

More than 40 percent of children in this country are covered by Medicaid, a number that has been dramatically climbing in recent years as employer-sponsored dependent coverage has become unaffordable or unavailable for many low-income working families. Many people don't realize that children make up 50 percent of Medicaid enrollees, but only account for 20 percent of the program's spending. A major reduction in Medicaid spending would disproportionately reduce services to children, as cutting services to children is far easier—and invisible—than reducing nursing care services for the elderly.

Already we have seen that when states are stretched financially, there are cutbacks to services for families, particularly state funding for schools. If the AHCA becomes law, states' financial burdens will only grow, not only threatening access to adequate health coverage for children and adolescents, but other services that impact their development into healthy adults.

If one traces the origin of the Medicaid program, he or she will find that the poor general health of military recruits inspired its creation. Medicaid's passage, through the 1965 Social Security Act, signaled a commitment to ensure equal opportunity for our nation's children. Today, we have come full circle: the military is again rejecting most of its recruits as unqualified for service, either because of health issues, obesity, criminal histories or failure to complete high school. The AHCA's downstream effects would exacerbate these trends, leaving new generations of children facing the same or worse risks than were present in the 1960s.

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