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How Are California Children Faring on the Fifth Anniversary of the Affordable Care Act?

On March 23, 2010, President Obama signed into law landmark health reform legislation that dramatically improved the landscape of health coverage in the United States. By giving states incentives to expand Medicaid and create new health insurance marketplaces for subsidized coverage, the Affordable Care Act (ACA) extended coverage to millions of previously uninsured or under-insured Americans. The ACA also put in place much-needed changes in the health care industry. In California, millions of children and families have already benefited from the ACA.

The ACA authorized new affordable health coverage options for California's children and families

Under the ACA, more than 93 percent of children in California are now enrolled in health coverage.ⁱ

Medicaid (Medi-Cal in California)

The ACA allowed California to expand Medi-Cal to adults, including parents, with incomes below 138 percent of Federal Poverty Level (FPL), (\$27,794 annually for a family of three)ⁱⁱ starting in January 2014. As a result, 3 million additional Californians have already enrolled in Medi-Cal, which will improve their health, and the health and well-being of their families. Research shows that children with insured parents are more likely to have health insurance and more likely to receive well-child and prevention services.ⁱⁱⁱ

More than 12 million Californians now have health insurance through Medi-Cal. More than 1 in 3 Californians, including 1 in every 2 California children, are Medi-Cal enrollees.^{iv} Medi-Cal is available to California children in families with incomes below 266 percent of the FPL (\$53,440 for a family of three)^v Children in Medi-Cal are guaranteed comprehensive health benefits with no/minimal cost-sharing up to age 21 through Medicaid's Early Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, which provides any "medically necessary" service. In January 2014, the ACA also extended Medi-Cal coverage to former foster youth up to age 26.

Covered California

Covered California, the state's health care marketplace that was created as a result of the ACA, provides many Californians with a way to compare and purchase health insurance. Most children and families with incomes below 400 percent of FPL (\$80,360 for a family of three)^{vi} are eligible for subsidies to offset the costs of premiums. More than 11 million (86 percent) people in the nation are eligible for subsidies.^{vii}

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California was the first state to launch a health insurance marketplace, starting coverage on January 1, 2014. As of March 2015, nearly 1.4 million Californians had coverage through Covered California, approximately 98,500 of whom are children.^{viii}

The ACA requires most employer-based plans and all plans in the exchanges to offer standard services. These “essential health benefits” include primary/specialty care, pediatric services including oral and vision care; and outpatient treatment, hospitalization, and mental health services.

The ACA reformed health insurance for children and youth

As of September 23, 2010, the ACA required insurers to:

- **Provide no-cost preventive care for children and adults.** Insurers can no longer charge a co-pay for preventive services such as well-child visits, immunizations, and developmental screenings. An estimated 1.6 million California children are receiving expanded coverage of preventive services as a result of the ACA.
- **Offer health coverage to young adults until age 26 on their parents’ plan.** Thanks to this provision, over 435,000 young adults in California have gained coverage.
- **End discrimination against children with pre-existing conditions.** Children with a pre-existing health condition, like asthma or diabetes, can no longer be denied coverage by insurance companies, which benefits more than 600,000 California children.
- **Eliminate caps on health coverage.** Insurance companies are now prohibited from placing restrictive annual or lifetime caps on coverage, and from rescinding coverage when a person becomes sick, benefitting an estimated 3.2 million California Children.^{ix}

The ACA strengthened Medicaid and the Children’s Health Insurance Program (CHIP). Together, Medicaid and CHIP serve more than *half* of all California children. Specifically, the ACA:

- Extended funding for CHIP through 2015, and increased the Federal share of CHIP costs.
- Increased Medi-Cal reimbursement rates for primary care providers in 2013 and 2014 to improve access to care.
- Required states to maintain eligibility levels for Medicaid and CHIP without new enrollment hurdles for children until 2019 through a “maintenance of effort” provision.

California must take action to address remaining challenges to children’s health and fulfill the promise of the ACA

Despite advances made under the ACA, 7 percent (390,000) of California’s children remain uninsured and millions of California children face challenges with the affordability and access to care.

California should take immediate action to:

Provide health coverage to all California children, regardless of immigration status.

Undocumented immigrants are currently ineligible for coverage through Medi-Cal or Covered California. An estimated 170,000 California children are uninsured due to immigration status.

Ensure all children who are eligible for affordable coverage are enrolled by improving eligibility and enrollment systems. An estimated 160,000 uninsured children are eligible for free or low-cost coverage through Medi-Cal but are not enrolled; and an estimated 10,000 uninsured are eligible for subsidies through Covered California.^x

Evaluate and address affordability. Despite drastically reduced costs for many under the ACA, affordability is still an issue for some. In particular, the “family glitch” prevents some working families from receiving subsidies in the exchange; if offered employer-based “affordable” insurance. The Department of Treasury has defined “affordability” based only on the cost of individual coverage, ignoring the fact that coverage for the entire family may cost much more. The definition of “affordability” must be changed to take into account the significantly higher cost of family coverage so families are not unjustly locked out of affordable care. In addition, more data are needed to determine the extent to which cost-sharing in Covered California is creating barriers to care.

Improve access to care to ensure children in Medi-Cal and Covered California are able to see a provider when they need one. The temporary boost in reimbursement for Medicaid primary care providers under the ACA has expired. Currently, California ranks 48th among states in reimbursement rates for Medi-Cal providers and 49th for total child spending, contributing to provider shortages and undermining access to primary and specialty care for children. Additional data are needed to determine if networks are adequate to support the demand in Medi-Cal and Covered California. California should increase reimbursement rates to ensure adequate provider networks, and consistently monitor the effect of reimbursement on children’s access to care.

ⁱ California Department of Health Care Services. 2015. Frequently Asked Questions.

ⁱⁱ California Department of Health Care Services. 2015. All County Letter March 11, 2015.

ⁱⁱⁱ Center on Budget and Policy Priorities and Georgetown Center on Children and Families. 2012. “Expanding Coverage for Parents Helps Children: Children’s Groups Have a Key Role in Urging States to Move Forward and Expand Medicaid.”

^{iv} California Department of Health Care Services. 2015. Frequently Asked Questions.

^v California Department of Health Care Services. 2015. All County Letter March 11, 2015.

^{vi} Families USA, February 2015. Federal Poverty Levels.

^{vii} New York Times. Robert Pear. March 11, 2015. “86 Percent of Americans Are Eligible For Subsidies.”

^{viii} Covered California. 2015. Executive Director’s Report, March 5 2015. Estimates by The Children’s Partnership/CDF-CA.

^{ix} 100% Campaign and CDF-CA Press Release. March 2012. Millions of California Children Benefit from the Affordable Care Act.

^x UC Berkeley Labor Center. 2015. “Which Californians will Lack Health Insurance under the Affordable Care Act?”