

# Five Reasons the Healthcare Reform Bill is Bad for Children and Families



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## 1. The per capita cap financing scheme burdens state budgets and harms children and families.

The House bill dramatically alters Medicaid's financing structure. This restructuring would reduce federal funding, shifting the majority of the cost burden to states. As a result, states would be forced to ration important benefits for low-income children and families, placing their health and wellness at risk. These benefits include important access to preventive screenings to keep kids healthy. Roughly half of the 72 million enrolled in Medicaid around the country are children and almost 60 percent of children with disabilities rely on Medicaid for coverage and access to necessary health services.

Medicaid is a key tool to advance health equity. A Medicaid per capita cap would exacerbate disparities in health outcomes between white children and children of color. Capping Medicaid funding will result in lower provider rates, reduced access to care predominately in communities of color and low-income communities and separate and unequal health care systems.

## 2. The bill eliminates coverage for certain low-income school aged children and denies them access to important preventive services including vision, hearing and dental.

Children ages 6-19 are at risk of losing Medicaid coverage. The House bill reverses a requirement to cover all children under 19 up to 138 percent of the federal poverty level and allows states to roll back eligibility for school-aged children from 6-19 to pre-ACA levels. This would translate into higher costs for families and fewer benefits for school-aged children—namely, Early Periodic Screening, Diagnosis and Treatment (EPSDT)—an important set of benefits that ensures that children and adolescents receive appropriate preventive, dental, mental health, vision and developmental services.

Children of color will disproportionately be hurt. For black children who are 6 times more likely to attend a high poverty school than their white peers, Medicaid is a lifeline that can help students access eligible health services inside school walls. These services include, but are not limited to, mental health services, substance use disorder screening and chronic care management (such as diabetes and asthma care). For children with disabilities, the risk, too, is great. Many school-aged children with disabilities require health services in school in order to participate and thrive. Rolling back access to Medicaid coverage threatens children's health and long-term success.

## 3. Higher out-of-pocket costs combined with reduced tax credits bar families from accessing affordable coverage.

Higher cost-sharing and premiums force families to make difficult decisions about accessing care and making ends meet at home. For moderate-income families, the reduction in tax credits would make coverage out of reach. Over 1 million children rely on health coverage through Marketplaces and a cut to tax credits will impose an additional financial strain on parents. If the bill were enacted today, estimates show that families' costs would increase by over \$2,000. For families with income below 250 percent of poverty, costs would increase by over \$6,000 on average. By 2020, when many provisions of the bill kick in, costs would increase by over \$4,000 and over \$9,000 for those living below 250 percent of poverty. These hikes in costs would be unsustainable for families.

#### **4. Parents cannot access needed benefits to stay healthy and care for their children.**

Healthy parents are able to care for their children, helping ensure that they thrive and become healthy adults. Winding down the Medicaid expansion would punish adult caregivers by limiting their access to needed care. The House bill would phase out the ACA's Medicaid expansion by restricting current federal reimbursement to only continuously covered individuals. If Medicaid expansion enrollees experience a gap in coverage, the federal contribution reverts to pre-ACA levels. In addition to financially starving the program, the House bill strips down the benefit package by sunseting the essential health benefits package for the Medicaid expansion population only.

The Medicaid expansion benefit package currently provides mental health and substance use disorder services as a core benefit. Eliminating these needed services puts families at risk, denying parents a pathway to good health and family unity. It is well-documented that when parents are healthy and have access to coverage their children are also more likely to be covered.

#### **5. Cuts to Medicaid will have a ripple effect on state budgets and stunt innovation.**

Healthy communities rely on more than just access to health coverage but also equitable access to safe neighborhoods, robust public schools and affordable housing. States work to balance the needs of their residents to ensure they can leverage multiple programs and resources to raise healthy families. Forcing states to shoulder the financial cost of Medicaid means that other important budget items would need to be reduced. These could range from public school budgets to public safety priorities. According to Center on Budget and Policy Priorities, per capita caps would shift \$370 billion in costs to states over ten years. The House bill would also eliminate funding for the Prevention and Public Health Fund which would result in detrimental cuts to core public health programs including disease tracking, access to immunizations for low-income individuals and the prevention of and response to lead poisoning.

With a rise in cost burden, states would not have any funds to invest in innovative models of care that lead to smart program savings across the health care system. Medicaid coverage and adequate funding are the foundation for innovation, including testing methods that reward value instead of volume and address social determinants of health. The House bill's per capita cap proposal would slash total federal Medicaid funding. Rather than increasing innovation, funding cuts due to per capita caps would hinder innovation and may even prevent it altogether.

#### **Source:**

Community Catalyst (2017). Top 5 Reasons the House GOP Bill to Repeal the ACA is Bad for Children and Families. Retrieved from <http://www.communitycatalyst.org/blog>