



Five Questions Child Advocates Should Ask of Health Reform

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Arkansas Advocates for Children and Families applauds our leaders in Washington for making health reform a priority in 2009. Vulnerable children and families deserve equal access to quality, affordable health care in their communities. With momentum and urgency for federal health reform growing, AACF encourages child advocates to keep children and families at the center of the debate. We must ensure that our most vulnerable families have access to health insurance and to the quality health services they need.

Any reform plan should build on and strengthen the successful Medicaid and Children's Health Insurance Program (CHIP) programs, which provide critical services to low-income children and families. Building on a foundation of Medicaid and CHIP, advocates should ask the following questions of health reform proposals:

- 1) DOES THE PROPOSAL RECOGNIZE AND SUPPORT THE UNIQUE DEVELOPMENTAL NEEDS OF CHILDREN?** Healthy child development should be considered in all aspects of health reform: affordable coverage, quality services, prevention and health promotion, research, and improved coordination across child-serving systems. Medicaid recognizes the importance of child development through the Early, Periodic Screening, Diagnosis and Treatment (EPSDT) requirement. EPSDT should be guaranteed for children at higher income levels (recent reform proposals suggest up to 275 percent of the federal poverty level). In addition, the proposed Health Insurance Exchange should ensure that any plan's benefits package recognize the unique developmental needs of children—not simply treat children the same as adults. Preventive, oral, and mental health services should be part of any benefit package. Finally, reform must establish a system that better monitors health statuses and holds providers accountable for delivering services of the highest quality to improve child health outcomes.
- 2) WILL VULNERABLE CHILDREN AND FAMILIES BE PROTECTED?** All children and families should have equal access to necessary services to keep them healthy. Covering entire families makes a difference: children are more likely to access health services when their parents have coverage. Medicaid and CHIP fill critical gaps in services for many who have no other coverage option. The current Medicaid/CHIP benefits and coverage standards should be maintained, strengthened, and expanded to support more low-income Americans. All low-income adults should be guaranteed access to Medicaid or a comparable, affordable benefits package. Reforms should also maintain and strengthen protections for children with special health care needs and people with disabilities available under Medicaid.

- 3) **WILL COVERAGE BE AFFORDABLE?** Regardless of exactly how coverage or services are provided, cost-sharing limits or similar caps should be in place so families do not continue to face financial barriers to access health care. Limits on out-of-pocket spending are crucial to ensuring reforms help families that need it most.
- 4) **WILL COVERAGE AND ACCESS TO SERVICES BE EQUITABLE?** Any reform plan should ensure all Americans have equal access to comprehensive coverage and services, regardless of income level, race, community, or health status. We don't want to create "separate and unequal" health plans that drive healthier individuals to lower-cost plans and leave the least healthy with the highest price tag. A few steps to ensure equity:
- *Creation of a simplified "no wrong door" enrollment system.* Everyone should be able to apply for coverage at multiple places in communities, regardless of income or program (Medicaid, CHIP or the Exchange). A simplified application process, using existing data in states to provide necessary information, will help ensure low-income families are not directed to the back of the line.
 - *Strengthened access to medical professionals in underserved areas.* A Medicaid or CHIP card should not go unused because of a lack of doctors. We know the system requires many more health professionals, especially those who take Medicaid and CHIP. Proposals to increase Medicaid payment rates to equal those in Medicare are an important place to start.
 - *Improve coordination of child services from local communities up to the federal level.* The services that address the many needs of children must be aligned and coordinated at all levels: across all child-serving systems, public-private providers, and local, state, and federal governments.
- 5) **HOW WILL WE PAY FOR THE PLAN AND CONTAIN HEALTH CARE COSTS?** Health reform will cost money. The final plan must be paid for so that we don't pass the cost of our healthcare on to future generations. Many proposals to ensure the proper care for all Americans—if implemented correctly—hold promise for long-term savings. However, successful reform will require significant upfront investments to ensure quality services reach all Americans. All financing options, including spending cuts and new ways to raise revenue, should be considered. Funding proposals should offer realistic ways to offset new costs, as well as to improve the overall health system by slowing the growth of health care cost, reducing unnecessary procedures, and improving health of all Americans.ⁱ

What are they talking about? TERMS AND DEFINITIONS IN HEALTH REFORM

With all of the proposals and ideas floating around, it's difficult to keep up with all of the lingo and terminology. The first set of terms (I) describes concepts and programs; the second set (II) describes several proposed financing options.

I. KEY CONCEPTS OR PROGRAMS

Children's Health Insurance Program (CHIP) – The CHIP provides insurance to uninsured, low-income children 18 years of age or younger including those who are homeless or whose incomes are too high to qualify for Medicaid but too low to afford private insurance. The federal government and states share the cost of the program; Arkansas pays roughly 19 percent. In Arkansas, CHIP supports ARKIds First B. To be eligible, one must be uninsured, 18 years or younger, have a low income, and meet the criteria established by the state.ⁱⁱ

Early, Periodic Screening, Diagnosis and Treatment (EPSDT) – A federal requirement for Medicaid-, or ARKIds First A-eligible, children that aims to catch developmental challenges and diseases before they become more complex. It requires federal and state Medicaid programs to pay for all recommended screenings and *any* services determined to be medically necessary as a result of the screens. Currently, the EPSDT requirement does not apply to children in the Children's Health Insurance Program (CHIP, or ARKIds First B in Arkansas).

Health Insurance Exchange – A proposed market place where individuals and small businesses can compare and purchase health insurance plans based on cost and affordability.ⁱⁱⁱ

Medicaid – A state-administered program available to certain low-income individuals and families. This program pays healthcare providers directly. In some cases, as with ARKIds First B, recipients might be asked to pay a portion of the costs (co-payment).^{iv} The federal government and states share the cost of the program; Arkansas pays roughly 27 percent.^v

Medicare-like Plan or Public Plan Option– A proposed public health insurance option offered through the Health Insurance Exchange. Medicare is a federally-run health insurance program for adults ages 65 and over. The proposed Medicare-like plan would apply the same to non-disabled individuals less than 65 years of

Pay or Play – Describes a proposed mandate on employers with a minimum of \$500,000 in payroll. Employers would be required to either contribute at least 50 percent of their employee's health insurance premium or to pay an assessment fee.

Shared Responsibility or Mandate– A proposed requirement to ensure all individuals obtain health insurance coverage. Individuals would be required to purchase coverage through the individual or group market. Taxpayers would be required to report their coverage status on income

tax returns. Individuals without insurance would pay additional taxes based on a portion of available premium rates.^{vi}

II. PROPOSED REFORM FINANCING OPTIONS

Alcohol Taxes – Congress is considering several options for increasing alcohol taxes to pay for health reform. The options include: raising taxes to catch up with inflation changes since 1991; taxing alcohol at a uniform rate (i.e., so the tax on a bottle of beer, a glass of wine, or a mixed drink is the same if all contain essentially the same quantity of alcohol); or doing both of the above.^{vii}

Capping the Tax Exclusion for Employer-Sponsored Insurance (ESI) – To pay for health reform, this proposal would limit the tax benefits that employees and employers receive for the contributions they make toward health insurance premiums. Premium payments over the cap, which vary depending on coverage, would be subject to income and payroll taxes.^{viii}

Low-Income Health Coverage Tax Credit – A proposed refundable tax credit paid in advance to taxpayers with incomes between 100 percent and 400 percent of the federal poverty level, or from \$17,600 to \$74,480 for a three-person family. The tax credit would provide a premium subsidy to offset the costs of purchasing health insurance through the Health Insurance Exchange.^{ix}

Sugar-Sweetened Beverage Excise Tax – Another proposed financing strategy for health reform coupled with a public health benefit. This would tax on carbonated and uncarbonated beverages sweetened with high-fructose corn syrup or other sweeteners.^x

Surtax on Very High Incomes – This proposed financing strategy would place an additional tax on incomes over \$500,000 or \$1 million.^{xi}

Tax Deduction for Costs Exceeding 7.5 percent of AGI – The tax code helps to protect people against catastrophic health care costs with a deduction for health costs that exceed 7.5 percent of Adjusted Gross Income (AGI). Congress is considering curbing or eliminating the tax deduction for some healthcare costs to finance health reform. The proposal assumes the deduction would no longer be needed (with some exceptions), if reform is successful in offering adequate benefit packages subsidies, and reasonable limits on total out-of-pocket costs.^{xii}

Additional Resources

Each day brings a new idea or proposal for federal health reform. Keep up with the daily events through the following health reform resources.

Center for Children and Families: <http://ccf.georgetown.edu/index/health-care-reform#proposals>
(Sign up for the Children’s Health Blog at <http://www.theccfblog.org/>)

Center on Budget and Policy Priorities: <http://www.cbpp.org/research/index.cfm?fa=topic&id=71>

Community Catalyst: http://www.communitycatalyst.org/projects/national_reform

Families USA: <http://www.familiesusa.org/health-reform-2009/health-reform-in-2009.html>

Kaiser Family Foundation: <http://healthreform.kff.org/>

Speak Now for Kids: <http://www.speaknowforkids.org/>

Arkansas Advocates for Children and Families is a statewide, non-profit child advocacy organization established in 1977. Our mission is to ensure that all children and their families have the resources and opportunities to lead healthy and productive lives and to realize their full potential. Reach us at (501) 371-9678 or online at www.aradvocates.org.

For more information on health reform, contact Elisabeth Wright Burak, AACF Health Policy Director, 501-371-9678, ext 119 or Elisabeth.burak@aradvocates.org; or Candice Smith, Federal Budget and Tax Policy Director, 501-371-9678, ext 112 or csmith@aradvocates.org.

ⁱ See statement of Robert Greenstein of the Center on Budget and Policy Priorities for the Senate Committee on Finance Roundtable on Financing, May 12, 2009 at <http://www.cbpp.org/files/5-12-09health-testimony.pdf>.

ⁱⁱ Centers for Medicare and Medicaid Services: <http://www.cms.hhs.gov/MedicaidGenInfo/>

ⁱⁱⁱ See “Expanding Healthcare Coverage: Proposals to Provide Affordable Coverage to All Americans.” May 14, 2009. Senate Finance Committee.

^{iv} Centers for Medicare and Medicaid Services: <http://www.cms.hhs.gov/MedicaidGenInfo/>

^v The recent stimulus package gave states a temporary boost in the federal government share. Arkansas will pay roughly 21 percent through 2010. For more information, see American Recovery and Reinvestment Act: What’s in it for Children and Families? Available at www.aradvocates.org

^{vi} Ibid.

^{vii} See “Expanding Healthcare Coverage: Proposals to Provide Affordable Coverage to All Americans.” May 14, 2009. Senate Finance Committee.

^{viii} See “Financing Comprehensive Healthcare Reform: Proposed Health System Savings and Revenue Options.” May 20, 2009. Senate Finance Committee.

^{ix} Ibid.

^x See “Financing Comprehensive Healthcare Reform: Proposed Health System Savings and Revenue Options.” May 20, 2009. Senate Finance Committee.

^{xi} Ibid.

^{xii} Ibid.