GRANT MAKERS IN HEALTH

Covering Children Under the Affordable Care Act: Minding the Gaps

When fully implemented, the Affordable Care Act (ACA) will extend coverage to 32 million uninsured people (Congressional Budget Office 2011). By 2019, 92 percent of the nonelderly population is expected to have health insurance. Of them, 16 million individuals will obtain coverage through Medicaid and the Children's Health Insurance Program (CHIP), and 29 million will obtain coverage through the new health insurance exchanges (Center for Children and Families 2010).

While millions of children and their families stand to gain access to affordable coverage, a significant subset of children is vulnerable to being excluded. The recent report from the Urban Institute, *Addressing Coverage Challenges for Children Under the Affordable Care Act: Timely Analysis of Immediate Health Policy Issues*, estimates that nearly 20 million children live in nontraditional family arrangements that potentially create barriers to accessing health coverage. Nontraditional family scenarios include, but are not limited to: children living with noncustodial guardians/grandparents, citizen children with noncitizen parents, children whose parents live apart, children of veterans, children of incarcerated parents, and homeless and institutionalized children. As the report highlights, special attention to these complicated situations is required as rules and regulations related to premium subsidies, cost sharing, program eligibility, and exchange rules are determined to ensure that all children benefit from the ACA.

THE ACA AND CHILDREN

The components of the ACA most likely to have a major impact on coverage for children include the Medicaid expansion; the establishment of health insurance exchanges, insurance market reforms, and federal subsidies to purchase private coverage; and the requirement that all individuals have minimum essential coverage.

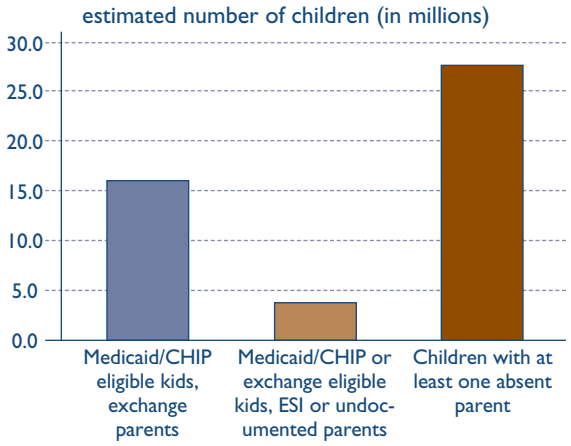
- ***Employer-Sponsored Insurance (ESI).*** ESI is the most common source of health insurance for children. In 2009, 51 percent of children were covered by an ESI policy (KFF 2010). Some policies, however, do not offer dependent coverage, or the coverage that is available is deemed unaffordable by the family. Dependent coverage policies are 2.7 times more expensive than employer-sponsored plans and are often subsidized to a much lesser extent (or not at all) than employee plans (RWJF and SHADAC 2011).

  Under the ACA, eligibility for premium subsidies is limited for those with access to ESI, which may create barriers for parents wishing to purchase coverage for their children in state exchanges or to enroll their children in public programs. The Urban Institute report estimates that 800,000 children are in families with incomes that may qualify them for exchange subsidies but have a parent with ESI coverage and are themselves uninsured or covered by a private nongroup plan. Federal rule makers will have to clarify how subsidies for dependent coverage are determined and if dependents will be able to participate in the exchanges if ESI is offered to one adult.

- ***Eligibility Variations within Families.*** Disparate income eligibility thresholds between adults and children will mean that in many instances children are eligible for public coverage while their parents are not. In this situation, under the ACA, some children will qualify for Medicaid/CHIP while their parents qualify for premium subsidies to purchase coverage in the exchanges. There are over 16 million children who are eligible Medicaid and CHIP, and who have citizen parents who are not eligible for public coverage but will be eligible for exchange subsidies.

  In addition, eligibility for Medicaid and CHIP is dependent on citizenship and documentation status, and many families consist of citizen children and noncitizen parents. An estimated 3 million children who are eligible for Medicaid/CHIP have undocumented parents, and roughly 500,000 children have legal resident parents with less than five years of residency (making them

FIGURE 1: CHILDREN IN COMPLEX COVERAGE SCENARIOS



Source: McMorrow et al. 2011

FEDERAL-STATE IMPLEMENTATION PROJECT (F-SIP)

Addressing Coverage Challenges for Children Under the Affordable Care Act is a byproduct of the Federal-State Implementation Project (F-SIP). In 2010, Grantmakers In Health (GIH) and several foundations joined forces to improve communication between the federal officials implementing the ACA, the research and advocacy organizations doing work related to health reform, and the foundations that support those efforts. As part of its work, the F-SIP team formed an ad hoc group of researchers, advocates, and funders to consider how children will be affected throughout the implementation of the ACA and to develop recommendations for federal officials. They discussed how to help develop policies for children in nontraditional families to overcome challenges when enrolling for insurance under the ACA. The Center for Children and Families at Georgetown University's Health Policy Institute, First Focus, and the National Immigration Law Center developed a list of potential scenarios for children, and the Urban Institute prepared the report.

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ineligible for coverage) (see Figure 1).

Families in these situations will require attention during outreach and enrollment to ensure that they are aware of coverage options for children. In addition, seamless integration of eligibility and enrollment processes for Medicaid, CHIP, and exchange coverage will also be important.

- ***Children in Split Families.*** Often, parents living separately share responsibility for obtaining their children's health insurance coverage, which can create many complications. Child support orders will need to evolve to be consistent with new coverage requirements under the ACA, and options for child-only policies and associated subsidies will require clarification.

  Issues also arise for children living with kinship care (custodial grandparents, for example). Many of these guardians receive Medicare benefits or have ESI coverage, neither of which children in these situations can qualify for. Around 24 million children have a parent living outside the household, while an additional 3.7 million children live with neither parent (McMorrow et al. 2011).

  Under the ACA, parents or guardians of children in these nontraditional families may need to purchase child-only plans in the health insurance exchanges. Other parents may be seeking exchange coverage for themselves but need to enroll their children in public coverage. The authors of the Urban Institute report caution that eligibility for federal subsidies in such cases is not straightforward and would benefit from clarification.

LOOKING AHEAD

Given the fiscal constraints most states are facing, coupled with the resistance to implement the ACA in a large number of states, attention to where special populations currently fit into the law is fairly limited. Once the exchange rules are established, however, health access for vulnerable populations will become a significant issue for communities. One key role foundations can play now is to provide direct input to the U.S. Department of Health and Human Services (HHS) during the rule making process. In July 2011, HHS released proposed rules for the state health insurance exchanges (http://www.hhs.gov/news/press/2011pres/07/20110711a.html). Regulations pertaining to children and the exchanges are due to be released in September 2011.

Looking ahead, health funders may want to hone their outreach and enrollment efforts to ensure that children in special circumstances are not overlooked by adopting best-practices employed by states that have successfully captured children who are eligible but not enrolled in public programs. Moreover, being mindful of the subsidies that become available to children and their families in these complex situations may guide foundations on where additional support is needed.

SOURCES

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