

How Health Reform Helps Low-Income Children

Together, Medicaid and the Children's Health Insurance Program (CHIP) provide health coverage to millions of low-income children in communities across the country: Approximately 29 million children are covered by Medicaid, and 7 million children are covered by CHIP.¹ The Patient Protection and Affordable Care Act (Affordable Care Act) contains several provisions that bolster these programs, building on the advances of the CHIP Reauthorization Act (CHIPRA) by strengthening Medicaid and CHIP to provide better coverage for current enrollees, as well as extending coverage to the estimated 7.3 million American children who are still uninsured.²

This fact sheet discusses provisions that are designed to improve health coverage for America's low-income children, as follows:

- Sustains Funding and Maintains Eligibility Levels
- Enhances Enrollment
- Expands Coverage
- Increases Benefits

Sustains Funding and Maintains Eligibility Levels

The Affordable Care Act strengthens Medicaid and CHIP by making sure that these programs have stable funding, which is crucial to ensuring that low-income children have a continuous source of comprehensive care. It also requires states to maintain their eligibility levels and enrollment policies.

- The Affordable Care Act provides two additional years of federal funding for CHIP, ensuring that this vital program continues to be available through the end of federal fiscal year 2015 (September 30, 2015).
- The health reform law also presumes that CHIP will continue to exist beyond 2015. Although the program will need to be reauthorized to make federal funding available after 2015, health reform calls for a 23 percentage point increase in each state's CHIP matching rate between 2016 and 2019. This will bring the federal matching rate for CHIP up to *at least* 88 percent in every state.³
- In addition, states are required to maintain their CHIP and Medicaid eligibility levels and enrollment policies as they were on March 23, 2010. States are also prohibited from enacting policies that would prevent additional children from enrolling, such as increasing the length of time a child must be uninsured before he or she can enroll, requiring more frequent renewals, or adding new eligibility criteria or burdensome paperwork.

The Arizona Example: An Early Win for Children

To address an impending budget shortfall, Arizona enacted legislation earlier this year to eliminate its CHIP program, KidsCare. If this legislation had gone into effect, an estimated 47,000 low-income children would have lost health coverage. However, the Affordable Care Act requires states to maintain their eligibility levels for children or risk losing all of their federal funding for Medicaid. The state would have lost more than \$7.8 billion in federal funding if it had implemented the cut.⁴ In May 2010, Arizona enacted legislation to reverse the cut, ensuring that KidsCare will not be eliminated. In addition, the Affordable Care Act prevented Arizona from cutting 300,000 adults from Medicaid, including many parents of low-income children.⁵

Enhances Enrollment

The Affordable Care Act provides additional funding for state outreach activities that are geared toward enrolling more children in Medicaid and CHIP. It also supports state initiatives that are designed to increase the likelihood that children will be able to enroll in and keep health coverage.

- The Affordable Care Act increases funding for state outreach grants by \$40 million, supplementing the \$80 million for outreach grants that was provided by CHIPRA. States can use these outreach grants for state-level and local efforts to promote enrollment and retention of low-income children in Medicaid and CHIP. This funding is critical for efforts to enroll the estimated 5 million uninsured children who are eligible for Medicaid or CHIP.⁶
- The law also requires states to streamline their enrollment processes, which will make enrollment easier for states to administer and for consumers to navigate. A “no wrong door” policy will help make sure that children get the right coverage regardless of whether they apply for coverage through Medicaid, CHIP, or the state exchange (a new marketplace where consumers can purchase affordable private health coverage).

Expands Coverage

The Affordable Care Act will make health care more accessible for children who were previously ineligible for Medicaid and CHIP. Furthermore, as the implementation process moves forward, coverage will be extended to more children and their families.

- The Affordable Care Act raises the minimum Medicaid income eligibility level for children ages six through 18 from 100 percent of the federal poverty level (\$18,310 for a family of three in 2010) to 133 percent of poverty (\$24,350 for a family of three).

- Before health reform was passed, children whose parents were state employees were prohibited from enrolling in CHIP. The Affordable Care Act lifts this restriction. If a family's existing offer of coverage from the state is unaffordable and their children are otherwise eligible for CHIP, their families can now enroll them.
- Beginning in 2014, states must extend Medicaid coverage to former foster children who have "aged out" of the system but are under the age of 26. This coverage will allow for a smoother transition into adulthood for former foster care children, especially for those who have not yet obtained their own health coverage.
- For children in families with incomes of less than 400 percent of poverty (\$73,240 for a family of three) who are not eligible for Medicaid or CHIP, the premium tax credits and cost-sharing protections that will be offered in the state exchanges will help them purchase private coverage.

Coverage for Parents: Stronger Families & Healthier Children

The Affordable Care Act ensures that more parents will have health coverage by expanding Medicaid to all non-elderly Americans with incomes below 133 percent of poverty. It will also help more families gain coverage by making premium subsidies available for families with incomes of less than 400 percent of poverty to help them purchase coverage through the state exchanges.

Studies show that when parents are insured, families are more likely to have a primary source of health care. Their children are also more likely to receive health care. As more parents become insured, children's coverage and access to health care will also improve.⁷

Increases Benefits

The Affordable Care Act will improve health care benefits for millions of low-income children. It will also increase the likelihood that children in CHIP and Medicaid will receive primary and preventive care.

- The Affordable Care Act will improve health care benefits for millions of low-income children. It will also increase the likelihood that children in Medicaid and CHIP will receive primary and preventive care. Under the Affordable Care Act, in 2014, all children with family incomes below 133 percent of poverty will be eligible for Medicaid. As a result, some low-income children who are currently eligible for CHIP will become eligible for Medicaid, which provides a more comprehensive benefits package for children (known as Early and Periodic Screening, Diagnosis and Treatment, or EPSDT) and has lower cost-sharing.

- In addition to expanding children's coverage, the Affordable Care Act includes important measures that are designed to make sure that there are enough health care providers to take care of these children. For example, in 2013 and 2014, Medicaid reimbursement rates for primary care services will be raised to Medicare levels. This should help states keep and attract more health care providers who participate in Medicaid, which will improve children's access to primary and preventive care.

Conclusion

The Patient Protection and Affordable Care Act will provide coverage to millions of low-income children and their families. It encourages the enrollment of children who are already eligible for Medicaid or CHIP, and it expands these programs to ensure that all children have access to the high-quality, affordable health coverage they deserve. Although advocates will need to work hard to ensure that children's interests are protected as health reform is implemented, the new law provides a solid foundation on which further improvements in coverage can be built.

¹ *Children's Health Insurance Program Reauthorization Act of 2009* (Washington: Kaiser Commission on Medicaid and the Uninsured, February 2009), available online at <http://www.kff.org/medicaid/upload/7863.pdf>.

² *Income, Poverty, and Health Insurance Coverage in the United States: 2008* (Washington: Census Bureau, September 2009), available online at <http://www.census.gov/prod/2009pubs/p60-236.pdf>.

³ The minimum CHIP matching rate is 65 percent: The federal government pays for 65 percent of CHIP costs, and the state pays for the other 35 percent.

⁴ *Final FY 10/11 Arizona Budget Changes: How Vulnerable Children and Families Fare* (Phoenix: Children's Action Alliance, May 3, 2010), available online at http://www.azchildren.org/MyFiles/10%20legislature/leg_budget_3-10.pdf.

⁵ The state was prevented from cutting adults from Medicaid due to the maintenance of effort (MOE) requirement in the Affordable Care Act. For more information on this requirement, see the Families USA fact sheet, *Maintenance of Effort Requirements under Health Reform*, available online at <http://www.familiesusa.org/assets/pdfs/health-reform/maintenance-of-effort.pdf>; *Final FY 10/11 Arizona Budget Changes: How Vulnerable Children and Families Fare*, op. cit.

⁶ *Children's Health Insurance Program Reauthorization Act: One Year Later Connecting Kids to Coverage* (Washington: Department of Health and Human Services, February 4, 2010), available online at <http://insurekidsnow.gov/chip/report.html#report>.

⁷ Amy Davidoff, Lisa Dubay, Genevieve Kenney, and Alshadye Yemane, "The Effect of Parents' Insurance Coverage on Access to Care for Low-Income Children," *Inquiry* 40, no. 3 (Fall 2003): 254-268.

This fact sheet is part of a series of fact sheets, issue briefs, and special reports designed to help the public understand the new health reform law.

