



Uninsured children need ARKids First now more than ever. Research Brief

By Elisabeth Wright Burak, Health Policy Director

Last year, Gov. Mike Beebe and Arkansas lawmakers extended ARKids First health coverage to more uninsured Arkansas kids. Now, even as more and more families are facing their own budget crises, the governor is considering rolling back this coverage to save state dollars. It's no secret that rising health care costs can erode family budgets, forcing decisions between health insurance and groceries. The risk is greater for families without access to affordable coverage: an unforeseen accident for an uninsured child can easily mean bankruptcy for a family. ARKids First should be there for the families who need it most now.

ARKids First is doing its job, providing support to thousands of families during the financial crisis. The recession hit Arkansas later than other states, but by mid-2008, Arkansas began to feel the slowdown. ARKids First lessened the blow and offered some stability for many families facing layoffs, insurance cuts, and unaffordable health insurance. Between July 2008 and December 2009, enrollment of children in ARKids First and Medicaid increased by more than 8 percent, providing more than 30,000 more uninsured children with care. It is a popular, effective program that consistently supports families during this great time of need.

Since it began, ARKids First has dramatically decreased the rate of low-income uninsured children, just as it was meant to do. But children just over the eligibility limit have seen the smallest decline (Figure 1). These are hard working families who frequently fall through the cracks. Their families' incomes are too high to qualify for ARKids First, but they can't afford private insurance.

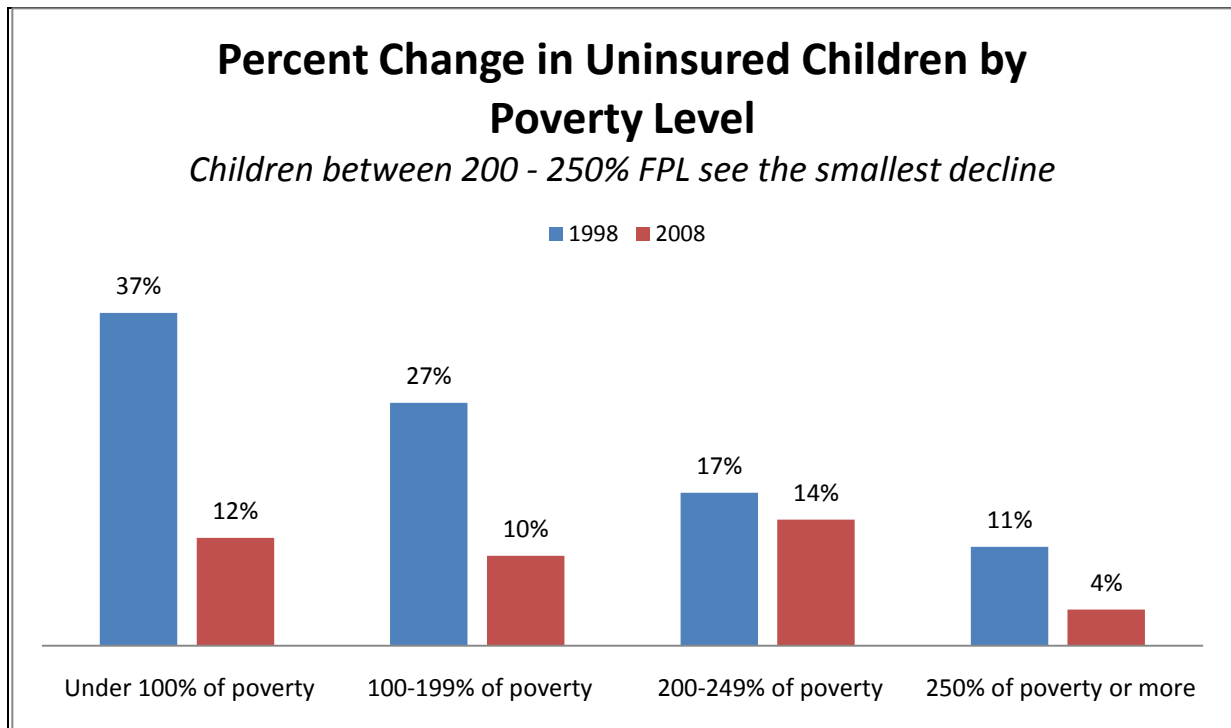


Figure 1

Note: Percentages in this table show the percentage of uninsured children within each income level, not percentage of all uninsured children. **Source:** Analysis of Current Population Survey data by the Annie E. Casey Foundation, using three-year rolling averages.

More and more children just over the ARKids First income limit have no affordable insurance option. Between 2006 and 2008, 2,000 more children between 200 and 250 percent FPL were uninsured, increasing from 9 percent in 2006 to 14 percent in 2008, or 9,000 children. This is the highest percentage of uninsured children at this income level in 10 years.

Families just over the income threshold need the coverage they were promised now more than ever. While the state budget is certainly tight, family budgets are far worse off. Between 2007 and 2008, the number and percentage of uninsured children at every income level decreased, except children between 200 and 250 percent of the federal poverty level (FPL). **The rate of children in this income range is increasing as the overall rate of uninsured children remains constant** (Figure 2).

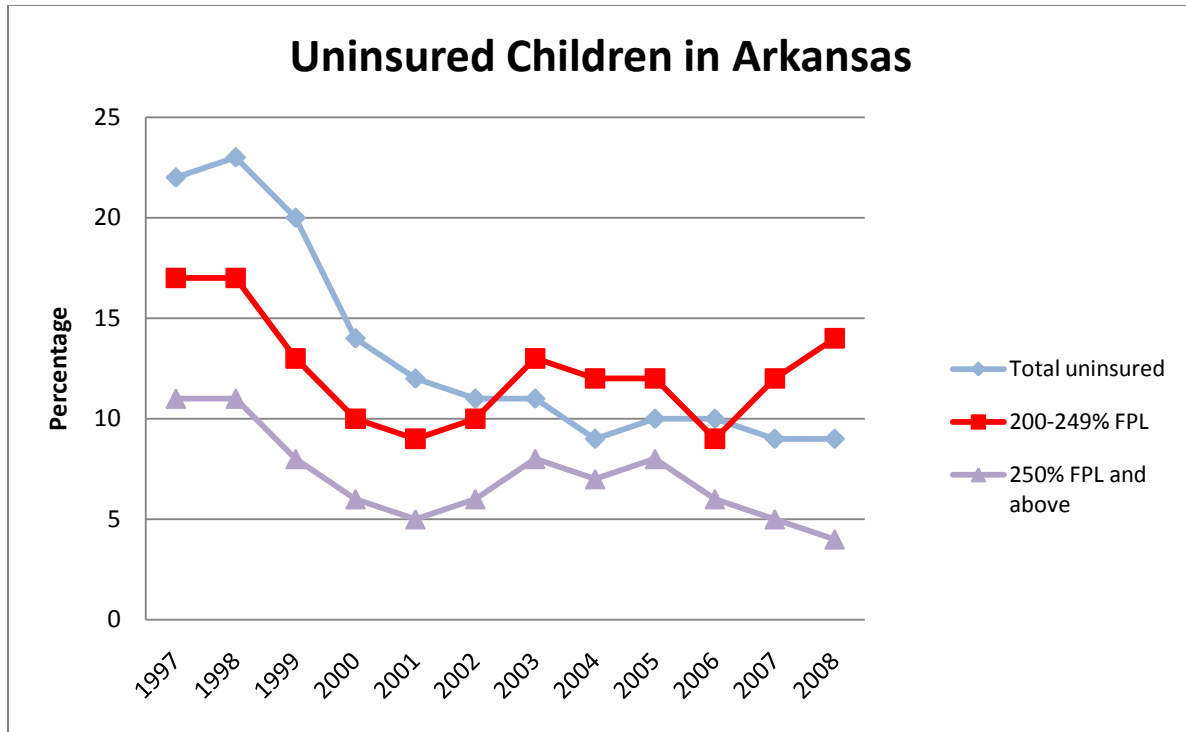


Figure 2

Source: Unpublished reports from the Annie E. Casey Foundation with Current Population Survey (CPS) data on uninsured, using a three-year rolling average.

The annual cost of expanding ARKids First pales in comparison to what the state gives up in economic gains. The \$6 million increase in state spending would pay for itself many times over, bringing an estimated \$31 million in federal match and related business activity.¹ State spending on ARKids First is matched as much as 4 to 1 by the federal government and those dollars flow to doctors, hospitals and clinics in our state. Arkansas is leaving money on the table if it drops the expansion. Investing in our children early prevents costly diseases and other health complications down the line that will impact their long-term success and productivity.

Most funds to expand ARKids First would pay for children who are eligible today. When states increase income eligibility for programs, the majority of enrollees are children who are already eligible; this was reflected in the cost of expansion. It would cost roughly \$6 million annually to pay for the planned expansion, providing insurance to 20,000 more uninsured children. More than two-thirds—roughly \$4 million—of the proposed budget increase would cover eligible children that the state is already committed to serving.

Lawmakers should continue to make more children eligible for ARKids First when struggling families need it most. ARKids First works, and now more than ever families need the peace of mind and financial stability it provides.

More on the state of children's health insurance will be available in AACF's upcoming report. For more information: Elisabeth Wright Burak, eburak@aradvocates.org or 501-993-1585.

ⁱ Families USA state income calculator available at <http://www.familiesusa.org/issues/medicaid/other/medicaid-calculator/medicaid-calculator.html?state=Arkansas>