



# THE FUTURE OF **Children's Health Coverage** IN COLORADO

## EXECUTIVE SUMMARY



**Healthy Kids  
A Healthy Colorado**

## **Policy Considerations for Insuring Colorado's Kids**

**Health care coverage is essential to ensuring kids grow up healthy and strong.**

Insured children are more likely to get the care they need to stay healthy and recover from illness or injury. Families with uninsured children report that they often do not have a usual source of care, postpone or forgo care they need because of cost and cannot afford prescription medications, putting their children's health and success at risk.

We've made tremendous progress in reducing the number of uninsured children in Colorado. This is due in large part to the fact that making sure kids have health coverage is a shared value. In a time of increasing political polarization, kids' coverage is an issue where Democrats, Republicans and Independents have common ground. Since 2008, Colorado policymakers from both political parties have approved legislative and regulatory changes that have protected and expanded access to coverage for children through public programs and in the private market.

In the midst of this progress on coverage for kids, a broader, complimentary health reform effort has gotten underway. The centerpiece of this effort, the 2010 federal Patient Protection and Affordable Care Act (Affordable Care Act or ACA), has garnered lots of attention, but Colorado has been pursuing health reform through state-level efforts predating the ACA. Colorado is continuing to capitalize on opportunities made possible through the federal framework in ways that are most appropriate for our state and our residents. For example, Colorado elected to create a state-based insurance marketplace rather than use the federal exchange, took state legislative action to ensure the continuation of child-only health insurance products in the private market and opted to streamline Medicaid eligibility for children by eliminating the so-called “stair-step” prior to the federal requirement to do so.

While children will benefit in many ways from policies in the Affordable Care Act, the focus of coverage expansion has shifted to adults, including parents and adults without dependent children, and the ACA addresses issues outside the scope of kids’ coverage. This paper aims to identify the key considerations for ensuring health care coverage for children remains a priority in the coming years.

## **THE KEY QUESTION**

**How will Colorado protect the gains made in kids’ coverage and ensure continued progress toward the shared goal of ensuring all Colorado children have affordable, quality health coverage in the context of broader health reform?**

Of particular importance is the open federal policy question about the future of the Children’s Health Insurance Program (CHIP). This critical piece of the health care safety net provides coverage to children and pregnant women who earn too much to qualify for Medicaid, but cannot afford private health insurance. The federal-state partnership program, which was a bi-partisan policy initiated in 1997, is funded only through 2015. Some have argued that new subsidies for private health insurance, made available through the Affordable Care Act, should negate the need for the CHIP program, allowing federal policymakers to discontinue it without significant consequences for children and pregnant women. Others, however, caution that that may not be the case and urge federal policymakers to extend funding of CHIP to allow more time and analysis of the new coverage options before ending a successful program that has provided critical care benefits to millions of American women and children. The federal policy debate over the future of CHIP is likely to start in 2014 and the outcome of that decision will have profound impacts on children’s health insurance coverage nationally and in Colorado.

The future of CHIP is a critical part of the conversation about the future of kids’ health coverage, but it is not the only one. This paper identifies and explores seven key topics that policy leaders committed to children’s health coverage will grapple with in the months and years to come.

## KEY CONSIDERATIONS

- 1. Continued attention to children's health coverage.** Champions for children's health care – elected officials, health care providers, community leaders and advocates – must remain vigilant about how implementation of health reform and the ACA are impacting affordability, access and quality of coverage for kids. Children live in families and communities that are stronger when adults also have coverage and are healthy, so this should not be an issue of children versus adults. However, we should also endeavor to ensure pediatric-specific needs are not ignored or lost in the shuffle of policy debate and implementation of new programs that are primarily designed to benefit adults.
- 2. The future of coverage for children currently enrolled in CHP+.** An important question regarding health coverage for children is what future coverage options would be available to the approximately 70,000 Colorado kids served by CHP+ today if Congress discontinues funding for CHIP at the federal level. Tens of thousands of families in Colorado have come to depend on and trust the safety net that has been built through the CHP+ program. It is popular with families, providers, and state policymakers because it offers quality coverage at an affordable cost. If it is significantly altered or discontinued, would Colorado families be able to find comparable coverage at a similar cost elsewhere?
- 3. The impact of complex coverage for families with health insurance of various types.** The Affordable Care Act, by design, creates new opportunities for and types of health coverage, which for some families will create complex coverage situations. In these “blended” families, individuals within the same family will have different sources of coverage because of the availability and cost of employer sponsored insurance, varied eligibility requirements of different publicly funded programs (Medicaid and CHP+), and differing immigration status. Research has shown that when parents have coverage, the enrollment and take-up rate of eligible children being enrolled in coverage is greater. Child advocates will need to pay attention to how successful expansions for families are implemented, particularly through newly operating health insurance marketplaces like Connect for Health Colorado. If parents have difficulties with coverage and access, children could be impacted.
- 4. The movement of family members between different types of coverage and being uninsured.** Inevitably, people will move from one type of health coverage to another, or between being insured and uninsured, due to changes in income, age, marital status, disability status, or changes in public program eligibility rules. This is sometimes called “churn” or “movement”. While movement from one program to another has been the reality for years, because of changes mandated by ACA, there is concern that this issue may become more problematic. Advocates and policymakers must be vigilant about details of program implementation to minimize movement and ensure that transitions between coverage types are as smooth and seamless as possible for consumers.

**5. The affordability of coverage.** Private insurance, even with premium assistance, may be more expensive for families than CHP+ or Medicaid and out of reach for working families, especially when considering co-pays and deductibles on top of premiums. Advocates and policymakers should pay close attention to this question and collect baseline information about the current premiums and out-of-pocket expenses families pay now, and compare that to what families will pay when they buy a plan in the new marketplace, including factoring in the additional subsidies for lower income families.

**6. The adequacy of benefits for children.** Under the Affordable Care Act, states are required to establish a benchmark plan that meets certain minimum benefit requirements. Colorado has chosen the Kaiser small group plan (Kaiser Ded HMO 1200D) as the Essential Health Benefits package for our state. For most children, this benefit plan will adequately meet their needs. However, for low-income and vulnerable children with disabilities, there is a lower level of confidence that a private insurance product administered by companies without experience serving children of this income range and health status will be sufficient. Benefits for children in publicly funded programs like Medicaid and CHIP have a child-centric focus, and program administrators, providers and advocates have worked long and hard to assure that children of all backgrounds get the benefits and protections they need to grow up healthy. That same level of attention will need to be paid to ensure newly covered children served by private insurance have the level of coverage needed to support their overall success.

**7. The ability of immigrant children to acquire coverage and access services.** A portion of Colorado's uninsured children are not eligible for Medicaid, CHP+ or subsidized coverage through Connect for Health Colorado due to their immigration status. There are barriers for both legally residing and undocumented children accessing publicly subsidized health care. An important question for the future is whether policymakers, providers, and advocates will be interested in supporting the safety net providers that currently serve all children regardless of their immigration status, in encouraging the state to use federal options to cover legally residing immigrants in Medicaid and CHP+, or in creating new programs or funding streams to provide health care to this population.

Colorado has made incredible progress in providing health care coverage to children, but the work is not done. Together we can capitalize on the opportunities presented by health reform and reach our shared goal of ensuring every Colorado child has high quality, affordable health care.

*This executive summary is taken from a comprehensive report on the future of children's health coverage in Colorado, written by Joan Henneberry and Marci Eads of Health Management Associates (HMA). All Kids Covered Colorado is a statewide, non-partisan coalition dedicated to increasing access to affordable, high quality health insurance coverage and health care services for all children in Colorado. For more information and to access the full report, visit [www.allkidscoveredcolorado.org](http://www.allkidscoveredcolorado.org).*