Protect Medicaid Funding Issue #5: Children's Health

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Wayne Turner and Emma Parker-Newton

Introduction

Medicaid helps people live healthier and more economically secure lives. It increases the diagnosis and early treatment of chronic conditions, enhances educational achievement and future earnings for covered children, reduces health care inequities, and provides comprehensive, high-quality, and cost-effective care.[1] Medicaid coverage is tailored to the unique needs of individuals and families with low incomes but still costs less per beneficiary than private insurance.[2] Medicaid's core beneficiary protections make the program work for enrolled populations, including children, parents, pregnant people, low-income workers, older adults, and people with disabilities. Despite Medicaid's proven success and efficient use of funds, detractors repeatedly seek to cut or cap funding for the program. These proposals seriously jeopardize the health and financial security of the 81.7 million people who benefit from Medicaid and CHIP.[3]

This fact sheet examines why Medicaid is critical for children and how they would be harmed by Medicaid funding caps.

Why Medicaid is Important for Children's Health

Medicaid covers health services for nearly thirty-seven million children living in or near poverty (one in every four children). Federal law requires state Medicaid programs to provide coverage for all children in families with incomes up to 138 percent of the federal poverty level (about $41,500 a year for a family of four).[4] Medicaid also serves as the health care lifeline for children who have been abused, neglected, and 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 twenty-one.[5] 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.[6]

Medicaid pays for services for underserved 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.[7] 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.

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 families with low income. Medicaid provider networks must include pediatric primary care providers and specialists. Recognizing the challenges faced by families with low income, Medicaid programs must also offer assistance in scheduling children's health care provider visits as well as transportation services to get children to and from health providers.[8] 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 Medicaid beneficiaries are automatically enrolled in Medicaid and remain eligible for a full year.[9]

How Funding Caps Would Harm Children's Health

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 underserved 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 funding caps would lead states to adopt cost-saving 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 care needs, restricting access to care for the children who need it most.

ENDNOTES

[1] 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), http://care.diabetesjournals.org/content/38/5/833 (Medicaid coverage improves diabetes screening and treatment initiation); Owen Thompson, *The Long-Term Health Impacts of Medicaid and CHIP*, 51 J. HEALTH ECON. 26 (2017), https://www.sciencedirect.com/science/article/abs/pii/S0167629616305136?via%3Dihub; Sarah Miller & Laura R. Wherry, *The Long-Term Effects of Early Life Medicaid Coverage*, 54 J. HUMAN RES. 785-824 (2019), http://jhr.uwpress.org/content/54/3/785 (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), http://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2016.303155 (Medicaid expansion reduced health care disparities); Robin Rudowitz et al., Kaiser Fam. Found., *10 Things to Know about Medicaid: Setting the Facts Straight* (March 6, 2019), https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/; Hannah Katch, Ctr. on Budget & Pol'y Priorities, *Medicaid Works: Millions Benefit from Medicaid's Effective, Efficient Coverage* (June 2, 2017), https://www.cbpp.org/research/health/medicaid-works-millions-benefit-from-medicaids-effective-efficient-coverage.

[2] Hannah Katch et al., Ctr. on Budget & Pol'y Priorities, *Frequently Asked Questions About Medicaid* (Nov. 22, 2019), https://www.cbpp.org/research/health/frequently-asked-questions-about-medicaid (Private insurance costs twenty-two percent more than covering the same low-income individual with Medicaid).

[3] CMS, April 2024 Medicaid & CHIP Enrollment Data Highlights (Aug. 27, 2024), https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html.

[4] 42 U.S.C. § 1396a(l)(2)(C); U.S. Dept. of Health & Human Srvs., *Annual Update of the HHS Poverty Guidelines*, 89 Fed. Reg. 2961-2963 (Jan. 17, 2024), https://www.govinfo.gov/content/pkg/FR-2024-01-17/pdf/2024-00796.pdf.

[5] 42 U.S.C. §§ 1396a(a)(10)A, 1396a(43), 1396d(a)(4)(B), 1396(r).

[6] CMS, *EPSDT - A GUIDE FOR STATES – COVERAGE IN THE MEDICAID BENEFIT FOR CHILDREN AND ADOLESCENTS* (2014), https://www.medicaid.gov/medicaid-chip-program-information/by-%20topics/benefits/downloads/epsdt_coverage_guide.pdf.

[7] 42 U.S.C.§§ 1396a(a)(10)(A), 1396a(a)(43), 1396d(a)(4)(B), 1396d(r).

[8] *Id.*

[9] 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).