

# The Affordable Care Act and Children

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The Patient Protection and Affordable Care Act (ACA), when passed and signed into law on March 23, 2010, was intended to expand access, reduce cost and improve the quality of health for all Americans. There were a number of components of the ACA designed to specifically meet the needs of children and youth, including changes to both the private and public health sectors, as well as an emphasis on expanding benefits and promoting primary care and prevention. A recent study by Georgetown University Health Policy Institute's Center for Children and their Families estimates that the overall number of uninsured children has actually decreased from 6.4 million children in 2009 to 5.5 million in 2011, in part due to the adoption of some of the early provisions of the ACA.<sup>1</sup>

## The Private Health Insurance Market

There are several ACA provisions that affect the private health insurance market directly. The first is the extension of dependent coverage for youth up to the age of 26 years that allow them to stay on their parents' health care plan. This stipulation applies to all plans in the individual market, all new employer plans, and existing employer plans if the young adult is not eligible for employer coverage on his or her own. In addition, beginning in 2014, children up to age 26 years of age can stay on their parent's employer plan even if they have an offer of coverage through their employer. The second major change in the private insurance market has been the prohibition of insurers from excluding coverage of children because of pre-existing conditions. The inability of children with pre-existing conditions to obtain health insurance has been a major impediment to access for over the last fifty years. Thirdly, access will be expanded through the creation of state-based health insurance exchanges to offer uninsured families private insurance choices, including multi-state plans to foster competition and increase consumer options. The exchanges will provide a listing of health insurance choices to families who presently lack job-based coverage and will provide a subsidy to families who find the cost of insurance prohibitive. It is hoped that by delivering standardized, easy-to-understand information on different health insurance plans offered in a geographic region, families will have the opportunity to compare prices and health plans and decide which quality, affordable option is right for them and their children. Finally, in regard to private sector changes, the ACA has included pediatric preventive services as part of an Essential Benefit Set. This will require new plans to cover prevention and wellness benefits with no deductibles and other cost-sharing requirements. In addition, the Pediatric Benefit Package expands the mandated services to include oral and vision coverage for all children starting in 2014.

## Publicly Funded Health Programs

Expansion of publicly funded health programs is also a critical component of the ACA. Medicaid has been the primary insurer of low-income Americans since its inception in 1965. The law included the expansion of Medicaid to all Americans making less than 138% of the Federal Poverty Level (FPL). The Supreme Court's ruling in 2012 on the ACA upheld the law's constitutionality. However, it placed the decision to expand Medicaid coverage in the hands of the states. It should be noted that, if fully implemented, there would be 22.3 million uninsured individuals with incomes less than the 138% FPL threshold who would be eligible if all states participated. However, there are a number of Medicaid and Children's Health Insurance Program (CHIP) provisions that will be instituted even if states choose not to expand the eligibility threshold.

CHIP was first enacted in 2006 and was designed to extend coverage to uninsured children. The initial legislation provided three options to states, which included expansion of a state's Medicaid program, the creation of new initiatives directed toward uninsured children and/or a combination of both options. The ACA re-authorized CHIP and extended federal funding through September 30, 2015. Despite the past success of previous Medicaid expansions and the creation of the CHIP program, there remain an estimated 2.9 million children who are presently eligible for Medicaid or CHIP who are not enrolled.<sup>2</sup> The ACA provides funding for increased outreach efforts to expand enrollment of eligible children to address this issue.

Finally, the ACA attempts to identify other vulnerable childhood populations that have traditionally lacked access to care. In particular, there are provisions addressing the lack of coverage for children in the foster care system. Specifically, children aging out of the foster care system face many challenges, including finding quality, affordable health insurance. The ACA provides expanded coverage for children aging out of foster care by mandating Medicaid coverage for them up to age 26, effective 2014.

## Reduction in Costs

Cost will also be reduced both for families with children, as well as hopefully for the entire health care system. The ACA eliminates all lifetime limits on insurance companies' coverage for beneficiaries who get sick and bans insurance companies from dropping people from coverage when they become ill. In 2014, all annual limits for health insurers will be prohibited. It should be noted that two-thirds of middle class families with access to employer-based coverage said their children remained uninsured because the health plans' deductibles, co-payments and limits on coverage were too prohibitive to allow them to selected dependent coverage for their family.<sup>3</sup> These reforms will help reduce health care costs for families and help to ensure more children are covered. Going forward, plans in the new Health Insurance Exchanges and all new plans will have a cap on what insurance companies can require beneficiaries to pay in out-of-pocket expenses, such as co-pays and deductibles.

## Promoting Prevention and Primary Care

Increased access to primary care providers for children was also included in the law. The ACA expands the primary care workforce of pediatricians, pediatric nurse practitioners, specialists in pediatrics, and pediatric oral health professionals to ensure that children will have access to high quality health care. Parents who enroll in new plans will be allowed to select their child's pediatrician among a list of participating providers. In addition, the ACA expanded access to Medicaid for children by increasing reimbursement rates for primary care. As of January 1, 2013, Medicaid payment rates were raised to at least Medicare rates for primary care and immunization services until 2015.<sup>4</sup> A recent article estimates that expansion of the primary care components of the ACA will substantially increase primary care utilization.<sup>5</sup>

The ACA also promotes new prevention programs designed to improve the care that the Nation's children receive. An example is an initiative to address childhood obesity by providing \$25 million in funding for the Childhood Obesity Demonstration Project. The effort will award grants to states to develop comprehensive and systematic approaches for reducing childhood obesity. This initiative is designed to provide guidance to health care providers on obesity prevention strategies and expand the array of services available to Medicaid enrollees. In addition, it will require each state to design a public awareness campaign for such services.

In conclusion, children who are uninsured have decreased access to well-child care, immunizations, basic dental services, and prescription medication. The ACA's expansions should ensure that children have access to affordable quality care, regardless of their parents' household financial situation or their employment status. In addition, the expansion of preventive and primary care should enhance their health, development and overall well-being, laying the foundation for a healthy life.

## FOR MORE INFORMATION

1. First Focus on their Web Page provides a summary of positive impact that the ACA will have for children and is entitled, "Top 10 Affordable Care Act Wins for Kids" and can be accessed at, <http://www.firstfocus.net/top-10-affordable-care-act-wins-for-kids-0%20>
2. The Children's Defense Fund provides an informative snapshot on the state of health for America's Children on their web page and can be accessed at, <http://www.childrensdefense.org/policy-priorities/childrens-health/>

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