NHeLP
NATIONAL HEALTH LAW PROGRAM

Protect Medicaid Funding
Children's Health
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***A personal story from a family in Texas*:**

Octavio is a sweet 8-year-old boy from Texas. He likes to swim, hike, bowl, and visit the zoo. He has autism and receives SSI Medicaid for his care. At age 2, he said only three words, and due to severe oral-motor and sensory issues, he could not eat solid food and still drank from a baby bottle. Thanks to speech and occupational therapies, Octavio began speaking, drinking from a cup, and eating regular food. Although he has made significant progress, Octavio is still developmentally delayed and needs many more years of therapy to become an independent adult. His mother, Rosanna stays at home to care for him. She says, "I am very concerned about Republican proposals to cut, cap, or block grant Medicaid. My son relies on Medicaid to cover his speech, occupational, and physical therapies as well as his doctor and dental visits. As it is, some doctors and therapists have stopped taking Medicaid because of red tape and low reimbursements rates. Further cuts and caps will destroy the program."

***Leah's story*:**

Leah is a feisty three-year-old who loves animals. She's also a fighter. She was born eight weeks early and missing a segment of her esophagus. She has Down Syndrome, and was also born with holes in the walls of her heart, and a hole in her diaphragm that eventually caused digestive organs to migrate into her chest cavity. Leah has chronic lung disease, which puts her at risk of complications and hospitalization any time she gets a respiratory infection. When Leah was born, she spent nearly six months in intensive care before a surgery could be performed to connect her esophagus and stomach. She spent another month in the hospital after surgery, and finally came home on her seven-month birthday. But that was only the beginning of Leah's journey.

Because of her multiple health conditions, Leah has been in the operating room 21 times. Leah gets special therapy to learn how to eat without getting food into her lungs or stuck in her esophagus. She also gets physical, occupational and speech therapy to minimize delays due to Down Syndrome. Leah uses sign language to communicate because she does not speak, and has a g-tube and nighttime oxygen. She requires constant supervision, even more than a typical child her age, because she has no concept of danger and safety. Having a full-time care provider is critical for Leah's wellbeing.

Luckily, Leah has Medicaid through California's waiver for children with developmental disabilities, which helps her family to afford the cost of her care and keep her at home. Leah's parents have private insurance through an employer, but their private insurance would not cover all the care she needs, especially the cost of a fulltime home care provider. And without Medicaid they would not be able to keep up with the hours of therapy and doctor visits every week in addition to her usual care regimen alone. **Having help from Medicaid keeps Leah's care affordable for her family. However, that help is now threatened under the American Health Care Act (AHCA), which would cut $834 billion from Medicaid funding and lead to cuts in medically necessary services for children in need.[1]**

Children's Health

Medicaid provides a long-term investment in health that helps children succeed. It provides diagnosis and early treatment of chronic conditions, enhances educational achievement and future earnings for covered children, and reduces health care disparities.[2] Medicaid coverage is tailored to the unique needs of low-income individuals and families, but still costs less per enrollee than employer-based insurance.[3] Despite Medicaid's proven success and efficiency, opponents repeatedly seek to cut or cap funding for the program. These proposals seriously jeopardize the health and financial security of the 76 million people who benefit from Medicaid each year.[4] Medicaid's core consumer protections make the program work for enrolled populations, including children, parents, pregnant women, low income workers, older adults, and people with disabilities. This fact sheet explains why Medicaid is so critical for children and examines how they would be harmed by Medicaid funding caps.

Why Medicaid is important for children:

- **Medicaid covers health services for nearly 37 million children living in or near poverty (1 in every 4 children).** Federal law requires state Medicaid programs to provide coverage for all children in families with incomes up to 138% of the Federal Poverty Level (about $33,600 a year for a family of four).[5] Medicaid also serves as the health care lifeline for abused and neglected children placed in state foster care systems, children living with developmental and other disabilities, and children needing special education services.

- **Medicaid provides children with comprehensive preventive health screenings and treatment to address health issues early on.** Federal law requires state Medicaid programs to offer Early and Periodic Screening, Diagnostic and Treatment benefits to Medicaid-enrolled children under age 21.[6] Commonly referred to as "EPSDT," these services are designed to foster strong childhood development despite the many complications of living in poverty. The purpose of EPSDT is to ensure that children do not needlessly suffer from preventable and treatable health conditions, so they can grow up to be healthy and productive adults.[7]

- **Medicaid pays for services for highly vulnerable children with chronic conditions and complex health needs.** Medicaid programs are required to treat physical and mental illnesses and conditions that are detected in Medicaid-

enrolled children.[8] Covered services include home care that enables children who are medically fragile to live at home rather than in institutional settings, visits to pediatric specialists for children with chronic conditions, and evidence-based treatments for children with diagnosed conditions, such as intensive behavioral therapies for children with Autism Spectrum Disorders (ASD).

- **Medicaid helps ensure children have real access to health care.** Medicaid generally prohibits all forms of cost sharing for children, a critical protection for children in low-income families. Medicaid provider networks must include pediatric primary care providers and specialists. Recognizing the challenges faced by low-income families, Medicaid programs must also offer assistance in scheduling children's doctor visits as well as transportation services to get children to and from health providers.[9] Medicaid also pays for many school-based health services including nurses, physical and occupational therapists, and speech-language pathologists. Finally, to prevent coverage delays and guarantee continuity, infants born to mothers receiving Medicaid are automatically enrolled in Medicaid and can remain eligible for a full year.[10]

How AHCA funding caps would harm children:

- **Funding caps would likely lead to cuts in services for children living in poverty.** Block grants and per capita cap proposals reduce the amount of federal funding available to states to help provide essential health care services for vulnerable, needy children. With less money to take care of the same children, states would likely cut back children's health care services.

- **Funding caps threaten core protections for children.** With less federal funding available, states would likely pursue reversals or exceptions to long-standing federal standards for children. For example, states might increase efforts to undermine EPSDT or the prohibition on cost sharing generally applicable to all children.

- **States would likely limit access to health care for children.** Federal spending caps would lead states to adopt cost-savings measures that reduce access to children's health care, such as narrowing provider networks to exclude pediatric specialists and adding more hurdles for children to access services, such as prior authorization requirements. States would be most likely to place barriers on expensive specialty care for children with complex health needs, restricting access to care for the children who need it most.

[1] CONG. BUDGET OFFICE, COST ESTIMATE: H.R. 1628 AMERICAN HEALTH CARE ACT OF 2017 AS PASSED BY THE HOUSE OF REPRESENTATIVES ON MAY 4, 2017 (May 24, 2017), https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf.

[2] Harvey W. Kaufman et al., *Surge in Newly Identified Diabetes among Medicaid Patients in 2015 within Medicaid Expansion States under the Affordable Care Act*, 38 DIABETES CARE 833 (2015) (Medicaid coverage improves diabetes screening and treatment initiation); DAVID W. BROWN ET AL., NAT'L BUREAU OF ECON. RESEARCH, MEDICAID AS AN INVESTMENT IN CHILDREN: WHAT IS THE LONG-TERM IMPACT ON TAX RECEIPTS? 20 (2015), http://www.nber.org/papers/w20835 (Medicaid improves long-term outcomes for children); Thomas C. Buchmeuller et al., *Effect of the Affordable Care Act on Racial and Ethnic Disparities in Health Insurance Coverage* 106 AM. J. PUB. HEALTH 1416, 1420 (2016) (Medicaid expansion reduced health care disparities).

[3] TERESA COUGHLIN ET AL., KAISER COMM'N ON MEDICAID & THE UNINSURED, WHAT DIFFERENCE DOES MEDICAID MAKE? 4, 7 (2013), http://kaiserfamilyfoundation.files.wordpress.com/2013/05/8440-what-difference-does-medicaid-make2.pdf (Employer-based coverage would cost 28% more than covering the same low-income individual with Medicaid).

[4] CONG. BUDGET OFFICE, DETAIL OF SPENDING AND ENROLLMENT FOR MEDICAID FOR CBO'S JANUARY 2017 BASELINE (2017), https://www.cbo.gov/sites/default/files/recurringdata/51301-2017-01-medicaid.pdf.

[5] 42 U.S.C. § 1396a(l)(2)(C).

[6] 42 U.S.C. §§ 1396a(a)(10)A, 1396a(43), 1396d(a)(4)(B), 1396(r).

[7] CMS, EPSDT - A GUIDE FOR STATES – COVERAGE IN THE MEDICAID BENEFIT FOR CHILDREN AND ADOLESCENTS (2014) http://www.medicaid.gov/medicaid-chip-program-information/by-topics/benefits/downloads/epsdt_coverage_guide.pdf.

[8] 42 U.S.C.§§ 1396a(a)(10)(A), 1396a(a)(43), 1396d(a)(4)(B), 1396d(r).

[9] *Id*.

[10] 42 U.S.C. § 1396a(e)(4); 42 C.F.R. § 435.117. Children born to mothers receiving Medicaid on their date of birth are automatically deemed eligible and enrolled in Medicaid as of that date, meaning there is no administrative obligation for families or delay in starting a newborn's coverage. Such children automatically remain eligible for Medicaid for a full year as long as the mother's income does not exceed the Medicaid pregnancy limit (which may be higher than normal limits).