Georgetown University Health Policy Institute
Center for Children and Families

About Medicaid for Children and Families

Introduction

Enacted in 1965 under Title XIX of the Social Security Act, Medicaid was initially created to provide medical assistance to individuals and families receiving cash assistance. Today, Medicaid provides health coverage for millions of individuals who have no ties to cash assistance, including children in low-income families who lack access to private health insurance and on a smaller scale, their parents. This primer provides a very general overview of the program rules relating to children.

Structure

States administer Medicaid subject to oversight by the federal government. Federal law outlines broad requirements that all state Medicaid programs must fulfill. However, states have wide discretion regarding program dimensions such as eligibility and service delivery systems. All children and parents who apply for and qualify for Medicaid are guaranteed coverage. A state cannot cap enrollment or create a waiting list in Medicaid.

Eligibility

To qualify for Medicaid, children must meet certain eligibility rules. These include:

Income	State Medicaid programs must cover certain "mandatory" populations, including children under age 6 with family incomes below 133% of the federal poverty level (FPL) and children ages 6-18 with family incomes below 100% of the FPL. States, however, have broad flexibility to expand Medicaid eligibility beyond the federal minimum standards. States can also establish an asset or resource requirement for children, but they have the option to eliminate it.
Age	States must cover children up to 18 years of age. States have the option to cover 19 and 20 year olds.
Insurance Status	Children generally do not have to be uninsured to obtain Medicaid coverage. Any private insurance an individual has is treated as a third party payer and is liable for the cost of care provided to the individual under the terms of the private plan. Medicaid "wraps around" the private insurance, providing care that otherwise would be uncovered and keeping cost sharing charges to the level allowed in Medicaid.
Citizenship/ Immigration Status	Medicaid covers citizens and certain legal immigrants. States have the option of covering lawfully present immigrant children who have not been in the country for five years (with exceptions for refugees). Federal funds may not be used to cover undocumented children (except for emergency or pregnancy-related services). Some states use state funding to provide coverage to children regardless of immigration status.

Renewal	Federal law generally requires states to review eligibility circumstances at least every 12 months. States can either review eligibility when financial circumstances change or they can enroll children for periods of up to 12 months, regardless of changes in income, through a continuous eligibility option.
Documentation	States have discretion in requiring families to provide documentation of income or other eligibility requirements. The only eligibility criteria that federal law requires families to document is immigration status and citizenship status (unless the state implements an option to use electronic means for documenting citizenship). In addition, states are responsible for checking the accuracy of information through administrative means if it is not documented by families.
Parents and Adults	States must provide coverage to pregnant women with family incomes below 133% of the FPL and parents with incomes below states' July 1996 welfare eligibility levels (often below 50% of the FPL). States have discretion to provide coverage to these groups above the minimums. Adults who are not disabled, pregnant, or elderly, and have no minor children generally have historically been excluded from the Medicaid; however, this will change in 2014, when, under the health reform, Medicaid eligibility will expand to a national minimum of 133% FPL.

Financing

The federal government matches state spending on Medicaid on an open-ended basis. The federal matching rate can range from 50% to 76%, depending on a state's per capita income. States with higher per capita incomes have a lower federal matching rate.

States can also receive a performance bonus for implementing enrollment and renewal strategies and increasing Medicaid enrollment for children. The size of the payment can vary from 15% to 62.5% of the average cost to a state of covering a child, depending upon the extent to which a state's enrollment exceeds target levels.

Benefits

States must provide children with a comprehensive benefit package, although for other populations they have substantial flexibility to design their benefit packages subject to certain minimum requirements. For adults, states must provide "mandatory services," which include hospital care and physician services.

States also have the option to cover additional services, such as prescription drugs. In all cases the scope of the services covered must be sufficient to generally meet the needs of enrollees.

Medicaid guarantees comprehensive services for children through Early and Periodic Screening, Diagnosis, and Treatment (EPSDT). EPSDT is intended to assure a uniform federal benefit package for children, covering screening and early intervention services to promote children's healthy development, as well as vision, dental, and hearing services, and the diagnostic and treatment services that a child may need.

The scope of benefits and the standards for accessing benefits often exceeds those that exist in the private insurance market. Nonetheless, most children in Medicaid do not require extensive

services; children are by far the least expensive group covered by the program, costing, on average, $1,654 per child, compared to $2,066 per adult, $10,884 per disabled enrollee, and $12,893 per elderly enrollee. In addition, although children and their parents make up the majority of the Medicaid population, they account for less than 40 percent of federal Medicaid spending (Congressional Budget Office, March 2011).

Cost Sharing

States may impose cost sharing for some children enrolled in Medicaid, within federal guidelines. Except for "mandatory children" a state may impose premiums for children, with some limitations based on family income. Co-payments are also allowed, with some restrictions for children with family incomes up to 150% of the federal poverty level. States cannot count money raised through premiums or cost sharing as state dollars for the purposes of meeting the federal matching requirements.

Research has shown that premiums in Medicaid and CHIP depress enrollment because of the financial burden they impose on families, potentially increasing the number of uninsured children.