

# A Closer Look at Medicaid

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## Investing in Medicaid Contributes to Better Education

Some state officials use the argument that Medicaid crowds out spending on education as a reason to reject the Medicaid expansion.

That argument discounts the fact that the Medicaid expansion will be almost entirely funded by the federal government, not the states. In the first three years, it is fully funded by the federal government. After that, the federal share will never be less than 90 percent. State costs will be minimal.<sup>1</sup>

The argument also discounts the fact that the Medicaid expansion will be good for kids in ways that can help their performance in school, making a state's investment in education have a better pay off.

Even though low-income children currently get good coverage through Medicaid or the Children's Health Insurance Program (CHIP), many of their parents don't have any access to health insurance. Parents are one of the groups that will be helped most by the expansion. That's a key way the expansion will help kids. Providing health care coverage to parents can improve the health and well being of their children. For kids, that can mean better school performance and a brighter future.<sup>2</sup> For states, that can mean a better-trained and more competitive workforce.

Here are some of the ways expanding Medicaid to parents will help kids.

### ► **More parents will have health care coverage.**

Right now, Medicaid coverage for parents is quite limited. In 17 states, working parents can be denied Medicaid coverage if their family income is above 50 percent of poverty (\$9,545 for a family of three in 2012).<sup>3</sup> That's less than \$800 a month. In states that take up the Medicaid expansion, income eligibility will be 138 percent of poverty (\$26,344 for a family of three in 2012). For most of the individuals who will become eligible for Medicaid because of the expansion, this will be an opportunity to get health insurance: This is a group whose jobs often do not provide any, or affordable, health insurance.

### ► **Expanding parents' access to health care will improve their health.**

Uninsured parents have more difficulty getting needed care. That can compromise their health, and in turn, affect their ability to work, support their families, and care for their children.<sup>4</sup> For example, untreated maternal depression may have implications for children's ability to learn, as well as for their later physical and mental health.<sup>5</sup>

► **Expanding Medicaid coverage can improve family financial security.**

Compared to the uninsured, those with Medicaid coverage report greater family financial security.<sup>6</sup> That can mean less stress at home—certainly more security—and that, in turn, can mean a better home life for children.

► **Expanding Medicaid coverage for parents can also mean better health care for children.**

Compared to uninsured parents, parents with Medicaid coverage tend to make sure that their eligible children are enrolled, and stay enrolled, in Medicaid.<sup>7</sup> When parents have coverage, their children are also more likely to have a regular source of care and regularly use preventive sources.<sup>8</sup> That can mean better health for children, fewer missed days from school, and better school performance.

Healthier parents, greater financial stability at home, preventive care, and better health: These are all things that can make a difference in children’s success in school and success later in life. These are also things that can help states get the most from their education investment. That’s a good investment in the future.

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<sup>1</sup> For a discussion of state spending trends on Medicaid and education, see Edwin Park, *Medicaid and State Budgets*, Center on Budget and Policy Priorities blog posted on July 18, 2012 at <http://www.offthechartsblog.org/medicaid-and-state-budgets/>.

<sup>2</sup> Centers for Disease Control, “Health & Academics,” accessed online August 3, 2012 at [http://www.cdc.gov/healthyouth/health\\_and\\_academics/index.htm](http://www.cdc.gov/healthyouth/health_and_academics/index.htm).

<sup>3</sup> Medicaid eligibility for jobless parents is even lower. In 30 states, income eligibility for non-working parents is limited to less than 50 percent of the poverty level. See Kaiser’s Statehealthfacts.org to see the income eligibility levels for each state at <http://www.statehealthfacts.org/comparereport.jsp?rep=130&cat=4>.

<sup>4</sup> Martha Haberlein, et al., *Medicaid Coverage for Parents under The Affordable Care Act*, Georgetown University Center for Children and Families, June 2012, available online at <http://ccf.georgetown.edu/ccf-resources/medicaid-coverage-parents-the-affordable-care-act/>.

<sup>5</sup> Ibid.

<sup>6</sup> Families USA, *Medicaid Really Does Matter and Here’s a Study Proving It*, July 2011, online at <http://familiesusa2.org/assets/pdfs/Oregon-Medicaid-Study.pdf>.

<sup>7</sup> Lisa Dubay, et al., “Expanding Public Health Insurance to Parents: Effects on Children’s Coverage under Medicaid,” *Health Services Research*, 38(5): 1283–1302, October 2003, available online at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1360947/>.

<sup>8</sup> Sarah Rosenbaum, et al., *Parental Health Insurance Coverage as Child Health Policy: Evidence from the Literature* (Washington: George Washington University School of Public Health and Health Services, June 2007).

