

KEEPING KIDS COVERED IN THE CHANGING HEALTH CARE LANDSCAPE



By 2014, 4.7 million children covered by public insurance had parents with employer-sponsored insurance.

As we enter a time when the future and shape of the Affordable Care Act (ACA) will be debated and considered, new research documents the increasingly important role the Children's Health Insurance Program (CHIP) and Medicaid already play in maintaining record-high rates of insurance for children and providing high-quality, affordable coverage. Most American working families have historically relied on private, employer-sponsored insurance (ESI) to cover their children's health care needs, but with ESI costs rising and some employers no longer offering family coverage, that trend is changing. Although some families are now covering their children through private, often subsidized Marketplace plans established by the ACA, many of these plans remain unaffordable or inadequate for some families. This is primarily because (1) a "family affordability glitch" flaw in the health law prevents workers from receiving subsidies if their employer offers "affordable" *individual plans*, even if *family plans* are unaffordable, and (2) Marketplace plans generally provide more limited benefits at a higher cost than CHIP or Medicaid.

Given this changing health insurance landscape, in a study in *Health Affairs*, researchers at PolicyLab and the University of Pennsylvania's Leonard Davis Institute of Health Economics sought to better understand the roles that public and private insurance options are playing for working families. Our findings show that while private insurance remains essential, CHIP and Medicaid are, more than ever, key to ensuring children have access to the health care services they need.

More Working Families Rely on Public Insurance to Cover Children

The *Health Affairs* study showed that lower-income working households between 100-400% of the federal poverty level (\$23,550 - \$94,200 for a family of four in 2013) where at least one parent had ESI are increasingly relying on public health insurance rather than ESI to cover their children.¹

This shift may be because ESI is simply too expensive for some families. Over the past decade, worker contributions to family premiums for ESI have increased substantially, from \$2,400 in 2003 to \$4,900 in 2015. At the same time, deductibles became much more common, with the average deductible for an employer-based family plan rising from less than \$800 to more than \$2,000 by 2015.^{2,3}

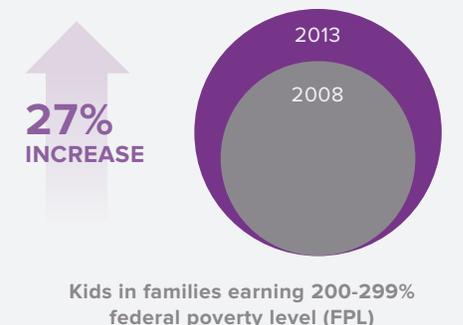
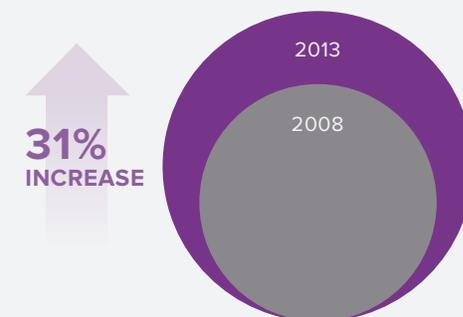
The shift in coverage choices for children could also be due, in part, to some employers of low-wage workers no longer offering coverage for families. Whichever the reason, many of these families have clearly depended on CHIP and Medicaid to maintain their children's coverage.

CHIP and Medicaid Are More Comprehensive Than Private Insurance

As of 2016, 35 million children in the U.S. are covered by CHIP or Medicaid.⁴ With more families turning to public rather than private insurance, it is vital that we understand potential discrepancies in quality of and access to care between these different types of coverage. In another 2015 study, PolicyLab compared caregiver-reported experiences with Medicaid, CHIP and ESI for children in low- to moderate-income families.⁵ Notably, the findings suggested that CHIP and Medicaid actually provide greater accessibility to care than private ESI coverage.

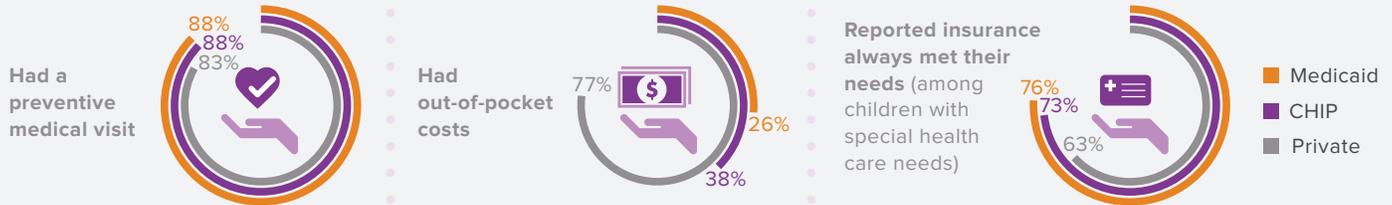
PUBLIC INSURANCE (CHIP, MEDICAID) COVERAGE

Among children with parents covered by employer-sponsored insurance



QUALITY OF CHILDREN'S HEALTH INSURANCE

Public vs. Private Insurance



SOURCE: Kreider AR, French B, Aysola J, Saloner B, Noonan KG, Rubin DM. Quality of Health Insurance Coverage and Access to Care for Children in Low-Income Families. *JAMA Pediatr.* 2015 Nov 16:1-9.

Protecting Children's Coverage Moving Forward

As ESI has become a financial burden to many lower-income working families, CHIP and Medicaid have made it possible to maintain high levels of insurance among children. However, we cannot count on these programs to continue providing the same levels of coverage. CHIP funding is set to expire in 2017, and the maintenance of effort (MOE) requirement, established as part of the ACA – which prevents states from restricting children's eligibility levels for public health insurance programs – would end in 2019, even if that portion of the ACA is left in place. Without renewal of both CHIP and the MOE, millions of children will be cut off from coverage.

These upcoming cliffs present the very real possibility that, without action, children's access to quality health care could get worse for the first time in decades.

Recommendations

As more families seek alternatives to ESI, we must ensure that all health insurance plans that cover children are affordable and provide high-quality coverage to meet children's unique health care needs. To that end, the research findings point to the need for:

- ▶ **Renewing CHIP funding for a minimum of four years.** By extending CHIP funding for four years, we can ensure that all children, including millions in working families, will remain covered.
- ▶ **Renewing the MOE requirement as part of the CHIP extension.** By extending the MOE to coincide with the expiration of CHIP, policymakers will prevent millions of children from losing their coverage.
- ▶ **Fixing the "family affordability glitch," or otherwise offering affordable comprehensive family coverage, in any modification of the ACA.** This would allow millions of working families access to comprehensive care when employer insurance is unaffordable.
- ▶ **Using CHIP plans as the standard to improve pediatric benefits in state, regional or federal insurance marketplaces.** Children's health care needs are different from those of adults, and making sure that benchmarks for quality, child-specific care are guaranteed wherever a plan is purchased with secure the next generation's future health.

For additional information about children's health care coverage and access, please visit http://bit.ly/PL_HealthCoverage.

POLICYLAB AT CHILDREN'S HOSPITAL OF PHILADELPHIA

The mission of PolicyLab at Children's Hospital of Philadelphia (CHOP) is to achieve optimal child health and well-being by informing program and policy changes through interdisciplinary research. PolicyLab is a Center of Emphasis within Children's Hospital of Philadelphia Research Institute, one of the largest pediatric research institutes in the country.

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