

Making Health Reform Work for Children

NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS

With the 2008 elections fast approaching, health care reform remains high on the national domestic agenda. Presidential candidates, members of Congress, governors and many health care provider groups and payers are advancing health reform proposals in response to growing public concerns about rising health care and health insurance costs and deteriorating health coverage.

In preparation for a health care reform debate, the National Association of Children's Hospitals (N.A.C.H.) adopted a set of principles which articulate the elements needed to make health reform work for children and developed a proposal to take a new approach to children's health coverage. The facts that support N.A.C.H.'s principles and a proposal for children's health insurance coverage demonstrate the need for a new look at the current state of children's health coverage and how our country can provide the best possible health care for all children.



N • A • C • H
National Association of
Children's Hospitals

*Champions for
Children's Health*

www.childrenshospitals.net

Covering all children is an achievable first step towards covering all Americans. Whether health reform moves forward in incremental steps or at once, a special focus on children will be essential if we are to retain and improve, rather than lose, the coverage that children have today. The goal of N.A.C.H.'s principles and proposal is to ensure that all children have health coverage which meets their unique health and development needs and provides them with access to necessary care. Accomplishing this goal will require greater federal leadership and significant reforms in current children's health coverage programs.

Almost all health reform proposals would provide lower income families and individuals with some level of financial assistance for health coverage through public programs, refundable tax credits or a combination of both. Most proposals would retain or expand Medicaid and SCHIP for children, with some expanding eligibility to more low income adults. There has been little discussion, however, about the improvements needed to ensure that these programs have the capacity to cover all eligible children with coverage that provides access to care or the capacity for system reform. Limitations of current programs include:

Too many eligible children are uninsured:

In 2006, 9 million children under the age of 19 were uninsured for part of the year while 4.5 million were uninsured for the entire year. Seventy percent of uninsured children are eligible for Medicaid or SCHIP but not enrolled, often due to barriers to enrollment, renewal and retention. In many cases when a child loses coverage, long-term gaps in coverage occur.

Children's coverage varies significantly across states:

A child's chances of being uninsured range from a low of 5 percent in Michigan to a high of 20 percent in Texas. The availability of employer-sponsored insurance, state Medicaid and SCHIP eligibility and enrollment policies, and state economic conditions contribute to documented differences in children's coverage, access to care and health care quality.

Demands on Medicaid and SCHIP are growing:

The proportion of children covered through their parents employers declined from 66.5 percent to 56 percent from 1997 to 2007 creating a greater reliance on Medicaid/ SCHIP for many children. Although children represent over half of Medicaid enrollees, elderly and disabled enrollees account for more than 80 percent of Medicaid spending. In addition, SCHIP is capped; and Medicaid is a historically low payer,

reimbursing pediatricians at only 69 percent of the rate Medicare would pay and 56 percent of commercial rates.

Children's health care needs are changing:

While the incidence of acute illness among children has declined over past decades, the prevalence of chronic conditions has risen dramatically. Diagnosable mental health problems now affect 1 out of 5 children. The prevalence of asthma among children has doubled, and the prevalence of obesity tripled, since 1980.

Health reform cannot be achieved state-by-state:

The administrative structure and policies of children's public coverage currently do not provide the national leadership that is essential to improve children's health care. Quality and performance measures should be evidence-based and nationally accepted. States lack the resources, and often the volume of children, to support the development of such measures themselves. Federal leadership will also enable the country to identify the quality of care provided to children at a national level and to develop quality improvement strategies with the states. Most federal measurement, reporting and performance efforts have focused on adult care, through Medicare. Currently, children receive only 68 percent of recommended care for acute medical problems and 41 percent of recommended preventive care.

Our proposal – Children's Pathway to Health Coverage – would guarantee available, affordable, comprehensive coverage for all children, regardless of where their parents live or work. The Pathway program would incorporate the best of Medicaid and SCHIP, including Medicaid's guarantee of health coverage and comprehensive benefits designed for children's unique health care needs; limits on cost sharing for lower income families that both programs provide; and provision of coverage through private insurance plans most often used in separate SCHIP programs. The program is designed and structured to support health reform and system reform in children's health care that the financing and administrative structures of Medicaid and SCHIP cannot support today. It would provide the investment and federal leadership necessary for a high quality, high performance health care system for children.

Health care reform must preserve the safety net of affordable coverage and care that children currently receive while addressing the limitations of existing programs. N.A.C.H. believes this is crucial to the health and future of our nation's children and the country overall.