

## What is Medicaid?

Medicaid is the single largest health insurer for children. It is also the primary source of health care for low-income parents and other non-elderly adults, the elderly and people with disabilities. The Affordable Care Act (ACA) gives states the option to expand Medicaid eligibility for non-elderly adults earning up to 138 percent of the federal poverty level; even prior to the ACA, states generally provided Medicaid coverage to children with family income levels around or above this level.



## Why is Medicaid important to children?

Medicaid is a critical health care program for low-income children and children with special health care needs.

- **Medicaid is a vital program for children.** Medicaid covers over 30 million children nationwide.<sup>i</sup>
- **Medicaid covers children who need care the most.** Approximately 20 percent of children have special health care needs, and 44 percent of them are covered by public insurance.<sup>ii</sup>
- **Medicaid is a lifeline for working families.** 64.5 percent of children enrolled in Medicaid and the Children’s Health Insurance Program (CHIP) live in a family with at least one full-time worker.<sup>iii</sup>
- **Children are not the cost driver of Medicaid spending.** Children represent 43 percent of all Medicaid enrollees, but they account for 19 percent of Medicaid spending.<sup>i</sup>

## How is Medicaid different from Medicare?

|             | MEDICAID   | MEDICARE   |
|-------------|--|--|
| STRUCTURE   | A joint federal and state program. Each state establishes its own standards for Medicaid eligibility, benefits and provider payment rates under broad federal guidelines that establish certain minimum standards.   | A federal health insurance program. The federal government sets all standards.                               |
| FINANCING   | Costs shared by both the federal and state governments.  | Paid for entirely by the federal government.   |
| ELIGIBILITY | Serves low-income and disabled children, parents, pregnant women and the elderly, as well as other disabled adults. Since 2014, states may expand Medicaid to low-income adults who had not been previously eligible.  | Serves elderly and disabled people who receive Social Security, regardless of income.                        |
| BENEFITS    | Provides the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit, which ensures children covered by Medicaid receive all medically necessary care, including physician and hospital visits, well-child visits and treatment, immunizations, dental, vision, and hearing services. | Does not have a benefit package for children since Medicare was designed with adults, not children, in mind. |



# Michigan Medicaid Highlights

- **Number of children covered:** Medicaid provides health insurance for 963,000 low-income children in Michigan. Children make up 54.9 percent of Michigan's Medicaid population.<sup>iv</sup>
- **Cost of Medicaid-eligible children:** Each Medicaid-eligible child costs Michigan just \$2,315 per year, on average, compared to average costs per adult Medicaid enrollee of \$5,375.<sup>iv</sup>
- **Number of eligible but unenrolled children:** An estimated 68,000 – or 3.1 percent – of Michigan's children under 18 are uninsured.<sup>v</sup> Nationally, 89.8 percent of uninsured children are eligible for Medicaid or CHIP but not enrolled.<sup>vi</sup>
- **Federal funding for Michigan:** Michigan will lose \$1.87 in federal matching funds for every \$1.00 in state money it cuts from its Medicaid budget.<sup>vii</sup>
- **Medicaid family income levels:** For families of four in Michigan, children are eligible for Medicaid with family income up to \$52,731.<sup>viii</sup>

## Sources

- i Congressional Budget Office, "Detail of Spending and Enrollment for Medicaid for CBO's March 2016 Baseline," March 2016.
- ii National Survey of Children with Special Health Care Needs, 2011/12.
- iii SHADAC analysis of the 2015 American Community Survey (ACS) Public Use Microdata Sample (PUMS) files, Retrieved 2016.
- iv Medicaid and CHIP Payment and Access Commission, "MACStats: Medicaid and CHIP Data Book," Dec. 2015.
- v United States Census Bureau, "Health Insurance Status and Coverage by State – Children Under 18," 2008-2015 American Community Survey, Retrieved 2016.
- vi American Academy of Pediatrics Analysis of United States Census Bureau, "Health Insurance Status and Coverage by State – Children Under 18," 2008-2015 American Community Survey.
- vii American Academy of Pediatrics Analysis of Office of the Assistant Secretary for Planning and Evaluation, "ASPE FMAP 2017 Report," Jan. 2016.
- viii American Academy of Pediatrics Analysis of the Henry J. Kaiser Family Foundation, "Medicaid Income Eligibility Limits for Children Ages 0-18, 2000-2016," Retrieved 2016.
- ix National Ambulatory Medical Care Survey, 2012/13.
- x Zuckerman, Skopec, and McCormack, "Reversing the Medicaid Fee Bump: How Much Could Medicaid Physician Fees for Primary Care Fall in 2015?" Dec. 2014.
- xi Children's Hospital Association Analysis of American Hospital Association Database, 2014.
- xii Children's Hospital Association Analysis of Kids' Inpatient Database (KID), Healthcare Cost and Utilization Project (HCUP), Agency for Healthcare Research and Quality, 2009.
- xiii Children's Hospital Association Annual Benchmark Report, 2015.
- xiv Office of the Assistant Secretary for Planning and Evaluation, "ASPE FMAP 2017 Report," Jan. 2016.

\*\*Unless otherwise noted, data referenced in this document refer to Medicaid only and non-disabled children younger than age 19.\*\*

## Why are pediatricians important to children on Medicaid?

Nationally, pediatricians provide a majority of all office visits for children 0-5 (80 percent) and for children 0-18 (69 percent) enrolled in Medicaid.<sup>ix</sup> They provide the care children need, including routine check-ups, immunizations and treatment for problems found during health screenings.

Children depend on Medicaid to work well and pediatricians depend on Medicaid so that they can continue to ensure that every child has access to the care they need, regardless of income.

Unfortunately, low Medicaid payment rates place an unfair burden on children's providers, which can threaten children's access to quality health care. As an historical average, a pediatrician treating a child enrolled in Medicaid receives only 66 percent of what is paid to see a Medicare enrollee.<sup>x</sup> For many services and in many states, payment can be even lower. Without appropriate payments that cover the cost of care, fewer physicians may be able to participate in Medicaid, limiting the number of pediatricians who can treat children, increasing wait times for appointments or forcing families to travel long distances to seek care.

## Why are children's hospitals important to children on Medicaid?

Children's hospitals save lives every day, regardless of a child's family income or health insurance coverage. Children's hospitals are major Medicaid providers, and the nation must ensure a strong Medicaid program so children are able to receive timely, quality health care. Medicaid reforms that lead to better care and lower costs while maintaining standards children rely upon are possible; children's hospitals are working with their states to advance these innovative solutions.

- Comprising less than 5 percent of the nation's hospitals, children's hospitals account for about 35 percent of all hospital days for children on Medicaid and 53 percent for children with medically complex conditions.<sup>xi, xii</sup>
- On average, each children's hospital devotes more than half its inpatient care (59 percent of inpatient days) to children assisted by Medicaid.<sup>xiii</sup>
- On average, Medicaid reimburses children's hospitals only 80 percent of the cost of care provided, including Disproportionate Share Hospital payments. If cuts or caps are adopted at the federal or state level, payment rates could decrease further.<sup>xiii</sup>

## Why do children on Medicaid need your help?

- Preserving a strong Medicaid program is essential to ensuring all children have coverage and access to care, but Medicaid faces serious financial threats that endanger the health of Michigan's children.
- Appropriate provider payment for care is essential to ensuring that Medicaid patients have access to the providers they need. Already, Medicaid pays providers on average only 66 percent of what the Medicare program pays for those same services.<sup>x</sup> Cuts to the Medicaid program could further decrease provider payments, making it harder for beneficiaries to access care.
- If Medicaid funding is cut or capped, it could mean a loss of federal funds for states and an increase in the number of uninsured children since the federal government pays at least 65.2 percent of the total cost of Michigan's Medicaid program.<sup>xiv</sup> States would be left to pay more for health care services.