

Maximizing Benefits for Children under the Affordable Care Act and Beyond

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Road Map

- Context for the Affordable Care Act
- The Affordable Care Act: Relevant Features and Likely Effects for Children and their Families
- Key Questions and Issues to Consider



Context for the ACA

- Uninsurance has been dropping among children, reaching its lowest level in over two decades
- Coverage through Medicaid/CHIP has been rising, but most uninsured children are eligible for Medicaid or CHIP
- In 2010, 37.7 percent of all children, and higher proportions of low-income children, very young children, children in fair or poor health, and black and Hispanic children have Medicaid or CHIP
- Children experienced access gains over the last decade, but were increasingly likely to delay care due to non-cost reasons



Context (Continued)

- Lower access to care found among uninsured children and among children in race/ethnic minority groups and those with lower incomes and less educated parents
- Access and quality problems also exist among children with private and Medicaid/CHIP coverage
- The burden of health problems (obesity, ADHD, etc.) is greater among low-income children
- Parents, particularly low-income parents, are uninsured at high rates and many have unmet health needs



Children's Health Insurance Program Reauthorization Act

- Signed in February 2009
 - Gave states new funding, policy options, and incentives to increase participation in Medicaid and CHIP:
 - 8 states expanded eligibility for children in 2011.
 - 23 states qualified for CHIPRA bonuses in FY 2011 for exceeding expected enrollment targets and implementing at least 5 of 8 specified enrollment and retention procedures.
 - Mandated development of quality measures set, demonstrations aimed at improving quality of care, and model electronic health records for children
 - Extended federal CHIP allotments through FY 2013



Enter the Affordable Care Act: March 2010

- 2014 components affecting coverage for children and families
 - Medicaid expansion (<133 percent FPL, based on Modified Adjusted Gross Income with a standard five percent disregard)
 - New insurance exchanges and market reforms
 - Sliding scale federal subsidies for exchange coverage
 - Affordability based on cost of employee-coverage
 - Are not adjusted for CHIP, other premiums
 - Individual requirement to obtain coverage with penalties for non-compliance

ACA Coverage Provisions for Children

- Health insurance reforms barring pre-existing condition exclusions (but without guaranteed issue and community rating until 2014)
- Medicaid coverage extended for children aging out of foster care
- Maintenance of effort requirements in Medicaid and CHIP through October 2019 for children
- Some children under 138 percent FPL will transfer from separate CHIP programs into Medicaid; others will transfer from Medicaid into CHIP due to differences in what/how income is counted under the ACA
- But uncertainty around the future of CHIP: federal allotments only extended through 2015 and CHIP matching rate increased by 23 percentage points after 2015



Children's Coverage Status Under Affordable Care Act

| | <u>Without the ACA</u> | <u>With the ACA</u> |
|----------------------------|------------------------|---------------------|
| | % | % |
| Insured | 90.6 | 94.7 |
| Employer (nonexchange) | 49.7 | 47.3 |
| Employer (exchange) | 0.0 | 2.4 |
| Nongroup (nonexchange) | 3.5 | 0.5 |
| Nongroup (exchange) | 0.0 | 2.6 |
| Medicaid/CHIP | 36.1 | 40.7 |
| Other (including Medicare) | 1.3 | 1.3 |
| Uninsured | 9.4 | 5.3 |
| Total | 100.0 | 100.0 |

SOURCE Kenney, G, M. Buettgens, J. Guyer, and M. Heberlein. 2011. "Improving Coverage For Children Under Health Reform Will Require Maintaining Current Eligibility Standards For Medicaid And CHIP." *Health Affairs* 30(12): 2371-2381. **NOTES** CHIP is Children's Health Insurance Program. ESI is employer-sponsored insurance.



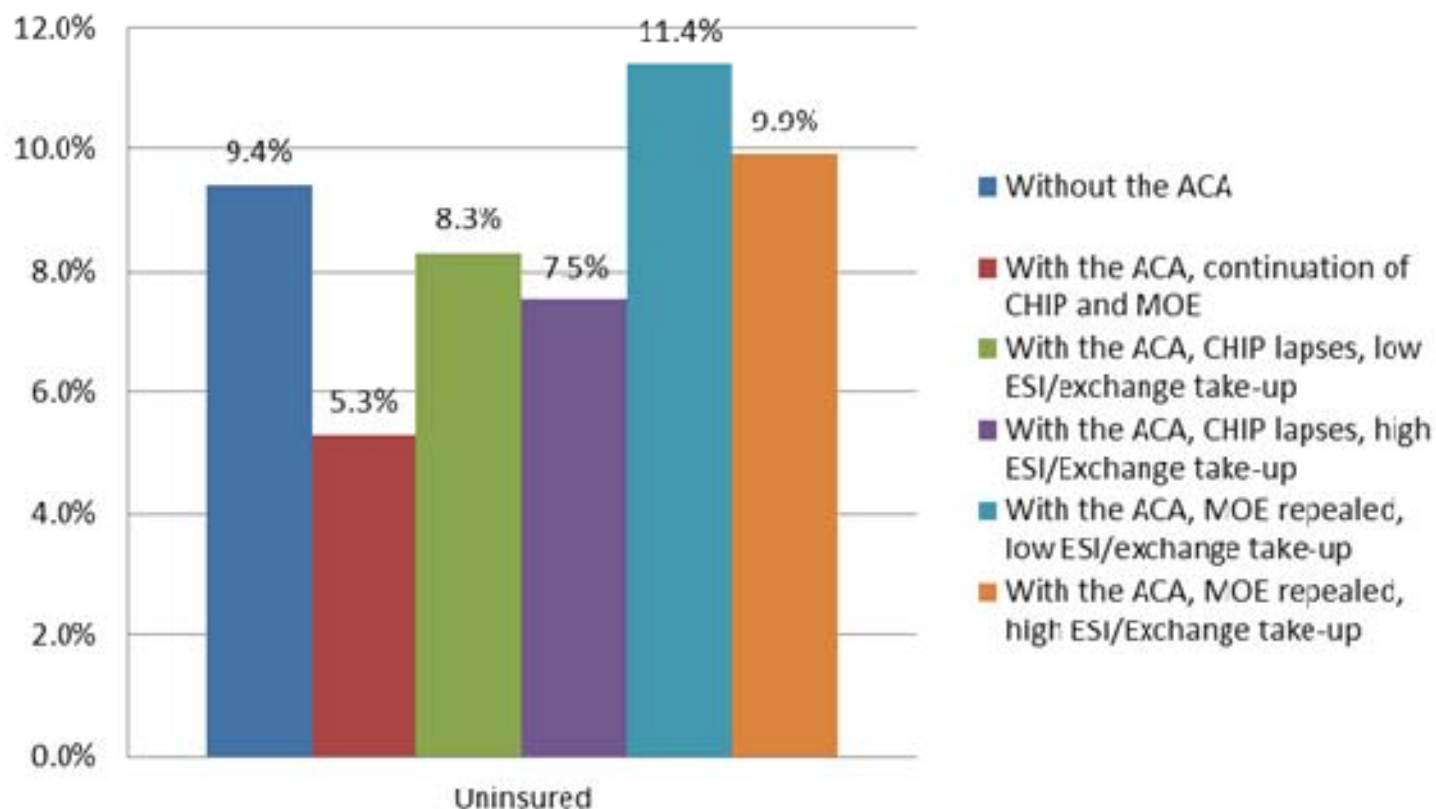
Uninsurance Rates Among Children At Baseline And Under Affordable Care Act

| | Without the ACA | With the ACA |
|-------------------------------------|-----------------|--------------|
| Total | 9.4% | 5.3% |
| INCOME AS PERCENT OF POVERTY | | |
| Less than 138 | 13.6 | 8.3 |
| 138-250 | 12.1 | 4.2 |
| 251-400 | 7.2 | 4.5 |
| More than 400 | 3.7 | 2.8 |
| RACE/ETHNICITY | | |
| White, non-Hispanic | 6.6 | 3.5 |
| Black, non-Hispanic | 9.4 | 5.1 |
| Hispanic | 16.2 | 9.6 |
| Other | 9.1 | 5.2 |
| AGE (YEARS) | | |
| 0-5 | 8.1 | 4.3 |
| 6-12 | 8.8 | 4.5 |
| 13-18 | 11.4 | 7.1 |
| FAMILY CITIZENSHIP STATUS | | |
| All citizens | 7.6 | 4.2 |
| Mixed (citizens and noncitizens) | 13.2 | 6.9 |
| All noncitizens | 34.1 | 27.8 |

SOURCE Kenney, G, M. Buettgens, J. Guyer, and M. Heberlein. 2011. "Improving Coverage For Children Under Health Reform Will Require Maintaining Current Eligibility Standards For Medicaid And CHIP." *Health Affairs* 30(12): 2371-2381. **NOTES** CHIP is Children's Health Insurance Program. ESI is employer-sponsored insurance.



Projected Uninsurance among Children: Alternative Scenarios



Source: Kenney, G., M. Buettgens, J. Guyer, and M. Heberlein. Improving Coverage for Children under Health Reform Will Require Maintaining Current Eligibility Standards for Medicaid and CHIP. *Health Affairs*, 30, no. 12 (2011): 2371–81.



Uninsurance Among Parents

- An estimated 11.5 million parents were uninsured in 2010.
 - 18.2% of parents were uninsured compared to 8.0% of children.
- An estimated 41.2 percent, or 4.7 million uninsured parents, have incomes below 138% FPL who meet immigration requirements under Medicaid and have a child enrolled in Medicaid/CHIP
 - Administrative data could be used to enroll many Medicaid eligible parents

Source: Heberlein, M., M. Huntress, G. Kenney, J. Alker, V. Lynch, and T. Mancini. 2012. “Medicaid Coverage for Parents under the Affordable Care Act” Washington DC: Georgetown Center for Children and Families .



Expected Impacts of ACA-Coverage Changes on Children

- Greater access to affordable coverage for low-income populations and those with chronic health problems
 - Reductions in uninsurance among children should lower their unmet needs and increase their receipt of preventive, other care
 - Reductions in uninsurance and increases in access to care among parents should have positive spillover effects on children
- Greater ongoing health insurance coverage among women of reproductive age should increase extent of pre-conception care and use of family planning services
 - Potentially very important given how many births are unplanned and how many women only qualify for Medicaid due to pregnancy



Potential Coverage Challenges for Children under the ACA

- Some parents and children will be eligible for different types of coverage
 - Due to differences in program rules, immigration status
- Children who live apart from one of their parents may face more complex coverage choices
- Some families without an affordable offer for family coverage will not be eligible for subsidized exchange coverage;
- Others may face high costs for child-only policies or difficulty affording CHIP premiums given subsidy schedule



Keys to Minimizing Coverage Gaps for Children

- Integration/coordination of Medicaid/CHIP and exchange eligibility and enrollment processes
- Implementing policies/procedures that promote coverage for eligibles in mixed immigrant status families
- Addressing barriers for child support eligible population
- Addressing issues with premium stacking, family affordability, and child-only exchange policies



But Increased Coverage may not Lead to Improved Access under the ACA

- Impacts depend on
 - Ability/willingness of providers to see new Medicaid-covered children and parents
 - Content of care that is delivered
 - Covered benefits
 - Cost sharing requirements
 - Extent of language, racial/ethnic, transportation barriers etc.



Potential primary Care Capacity Constraints

- Analysis by Ku et al. (2011) found largest gap between projected Medicaid enrollment increase under the ACA and primary care capacity at the state level in OK, GA, TX, LA, AK, NV, NC, and KY
- CHC expansion occurred over past decade, with additional funding under the ACA
 - But will CHC expansions and realignments in the service delivery system be sufficient to address increased demand for primary and specialty care associated with increased coverage?

Source: Ku, L., K. Jones, P. Shin, B. Bruen, and K. Hayes. 2011. "The States' Next Challenge— Securing Primary Care for Expanded Medicaid Populations." *The New England Journal of Medicine* 364(6): 493-495.



Medicaid Payment Changes under the ACA

- Medicaid primary care rates to increase to 100 percent of Medicare in 2013 and 2014:
 - Applies to Evaluation and Management services billed by PCPs, including those provided by pediatric subspecialists;
 - Fully federally funded in 2013 and 2014 but no federal funding for rate increases in other years;
- Will Medicaid payment levels be sufficient to meet expanded need for care?



Content of Care

- Promise of EPSDT and Bright Futures
 - But does one size fit all and will services be targeted effectively?
 - Are providers/managed care plans incentivized to provide needed services to children and families with multiple, complex health needs?
 - How well are social needs of children and families being addressed?
 - Are children and their families included in relevant ACA demonstrations?



Cost Sharing

- Will cost sharing and benefit requirements in exchange plans:
 - deter use of needed care for children and their parents?
 - pose financial burdens on low-income families?
- What is the role of CHIP and Basic Health Plans in addressing these concerns?



Issues to Track

Medicaid and CHIP enrollment for both parents and children under ACA:

- Take up of Medicaid and CHIP coverage, outreach and enrollment processes
- Extent of non-cost and cost barriers to care:
 - Expansion of provider base, particularly for Medicaid
 - Adequacy of exchange subsidies
- Quality and appropriateness of care that is provided particularly for children and parents with mental health and other chronic health issues and those in poverty



Beyond the ACA....

- If the ACA is overturned:
 - Uninsurance/access problems will continue, particularly among adults/parents
 - Changes for children will be heavily dependent on Medicaid and CHIP
 - Medicaid/CHIP cut backs possible for children and adults
 - Ongoing concerns with access, quality of care, and the growth of health care costs

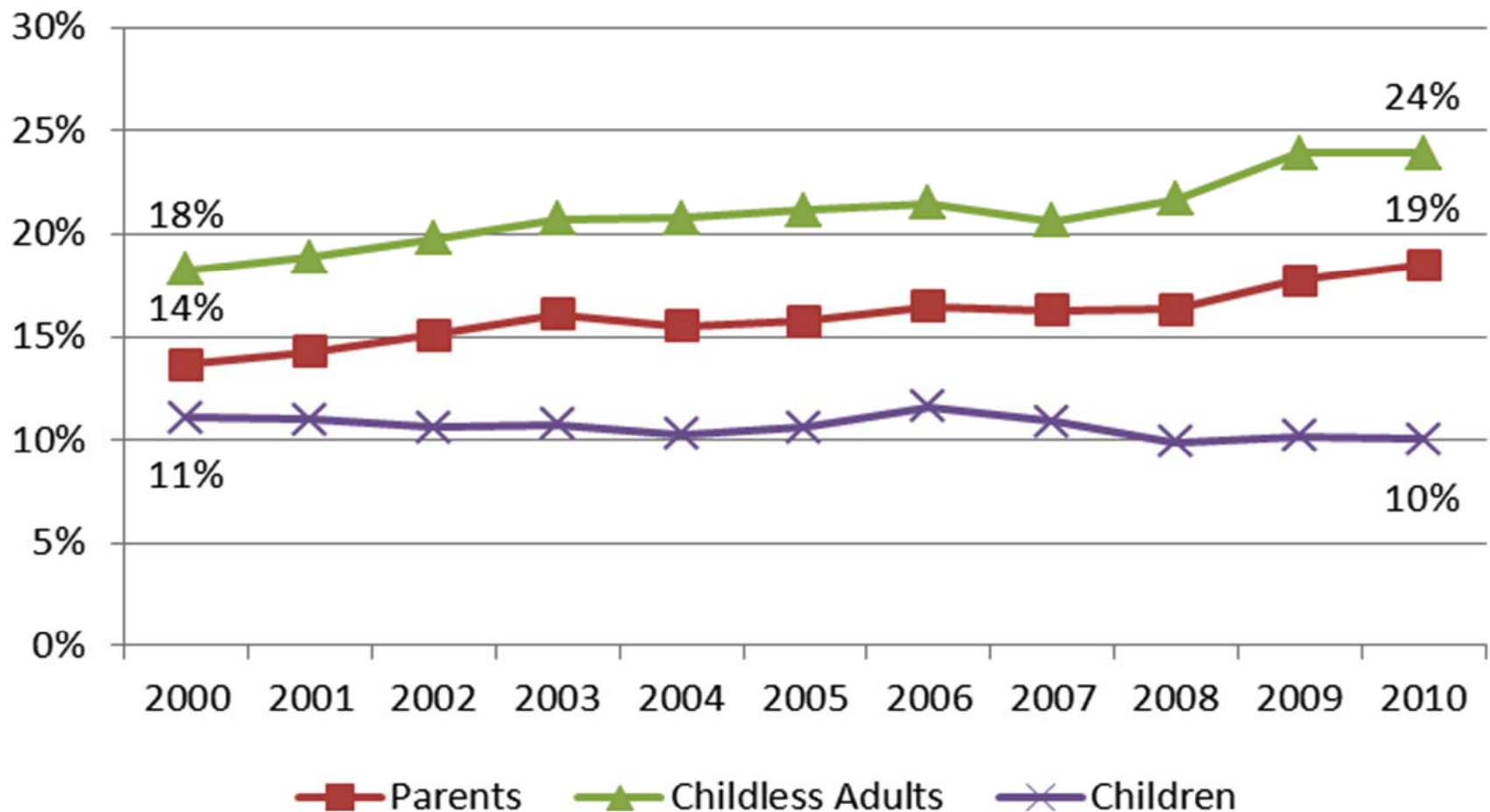


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Percent of Parents, Childless Adults, and Children without Health Insurance, 2000-2010

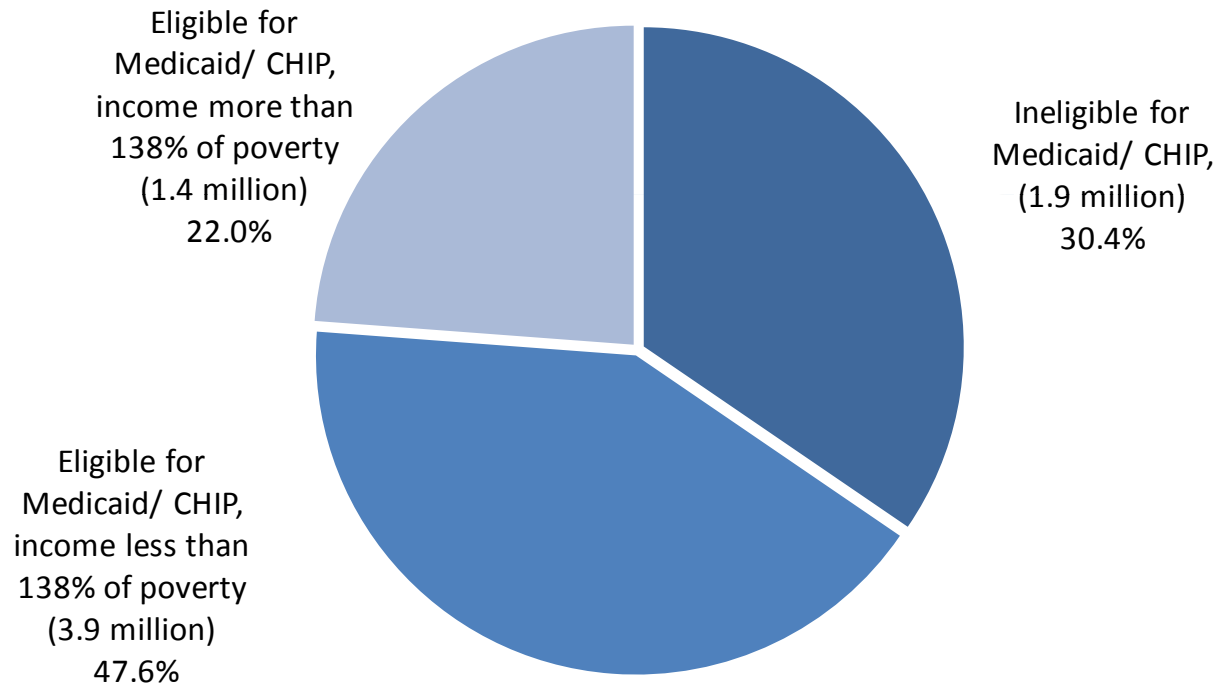


Source: Urban Institute, 2011. Based on data from the 2001-2011 ASEC Supplement to the Current Population Surveys.



Eligibility of Uninsured Children for Medicaid/CHIP Coverage, 2010

Of the 6.3 million uninsured children in the nation, 4.4 million are eligible for Medicaid/CHIP

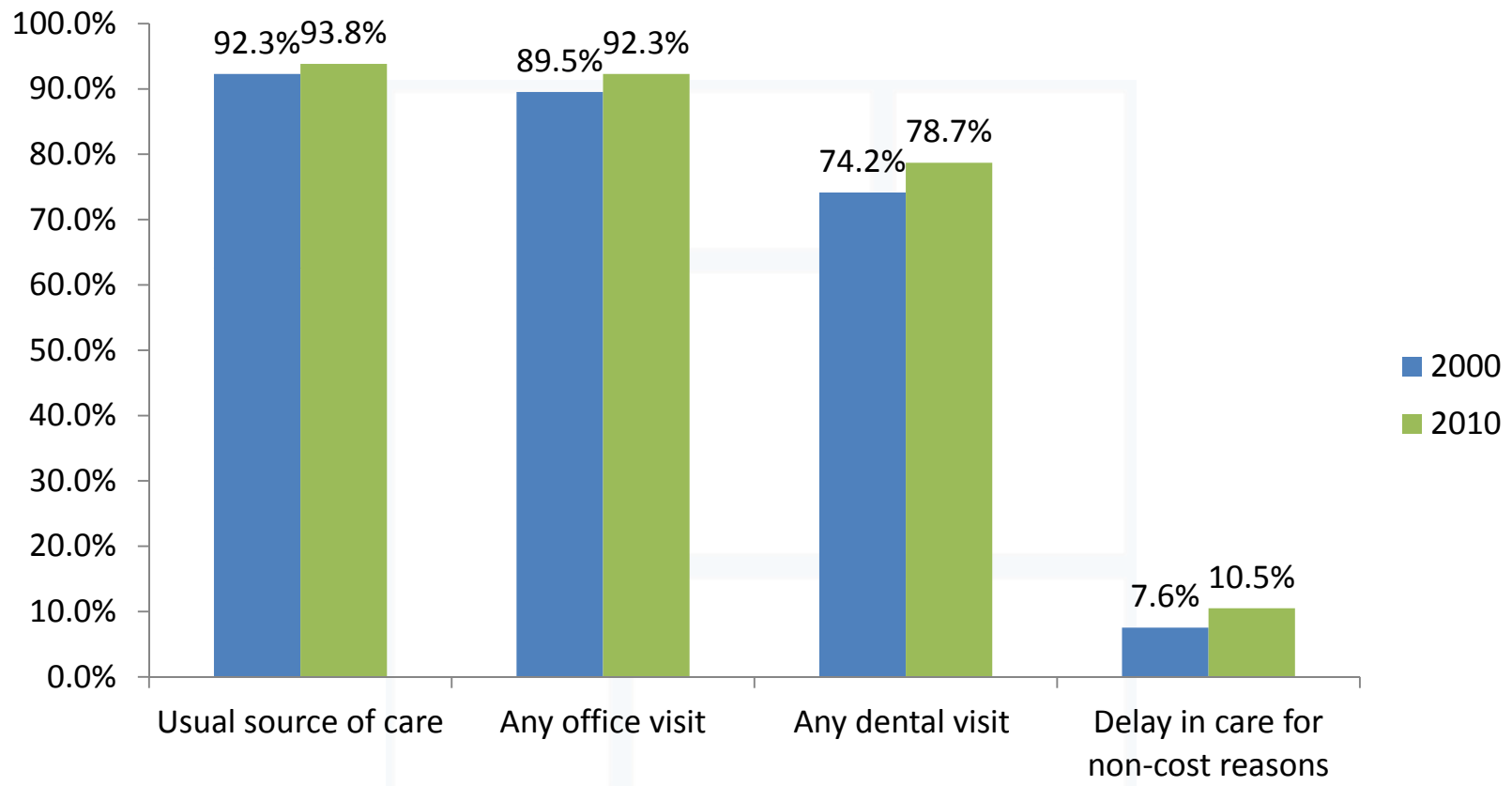


Source Urban Institute tabulations of the 2010 American Community Survey.

Notes Estimates reflect an adjustment for the underreporting of Medicaid/CHIP and military coverage on the ACS.



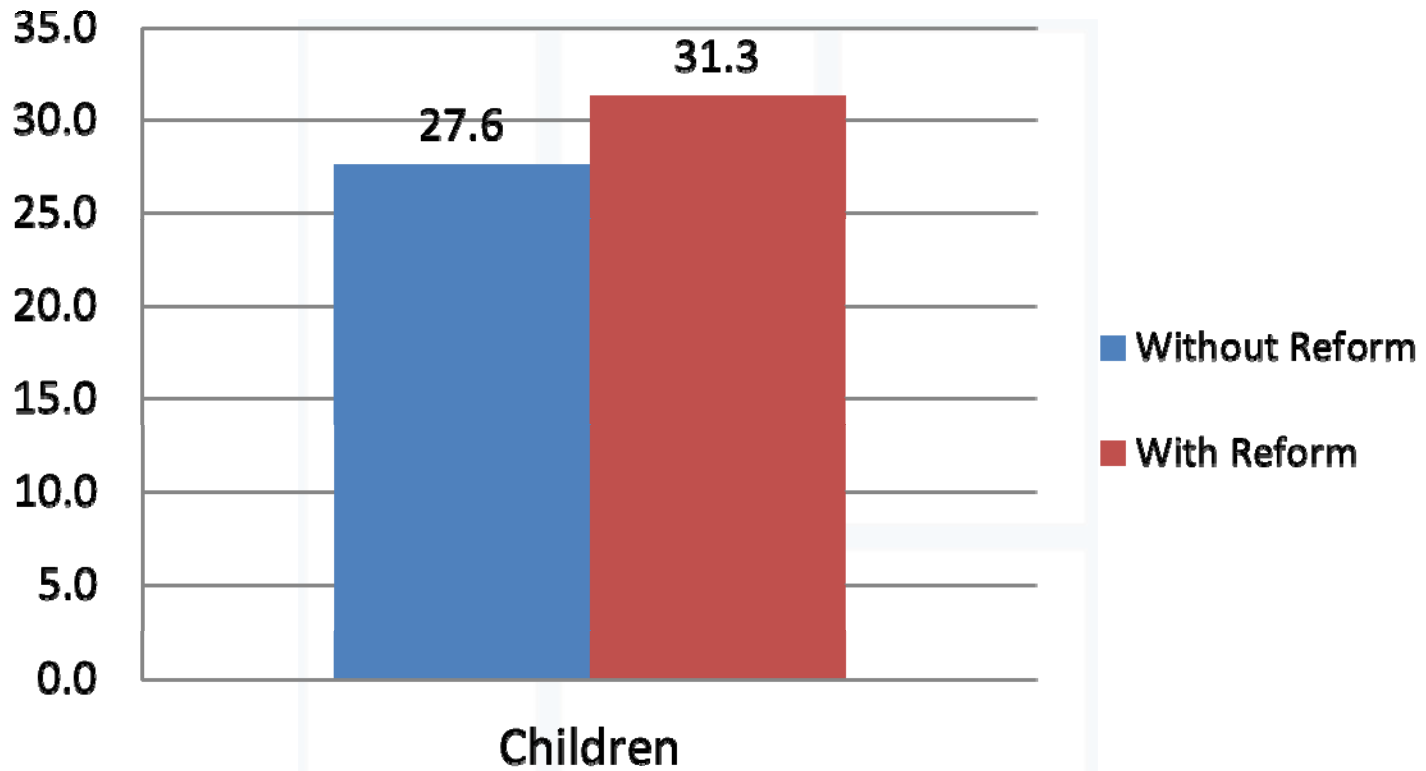
Children's Access to and Use of Health Services



Source: Genevieve M. Kenney, Stacey McMorro, Stephen Zuckerman, Dana E. Goins. "A Decade Of Health Care Access Declines For Adults Holds Implications For Changes In The Affordable Care Act." *Health Aff* (Millwood) May 01, 2012; 31: 899-908.



Medicaid/CHIP Enrollment with and without Reform/the ACA (millions of enrollees)

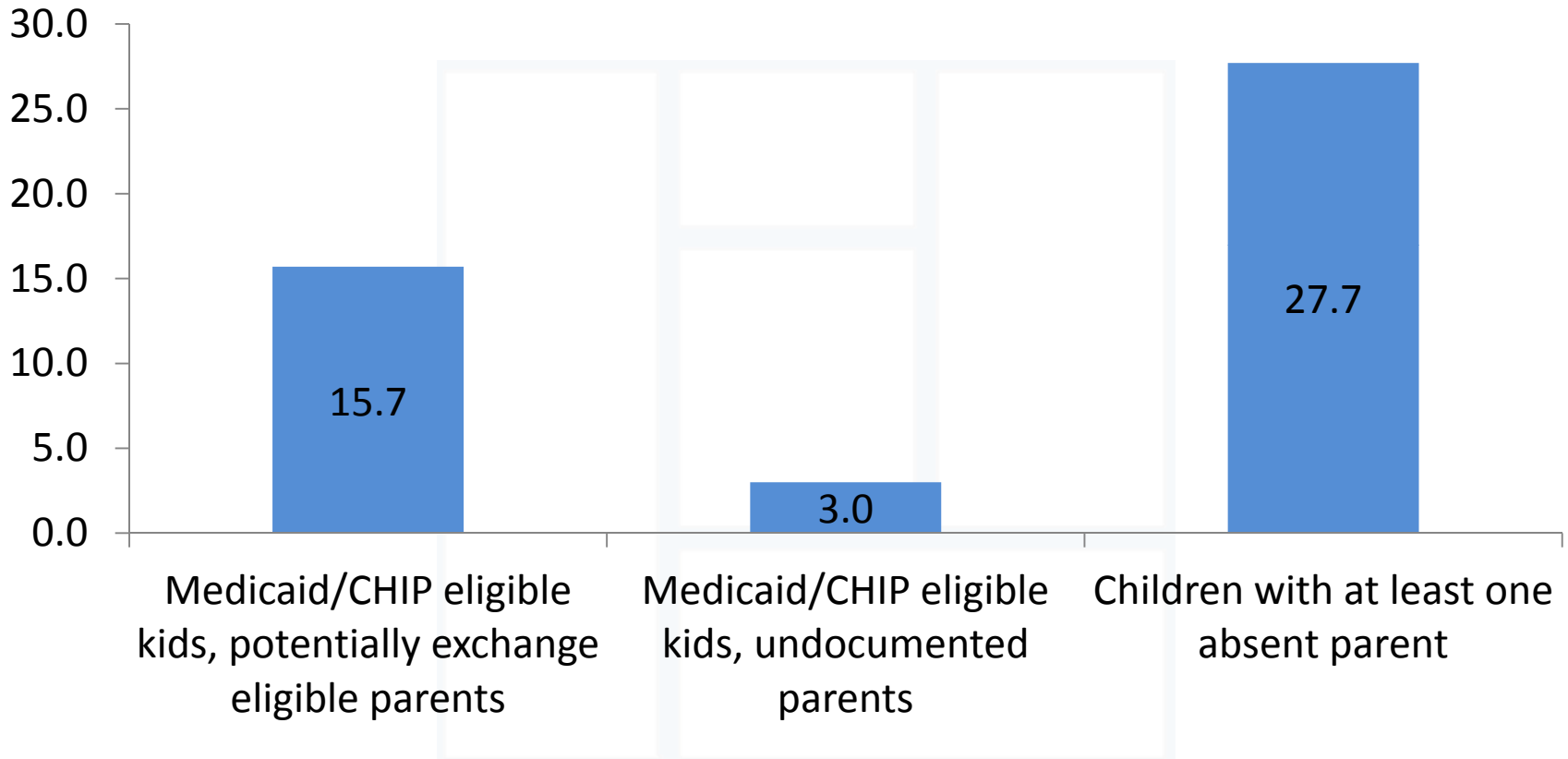


Source: Buettgens, M., B. Garrett, and J. Holahan. 2010. "America under the Affordable Care Act." Washington, DC: The Urban Institute.



Children in Complex Coverage Scenarios

Number of children (in millions)



Source: McMorrow, S., G. Kenney, and C. Coyer. 2012. "Addressing Barriers to Health Insurance Coverage Among Children: New Estimates for the Nation, California, New York, and Texas ." Washington DC: The Urban Institute.



Medicaid Versus Medicare Payment Rates

- In 2008, Medicaid fee-for-service payments were 72 percent what they were in Medicare, and differed across services:
 - Primary Care: 66 percent
 - Obstetric Care: 93 percent
 - Other Care: 72 percent
- Substantial differences across states: 11 states paid either the same rate or a higher rate in Medicaid relative to Medicare while 5 states paid less than 60 percent of Medicare FFS payments.
- Gaps in information about Medicaid payment rates under capitated managed care

Source: Stephen Zuckerman, Aimee Williams, and Karen Stockley, "Medicaid Physician Fees Grew By More Than 15 Percent From 2003 to 2008, Narrowing Gap With Medicare Physician Payment Rates," Health Affairs, April 2009

