



***Carolina Cares for Children:  
Ensuring a Healthy Future for  
All of North Carolina's Children***

We all want our children and youth to grow up healthy and high quality health care is critical to ensuring this happens. In the last 70 years the United States has built a series of modern networks that are essential to our economy and our quality of life. These networks provide many public goods such as utilities, transportation, education and retirement security. Unfortunately, with health insurance coverage, the United States is stuck in the 1940s, because a modern infrastructure for health coverage has not been built. Instead, the system has relied on a patchwork of employer-provided health insurance, privately purchased health insurance and public health insurance. Gaps in this system of care leave enough to fill UNC's Dean Dome twelve times over without health insurance.

We need to get ahead of the problem by instituting a long-term plan that will ensure the healthy futures of our children. That is why Action for Children North Carolina has worked with a coalition of business and civic leaders to develop *Carolina Cares for Children*, a step-by-step plan to ensure health coverage to all children. This plan builds upon the resounding success of Medicaid and Health Choice by extending health insurance access to children in all families. As a first step, *Carolina Cares for Children* would enable working parents to buy into the children's health insurance system on a sliding scale adjusted for income.

*A More Stable System is Needed to Provide Health Insurance*

Health insurance coverage in the United States has long been primarily job-based, which worked well in an economy where most people worked for one company for their whole lives. However, today's modern global economy where workers often work for multiple companies in the course of their employment makes this system less reliable as a means of providing health insurance. At the same time, health insurance costs have increased much faster than inflation. Indeed, due to rising health care costs, many employers today do not offer health insurance to their employees. The current system of job-based health insurance has become increasingly hit-or-miss, inefficient and unreliable. It is time to restructure America's health insurance system into a unified system that makes health insurance accessible to all of us.

*Providing Healthy Futures for Our Children*

There are many steps necessary to lay the groundwork for a new health insurance system. One way to start building a new system is to build upon foundations that are already in place. Medicaid, the federal program that provides health insurance to our poorest children, has been very successful. Medicaid has provided health insurance coverage to children in families earning below the federal poverty limit (around \$20,000 for a family of four) since 1965. In the late 1990s, the federal government created the State Children's Health Insurance Program (SCHIP, Health Choice in North Carolina) to provide insurance for children living in families earning up to 200% of the federal poverty limit (FPL). SCHIP was created in response to the growing need for health insurance for children in low-income families, most of whom have parents working jobs that do not provide access to health insurance for dependants.

Action for Children has worked with a coalition of business and civic leaders to develop *Carolina Cares for Children*, a plan that builds upon the resounding success of Medicaid and Health Choice and provides access to health insurance to all children. *Carolina Cares for Children* is

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needed because cracks in the current system of care have left 264,000 children in our state without coverage. If these children joined hands, they would stretch from Greensboro to Wilmington. Gaps in children's health coverage mean missed opportunities for our children. Children who have health insurance are healthier and perform better in school than their uninsured peers. The cracks in our child health insurance system can be fixed and the healthy futures of North Carolina's children ensured by expanding the current public health insurance system to provide access to care for all children.

#### *Carolina Cares for Children: The Details*

The *Carolina Cares for Children* program builds on the success of North Carolina's other public health insurance programs. *Carolina Cares for Children* will ensure that all children have access to high-quality, affordable health insurance. To respond to the problem of the growing number of uninsured children, the proposal is to implement a new publicly-sponsored children's health insurance program. Below is an outline of the program's characteristics:

- *Separate but seamless program:* With the working title, *Carolina Cares for Children*, the program will be as seamless as possible with the current Medicaid and Health Choice programs, but will be a separate program.
- *Traditional plan with families sharing in costs:* The program will operate as a traditional insurance program, with monthly premiums and with deductibles and co-pays that encourage appropriate utilization with an emphasis on preventive care and a medical home for each child.
- *Sliding scale subsidy:* To facilitate the enrollment of children, a sliding scale public subsidy of premiums will be available for working families with incomes between \$42,000-62,000 (average premium ~\$65.50); families with incomes above \$62,000 may buy into the program at full premium cost (~\$160/month)
- *Comparable benefits:* Benefits will be essentially the same as those available through Medicaid and Health Choice. (Dental care will not be covered initially; this service area will remain under study.)
- *Medicare reimbursement rates:* Provider reimbursement rates will generally be at Medicare rates.
- *State sponsored:* The State Division of Medical Assistance will be responsible for the program, and application, eligibility determination and outreach procedures will be the same as those currently used by Medicaid and Health Choice. However, with DMA oversight, private insurers could participate by offering plans with an equal or better benefit package.
- *Up to age 19:* North Carolina residents under age 19 will be eligible for enrollment. Subsidies will not be available for children who do not meet federal citizenship/immigration requirements.

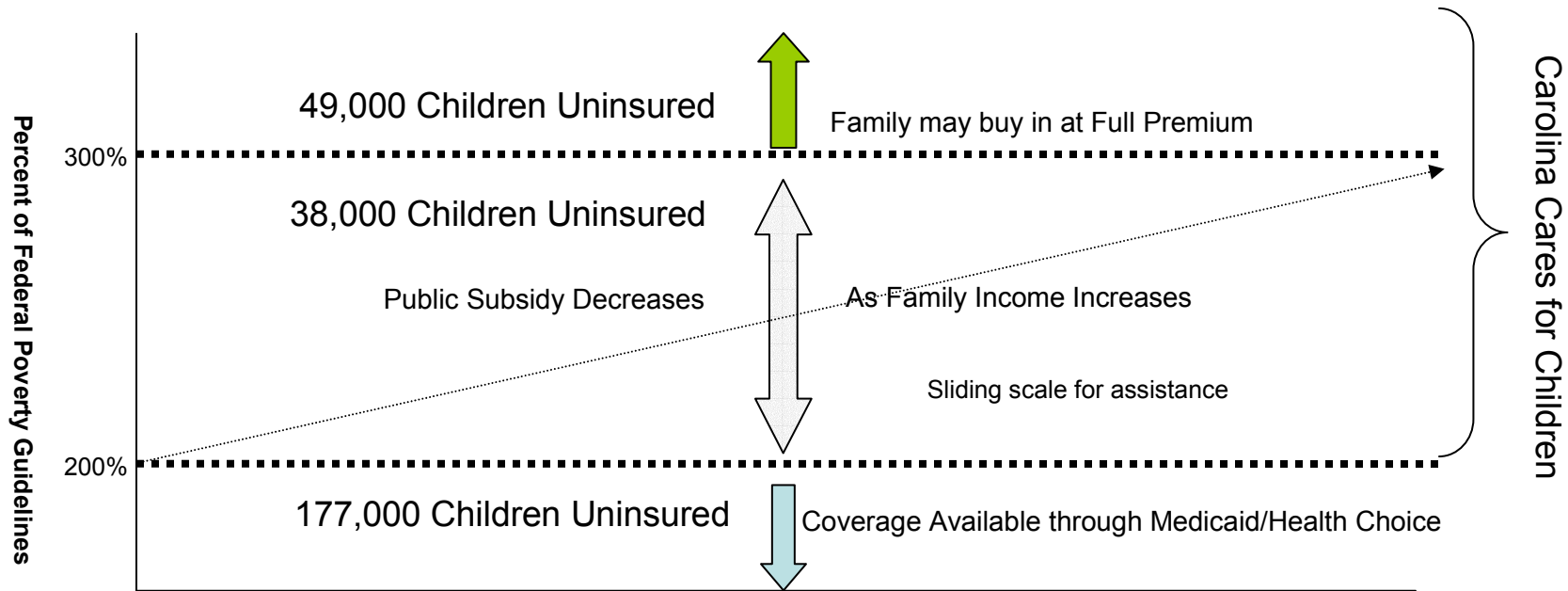
#### *Final Thoughts*

North Carolina's broken system of providing health insurance to children fails 1-in-8 children. North Carolina's future success lies with its children; healthy children today means a healthy workforce tomorrow. Thus, it is critical that North Carolina ensure healthy futures for all children by taking the first step in expanding access to health insurance for all children. This is a wise long-term investment and an opportunity that must be seized.



## Carolina Cares for Children

### All NC Children Can Be Offered Health Insurance for \$21 Million in New State Costs



SOURCE: Federal Register, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849  
 2006 HHS Based on 4 Persons in Family or Household = \$20,000  
 For each additional /less person, add/subtract \$3,400

### Carolina Cares for Children Highlights

- Carolina Cares for Children extends health coverage to children above 200% of the federal poverty line (FPL). The state covers a portion of the cost between 200% and 300% FPL and the families pay the rest, based on a sliding scale. Families above 300% FPL can buy in at full cost (\$160 per month).
- Families pay premiums, co-payments and deductibles.
- The average Carolina Cares for Children enrollee between 200% and 300% FPL would pay \$65.50 each month for premiums.
- Medicaid and Health Choice do not change.