



AHCA's Block Grant Option and EPSDT

By: [Mara Youdelman](#) and [Jane Perkins](#)

On March 6, House Republicans introduced the [American Health Care Act](#) (AHCA) to repeal the ACA and eliminate the current financing structure of Medicaid. In a [Manager's Amendment](#) released on March 20, House Republicans included a block grant option for states. The block grant option eliminates the current mandatory benefits for Medicaid and instead lists only seven mandatory benefits.¹ For children – who are one of only two current Medicaid populations that could be subject to the block grant – the changes would mean a dramatic reduction in the scope and type of services for which they are eligible. AHCA's block grant option lists “health care for children under 18 years of age” as one of its benefits.² This issue brief outlines the potential consequences of utilizing a different standard of coverage for children and youth.³

What is EPSDT?

Currently, the Medicaid Act's pediatric standards of coverage for children and youth under the age of 21 are called Early and Periodic Screening, Diagnostic and Treatment (EPSDT).⁴ The EPSDT standards recognize that children and adolescents are not little adults and that they are going through a time of rapid brain and body development. Thus, their health care needs differ from those of adults.

¹ This fact sheet is current as of March 23, 2017, including information from the Manager's Amendment.

² The other listed benefits are hospital care; surgical care and treatment; medical care and treatment; obstetrical care and prenatal care and treatment; prescribed drugs, medicines and prosthetic devices; and other medical supplies and services.

³ For more information on EPSDT, see *EPSDT is Essential*, available at <http://www.healthlaw.org/publications/browse-all-publications/epsdt-is-essential-march-2017>.

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

According to the [Centers for Medicare & Medicaid Services](#), EPSDT comprises the following:

- **Early:** Assessing and identifying problems early;
- **Periodic:** Checking children's health at periodic, age-appropriate intervals;
- **Screening:** Providing physical, mental, developmental, dental, hearing, vision, and other screening tests to detect potential problems;
- **Diagnostic:** Performing diagnostic tests to follow up when a risk is identified; and
- **Treatment:** Control, correct or reduce health problems found.

Why is EPSDT essential for children?

EPSDT is specifically targeted to meet the needs of low-income children. Low-income children are disproportionately affected by numerous health problems – vision, hearing and speech problems; obesity; untreated tooth decay; elevated lead blood levels; asthma; behavioral health problems; trauma; and anxiety.

EPSDT recognizes that pediatric standards of care do not differ from one state to the next. Rather, the benefit is designed to ensure that, regardless of where they live, low-income children in the United States can obtain ongoing assessment and, if problems arise, care and treatment that recognizes 21st century standards of care:

The EPSDT benefit is more robust than the Medicaid benefit for adults and is designed to assure that children receive early detection and care, so that health problems are averted or diagnosed and treated as early as possible. The goal of EPSDT is to assure that individual children get the health care they need when they need it – the right care to the right child at the right time in the right setting.⁵

Implementing a different standard for pediatric services for children enrolled in a block grant would dramatically alter longstanding requirements for providing comprehensive screening, diagnosis and treatment. AHCA's language does not incorporate current requirements of EPSDT and thus would effectively create a new standard for children's

⁵ CMS, *EPSDT – A Guide for States: Coverage in the Medicaid Benefit for Children and Adolescents* (June 2014), available at

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwiYoYOfx9vSAhWBG5AKHZ5TCloQFggcMAA&url=https%3A%2F%2Fwww.medicaid.gov%2Fmedicaid%2Fbenefits%2Fdownloads%2Fepsdt_coverage_guide.pdf&usg=AFQjCNGRdQenlYK1GFHpc0re3PI8YI8ODQ&cad=rja.

services, one that likely offers less screening and diagnosis and less access to treatment. The standard could also be interpreted differently across states since the block grant option gives states a lot of control over its implementation.

What happens to the treatment of children?

Contrary to the limited language in AHCA, current statutory language regarding EPSDT ensures that low-income children have access not only to ongoing screening and preventive measures but also to necessary services and treatments. To this end, EPSDT's scope of benefits includes **both** the mandatory and optional services that the state can cover under Medicaid (those listed in 42 U.S.C. § 1396d(a)), whether or not such services are covered for adults. These services include a number of home and community-based services, including medical equipment and supplies; personal care services; in-home nursing; home health aides; and physical and related therapies that are absolutely critical if children with chronic, developmental, and/or medically complex conditions are to live and to live at home. By including a different list of mandatory services in the block grant option, children enrolled in a block grant might not receive access to the full scope of mandatory and optional services guaranteed by EPSDT.

EPSDT also addresses when a covered service should be provided. Services should be provided for a child when “necessary ... to correct or ameliorate defects and physical and mental illnesses and conditions.”⁶ For example, if a child needs oral health services to treat or ameliorate a problem, then EPSDT should cover those services to the extent the child needs them—even if the state places a quantitative limit on the services or does not cover them at all for adults. Again, the AHCA block grant standard does not include this requirement.

What does “health care for children” mean?

It is unclear what AHCA would include in “health care for children under 18 years of age.” Since EPSDT was not mentioned or cited, one can only imagine that AHCA envisions a different, and likely lesser, standard for children's health care given the depth and breadth of EPSDT's coverage.

For comparison, EPSDT's coverage standards are more robust than those of many private insurers, and for good reason. Growing out of work place coverage, private

⁶ 42 U.S.C. § 1396d(r)(5).

insurance policies often contain a targeted definition of medical necessity (e.g., services that restore “normal” functioning or that will correct the patient’s condition) or place a limit on covered benefits (e.g., a quantitative or monetary cap). These definitions or limits can restrict the medically necessary services available to children. EPSDT provides a more comprehensive set of benefits without arbitrary limits not based on an individual child’s situation.

Conclusion

A block grant in Medicaid is untenable for a variety of reasons but AHCA would both limit funding for children’s services and also eliminate EPSDT. The result is that millions of children will face significant difficulties accessing and affording the services they may need to get and stay healthy, succeed in school, and grow up to be productive members of society.