



MEDICAID WORKS:

Protect the Health of Colorado Children

Health First Colorado, Colorado's Medicaid program, is a public health insurance program that pays for necessary health care services for low-income Coloradans and those living with disabilities. By investing in health care services and supports, Health First Colorado improves health outcomes, reduces unnecessary costs to the health system, and supports a strong Colorado economy. Health First Colorado is also an efficient program; spending far less than what private insurers pay for enrollees of similar health status.ⁱ

Despite Health First Colorado's successes and efficient use of funds, opponents of Medicaid have proposed drastic cuts to federal funding for the program. Federal Medicaid funding currently comprises 60 percent of Health First Colorado's budget.ⁱⁱ Cuts in that funding will force Colorado lawmakers to make hard decisions about where to cut eligibility, services, provider rates, or a combination of the three.

To build a case for Medicaid, Colorado Center on Law and Policy has compiled **Medicaid Works**, a series of fact sheets that outline some of the reasons Health First Colorado is so important in our state.

This fact sheet explains why Health First Colorado is critical to Colorado children and examines how they would be harmed if federal lawmakers drastically cut Medicaid by converting the program's funding into a block grant or per-capita cap.

Why Health First Colorado is important for the health of Colorado children:

- **Health First Colorado covers health services for more than 555,000 Colorado children (more than one in every three Colorado children over the course of a year).**ⁱⁱⁱ Health First Colorado covers Colorado children in families with incomes up to 142 percent of the Federal Poverty Level (about \$33,867 a year for a family of four in 2014). Health First Colorado also serves as the health care lifeline for abused and neglected children placed in foster care, as well as for many Colorado children living with developmental and other disabilities.
- **Health First Colorado gives many Colorado children the best chance for a healthy start in life.** Supporting the health of pregnant women increases the likelihood that children will be born healthy. Babies born to mothers that have had no prenatal care are three times more likely to have a low birth weight and five times more likely to die in infancy than those born to mothers who do receive care.^{iv} Health First Colorado covers prenatal services for over 14,000 low-income women and pays for 43 percent of all births in the state.^v

- **Health First Colorado provides Colorado children with comprehensive preventive health screenings and treatment to address health issues early on.** Health First Colorado covers Early and Periodic Screening, Diagnostic and Treatment benefits to enrolled children under age 21. Commonly referred to as “EPSDT,” the program’s guarantees are designed to foster strong childhood development despite the many complications of living in poverty. The purpose of EPSDT is to ensure that children do not needlessly suffer from preventable and treatable health conditions, so they can grow up to be healthy and productive adults.
- **Health First Colorado pays for services for Colorado children with chronic health conditions and complex health needs.** Health First Colorado programs treat physical and mental illnesses and conditions that are detected in enrolled children. Covered services include home care that enables Colorado children who are medically fragile to live at home rather than in institutional settings, visits to pediatric specialists for Colorado children with chronic conditions, and evidence-based treatments for Colorado children with diagnosed conditions, such as intensive behavioral therapies for children with Autism Spectrum Disorder (ASD).
- **Health First Colorado makes critical dental care services accessible for Colorado children living in or near poverty.** Good oral health is critical to overall health. Poor oral health contributes to tooth decay which is the most prevalent chronic disease among young children.^{vi} Tooth decay can lead to serious health problems such as infection and severe pain and can affect children’s attendance and performance in school. Children enrolled in Health First Colorado are entitled to preventive dental services, including exams, cleanings and x-rays; necessary restorative procedures, including fillings, crowns, roots canals and oral surgeries; and necessary orthodontic services. These services are provided at no additional cost to ensure that Colorado children living in or near poverty have access to critical dental services.
- **Health First Colorado helps ensure Colorado children have real access to health care.** Health First Colorado does not impose cost sharing obligations (i.e. copays and coinsurance) on services for children in households that are under 142 percent of poverty, which ensures that children in low-income households do not go without needed health care services due to cost. In addition, recognizing the challenges faced by low-income families, Health First Colorado offers assistance in scheduling children’s doctor visits as well as transportation services to get children to and from health providers. Finally, to prevent coverage delays and guarantee continuity, Colorado infants born to mothers receiving Health First Colorado are automatically enrolled in coverage and all enrolled children, including infants, remain eligible for a full year.
- **Children with access to Medicaid have better outcomes.** Studies have shown that access to Medicaid reduces infant and child mortality rates.^{vii} Children with access to Medicaid are also less likely to end up in emergency rooms with treatable conditions. In addition, studies have shown that Medicaid eligibility during childhood increases the likelihood that children will graduate from high school, complete college and pay taxes.^{viii}

How funding caps would harm Colorado children:

Currently, federal law requires the federal government to cover at least half of the cost of providing services for those enrolled in Health First Colorado. For individuals covered as a result of the ACA's Medicaid expansion, over 90 percent of costs are covered by the federal government. Capping federal funding for Health First Colorado by converting the funding into a block grant or a per-capita cap would eliminate those guarantees and would drastically reduce federal support for the program over the next several years. Existing proposals to cap Medicaid funding are expected to reduce the federal government's contribution to state Medicaid programs by over \$1 trillion nationwide over the next 10 years -- and that is without taking into consideration proposals to cut or eliminate the ACA's Medicaid expansion which brought nearly \$1.1 billion federal dollars into the state during the first full fiscal year of the expansion.^{ix}

Federal funds currently make up 60 percent of Health First Colorado's budget. Drastic cuts in that funding will shift the cost of providing care to Colorado and require Colorado lawmakers to substantially increase the General Fund contribution to Health First Colorado or cut eligibility, services, provider rates or a combination of the three.

If faced with these cuts, Colorado lawmakers will need to make hard choices regarding a program that pays for critical health care services for children living in poverty, low-wage workers, older Coloradans and Coloradans living with disabilities. Health First Colorado also provides a critical funding stream for hospitals and other providers that serve low-income Coloradans and other underserved communities.

Reduced funding for children enrolled in Health First Colorado will mean less access to critical health care services that promote child health and healthy development.

ⁱ Lisa Clemons-Cope, John Holahan and Rachel Garfield, *Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence*, (Washington, DC: The Kaiser Family Foundation, April 2016) <http://kff.org/report-section/medicaid-spending-growth-compared-to-other-payers-issue-brief/>.

ⁱⁱ Colorado Department of Health Care Policy and Financing, *Joint Budget Committee Hearing: Executive Director's Office*, Slide Presentation (December 14, 2016) <https://www.colorado.gov/pacific/sites/default/files/HCPF%20EDO%20JBC%20Hearing%20Presentation%2012.14.16.pdf>.

ⁱⁱⁱ *2016 KIDS COUNT in Colorado*, (Denver, CO: Colorado Children's Campaign, 2016), <http://www.coloradokids.org/wp-content/uploads/2016/03/2016-Kids-Count-3-30-2016-LOW-RES.pdf>.

^{iv} Id.

^v *Births Financed By Medicaid*, (Washington, DC: The Kaiser Family Foundation, 2016) <http://kff.org/medicaid/state-indicator/births-financed-by-medicaid/?currentTimeframe=0>.

^{vi} *2016 KIDS COUNT in Colorado*, (Denver, CO: Colorado Children's Campaign, 2016), <http://www.coloradokids.org/wp-content/uploads/2016/03/2016-Kids-Count-3-30-2016-LOW-RES.pdf>.

^{vii} Janet Currie and Jonathan Gruber. *Health Insurance Eligibility, Utilization of Medical Care, and Child Health*, *The Quarterly Journal of Economics* 111 no. 2 (1996):431-466; Janet Currie and Jonathan Gruber. *Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women*, *Journal of Political Economy* 104, no. 6 (1996):1263-1296.

^{viii} Rourke L. O'Brien and Cassandra Robertson, *Medicaid and Intergenerational Economic Mobility*. (Madison, WI: University of Wisconsin-Madison, Institute for Research on Poverty (IRP) Discussion Paper No. 1428-15, April 2015); Sarah Miller and Laura Wherry. *The Long-Term Effects of Early Life Medicaid Coverage*. (Ann Arbor, MI: University of Michigan Working Paper, August 2015); Sarah Cohodes, Daniel Grossman, Samuel Kleiner and

Michael M. Lovenheim. *The Effect of Child Health Insurance on Schooling: Evidence from Public Insurance Expansions*. (Journal of Human Resources, 2015); David W. Brown, Amanda Kowalski and Ithai Z. Lurie. Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts? (National Bureau of Economic Research Working Paper, No. 20835, January 2015).

^{ix} Edwin Park. *Medicaid Block Grant Would Slash Federal Funding, Shift Costs to States, and Leave Millions More Uninsured*, (Washington, DC: Center on Budget and Policy Priorities, November, 2016), http://www.cbpp.org/research/health/medicaid-block-grant-would-slash-federal-funding-shift-costs-to-states-and-leave#_ftn5.