Children's Defense Fund

Medicaid: Celebrating Fifty Years of Health Coverage for Children and Families

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Fifty years ago, on July 30, 1965, President Lyndon Johnson signed legislation creating Medicaid for "protection or security against the economic effects of sickness," and for fifty years, Medicaid has done just that for millions of children and low-income families across America. Medicaid is a lean, efficient program that serves 80 million low-income Americans, including more than 36 million children, enabling them to be healthy and productive members of society. Without Medicaid's strong protections, coverage guarantee, and comprehensive, age-appropriate health and mental health coverage, many children would go uninsured or underinsured, increasing short and long term costs for states and local communities while jeopardizing children's futures. However, at a time when we should be celebrating Medicaid's successes and building on them, serious threats to Medicaid continue to surface in Congress. As our nation's leaders make critical decisions about America's economic future, Medicaid must remain exempt from cuts or structural changes that would undermine its critical protections and hard-earned gains for children.

Medicaid is an essential part of the health insurance system for children.

Together, Medicaid and the Children's Health Insurance Program (CHIP) provide comprehensive and affordable health coverage to *more than half of all children* in America.

- Today, Medicaid provides virtually no-cost health coverage to more than 36 million low-income children and children with disabilities. All states understand the importance of ensuring low-income children have access to comprehensive health and mental health care, providing Medicaid coverage for children living in families with incomes at least up to 138 percent of the federal poverty level (up to $32,913 for a family of four in 2014).

- Medicaid is critically important for communities of color. More than half of Black and Hispanic children are enrolled in Medicaid or CHIP, compared to just one in four (26 percent) White children.

- Medicaid is a lifeline for children with disabilities, serving 40 percent of children in America with special health care needs. For many of these children, Medicaid is the only source of financing for their care. For others, Medicaid supplements private coverage to help ensure children have access to the medical equipment and devices (such as hearing aids) they need to survive and thrive.

- Together with CHIP, Medicaid has helped bring the rate of uninsured children to the lowest level on record.

Medicaid ensures children the full range of comprehensive services they need.

Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit is the gold standard of coverage for children, as it guarantees the full range of comprehensive primary and preventive coverage that children need to survive and thrive, and ensures children access to all medically necessary health and mental health services.

- A 1964 government study concluded that the underlying cause of the fifty percent rejection rate among young men drafted into the military in 1962 was due to treatable but uncorrected physical, mental, and developmental conditions. Those findings not only influenced the design of Medicaid legislation for children, but the comprehensive, child appropriate benefit package under EPSDT to ensure military draftees were healthy and fit to protect our national security.
- Medicaid has helped make millions of Americans healthier by improving access to preventive and primary care and by protecting again serious diseases. Compared to low-income uninsured children, children enrolled in Medicaid are significantly more likely to have a regular doctor and to receive well-child care, and significantly less likely to have unmet or delayed needs for medical care, dental care, and prescription drugs.

Medicaid is a smart investment.

By investing in child well-being now, our government and economy will recoup benefits later. Research comparing children eligible for Medicaid during childhood to their non-eligible peers found that the Medicaid-eligible children were more likely to attend college, make greater contributions as adult taxpayers, and live longer than those without coverage.

- Medicaid encourages early attention to children's health, preventing more serious and more costly consequences later on. Early investment pays off. Consider that:
    - Medicaid covers more than 40 percent of all births in the United States. Every $1 spent on prenatal care can save $3.33 in costs associated with care immediately after birth, and another $4.63 associated with costs later in the child's life.
    - Children enrolled in Medicaid are much more likely than uninsured children to get the cost-effective preventive care they need before conditions become more serious and expensive to treat. Almost three-quarters of children enrolled in Medicaid had a preventive well-child visit in the past year, compared to just 41 percent of uninsured children.
    - Children who enrolled in Medicaid missed fewer classes and performed better in school than those uninsured.
- Medicaid is extremely efficient: its comprehensive coverage costs about 27 percent less than private insurance, and its administrative costs are about half those of private insurance. Medicaid's costs per beneficiary have also been growing more slowly than per-beneficiary costs under private employer coverage.

- While children comprise nearly half of all Medicaid enrollees, they account for just one-fifth of Medicaid spending.
- In the short time since states have been able to expand Medicaid to low-income adults under the Affordable Care Act, a clear divide has emerged between states that have expanded Medicaid and those that have not. Hospitals in expansion states are treating fewer uninsured patients, and the amount of uncompensated care they are providing is declining steeply. There is growing evidence that expansion has saved states money, and these savings are only expected to grow over time.

Medicaid's benefits for children are threatened.

Medicaid's structure guarantees children health care when they need it. We must continue to build on this success and protect Medicaid from any budget cuts or structural changes.

- The 2016 Budget Resolution passed by the House of Representatives and the Senate paves the way to radically restructure Medicaid. If these proposals were to succeed, deep cuts would reverse the progress made in reducing the rate of uninsured children, pushing tens of millions of Americans – including millions of children – into the ranks of the uninsured and underinsured.
- Major structural changes like per capita caps or block grants that limit Federal expenditures might save the federal government money in the short run but would do so by eliminating Medicaid's long-standing guarantee of health and mental health services for children under the guise of innovation and state flexibility.
- Per capita caps, block grants, and other structural changes do not create cost efficiencies. Instead they shift costs from the federal government to states, local communities, and/or beneficiaries. To meet the rigid constraints of a per capita cap or block grant, states would have to increase their own spending substantially, make deep cuts, or both. Any "savings" would likely come from reducing eligibility, limiting benefits, increasing cost sharing, creating administrative barriers to make enrollment harder for eligible children, or cutting the already below-market provider payment rates. Any of these steps would cause significant harm to millions of vulnerable children and families and result in children losing access to health coverage.
- Reforms that result in loss of or limits on health coverage for children and other vulnerable Americans would require states and local communities to absorb these substantial costs. An uninsured child costs the local community $2,100 more than a child covered by Medicaid.

For fifty years, Medicaid been a lifesaver for tens of millions of Americans of all ages, including millions of vulnerable children. A growing body of research provides evidence that Medicaid works: children with Medicaid coverage become healthier adults. We must continue to build on its five decades of success and ensure all children in America have access to the health coverage they need to survive, thrive, and drive the economy of tomorrow.