KEEPING KIDS COVERED: MAINTENANCE OF EFFORT

PolicyLab

This key provision, if allowed to expire in 2019, could set back access to health insurance for millions of children.

What is Maintenance of Effort (MOE)?

The federal maintenance of effort (MOE) provision is a time-limited provision to prevent states from restricting access to existing public insurance coverage through methods like increasing out-of-pocket costs and rolling back eligibility. This provision is particularly important for the more than 35 million children who rely on public programs, such as Medicaid and the Children's Health Insurance Program (CHIP), for preventive health, early diagnosis and treatment of diseases.[1] As more working families turn to these programs to cover their children due to the rising cost of employer-sponsored insurance, and with the uncertain future of other private insurance options established under the Affordable Care Act (ACA), protections offered by the MOE are more important than ever.

Currently, a record 95% of children in the U.S. have health insurance.[2] To ensure that children's coverage only continues to improve, it is essential to understand the consequences of the MOE expiring in 2019. We must not only realize how private insurance would serve these children if they lose access to public programs, but we must have a solid understanding of the health and economic implications of the loss of this protection.

Health and Economic Benefits of Maintaining Children's Health Coverage

Access to comprehensive health care services for children contributes to:[3,4]

- Reduced future serious health conditions
- Reduced financial burden on state and federal budgets
- Financial protection for families
- Fewer families living in poverty
- Improved long-term health and education outcomes for children

Stable Coverage in an Unstable Health Insurance Environment

Medicaid and CHIP coverage for children is very cost-effective. Children make up nearly 50% of Medicaid enrollees, but less than 20% of all Medicaid spending.[5] The future benefits to health and productivity are immeasurable. The MOE ensures stability of this high-quality, affordable public health insurance for children in low- and moderate-income families when there is a shortage of comparable private insurance alternatives.

Employer-sponsored insurance (ESI) – the most common source of coverage for children in working families – is increasingly becoming unaffordable. Families with ESI have seen their premiums nearly double in the last decade and, on average, face out-of-pocket costs for their children's health care that are more than five times higher than CHIP.[6] In 2013, 20% more children in working families with ESI were covered by CHIP and Medicaid than just five years earlier.[7]

The long-term availability of other private insurance options established in the **ACA Marketplace** is currently in question. Even if they remain, these plans are often more expensive and less comprehensive than public options. To date, no Marketplace plans have been found to be comparable in cost and quality to CHIP coverage.[8] The federal subsidies that make these plans more affordable are also not available to all families.[9]

During these ongoing shifts in the private insurance market, the MOE helps millions of children gain and maintain continuous access to health care by preventing new limits to public programs. Consistent coverage is particularly valuable for low-income families. Gaps in coverage can lead to medical debt or delaying needed medical care, resulting in poorer health outcomes and even greater health care costs when seeking care for more serious conditions that could have been prevented. Until we can provide alternative comprehensive coverage to children, the MOE should continue on the same timeline as the CHIP program.

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MOE Expiration Would Put Millions of Children at Risk of Uninsurance

Approximately 18 million children could lose eligibility for CHIP and Medicaid if every state restricted eligibility to the minimum family income level allowed by federal law.[10] With private insurance becoming less accessible for many working families, the loss of this public insurance safety net could affect even more children in the coming years. While state-by-state implications of MOE expiration are not yet known, most agree that many children would have no other affordable options and become uninsured.[11] PolicyLab research showed an increasing number of families with incomes of 200–299% of the federal poverty level went without coverage for their children altogether between 2008-2013, likely because they lived in a state where they didn't qualify for CHIP and were unable to afford any private options.[7] Thus, we know that any eligibility restrictions would have major implications for millions of working families.

However, without something like the MOE to keep children's coverage out of budget negotiations, history shows that states will take measures to restrict access to coverage – even for children in need – when working to balance their budgets.

To reduce enrollment in CHIP and Medicaid states have used tactics such as scaling back outreach efforts to eligible families, charging new or higher co-pays or premiums and freezing enrollment. Even temporary enrollment restrictions can cause significant problems, such as rapidly growing wait lists, poorer health outcomes and families making sacrifices in other areas – like food and housing – in order to pay for needed health care.[12]

Outcomes in Only State Not Bound by MOE

Arizona is not subject to the MOE because the state froze CHIP enrollment before the ACA was enacted. Thus, the state had no obligation to maintain coverage eligibility levels and its CHIP program virtually ended. By 2015, just 1,876 children were covered by CHIP, down from more than 112,000 enrollees in 2008. Without MOE protections, Arizona's rate of uninsured children remains consistently and significantly above the national average.[12]

Protecting Children's Health Care Coverage Moving Forward

There is a lot of uncertainty around the future of health care in this country. Allowing the MOE to expire as scheduled would only add to this uncertainty because it is impossible to know how many families would be affected or which states would rollback eligibility levels and to what extent. Only once we have more answers to the many remaining questions about the continuously shifting health care landscape and a better understanding of how the MOE expiration will impact children's health care coverage can policymakers allow the MOE to expire and put in place something that will protect our children's health and, thus, our nation's future.

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

Phone: 267-426-5300
Fax: 267-426-0380
PolicyLab@email.chop.edu
@PolicyLabCHOP

policylab.chop.edu

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