

Welcome to the American Academy of Pediatrics (AAP) Medicaid and SCHIP Update March 18, 2003

PLEASE NOTE: ALL REPLIES SHOULD BE SENT TO schip@aap.org

Previous updates are available on the AAP Web site at <http://www.aap.org/advocacy/schiprep.htm> .

New and Noteworthy

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2. Center on Budget and Policy Priorities Report Examines Medicaid Expenditures
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New and Noteworthy

1. AAP: Administration's Medicaid Proposal Unhealthy For Kids

What follows is a summary of the AAP's position on the Administration's proposal to overhaul Medicaid:

The AAP, an organization of 57,000 primary care pediatricians, pediatric medical subspecialists and pediatric surgical specialists, is deeply committed to protecting the 27 million children who receive health care through Medicaid and SCHIP. As such, the Academy is deeply concerned with the recent announcement of the Administration's plan to reform the Medicaid and SCHIP programs. Under the Administration's proposal, states that agree to capped federal funding would receive a limited, loaned increase in federal funding, which would have to be paid back. This proposal would effectively eliminate the SCHIP program, and open the door to unchecked authority for states to cut benefits and services. Capped payments to states would only jeopardize the health care safety net for our nation's most vulnerable citizens. Under the Administration's proposal, over eight million children stand to lose the comprehensive care they now receive.

The AAP urges governors across the nation to renew their commitment to the health and welfare of children. Rather than accept the Administration's proposal, governors should call for real fiscal relief that protects children and families.

2. Center on Budget and Policy Priorities Report Examines Medicaid Expenditures

A recent report from the Center on Budget and Policy Priorities (CBPP) examines Medicaid expenditures and causes of Medicaid spending increases. The report analyzes Congressional Budget Office (CBO) projections for fiscal years 2002 to 2004, and shows that Medicaid costs will continue to increase over this timeframe. However, the report indicates that less than one-fifth of the growth in Medicaid expenditures reflects increases in the costs of serving children and non-elderly adults. Moreover, the report states that the CBO projects no increase in costs between 2002 and 2004 from the enrollment of additional children or adults, since overall enrollment is expected to decline as the economy recovers. The report states that even if the economy does not recover as quickly as the CBO projects - and enrollment of children or adults continues to rise - this would still add relatively little to overall Medicaid expenditure growth as per capita costs of covering children and non-elderly, non-disabled adults is relatively low.

Source: Ku L, Broaddus M. Why are States' Medicaid Expenditures Rising? Center on Budget and Policy Priorities. January 13, 2003. Available at: <http://www.cbpp.org/1-13-03health.htm>. Accessed February 27, 2003.

3. Families USA Report Shows Medicaid Helps State Economies

A new report from Families USA documents the positive impact Medicaid spending has overall on state economies. While states are considering cuts to their Medicaid programs, this report shows just how large an effect those cuts will have on states by showing how many jobs and how much business activity are generated by Medicaid spending in the states. The report indicates that state Medicaid spending in 2001 generated over 2.9 million jobs, or approximately 58,785 per state on average. Moreover, the report shows that for every \$1 million cut in Medicaid, a state stands to lose 37 jobs on average, and an average of \$3.4 million in business activity.

A copy of the Families USA report, Medicaid: Good Medicine for State Economies, can be accessed online at: <http://www.familiesusa.org/Good%20Medicine%20report.pdf>

Families USA has also created a Medicaid calculator, which shows how cuts of different dollar amounts will affect state economies in terms of jobs, business activity, and salaries and wages. Advocates can input dollar amounts for their individual states, online at: <http://www.familiesusa.org/Calculator/USmap.htm>.

4. Study: Well-Child Care Lowers Use of Emergency Departments

Preventive care is the cornerstone of pediatrics. New data from a recent study clearly show that not only are preventive services of benefit to children, but that they are also effective at lowering the risk of emergency department (ED) use. This study, published in the October issue of the Archives of Pediatrics and Adolescent Medicine, examined the association between ED use and compliance with AAP guidelines for well-child care. The researchers found that compliance with AAP recommended well-child visits during the first two (2) years of life was related to decreased risk of ED use.

Source: Hakim R, Ronsaville D. Effect of Compliance with Health Supervision Guidelines Among US Infants on Emergency Department Visits. Archives of Pediatrics and Adolescent Medicine. 2002; 156:1015-1020.

5. Pediatric Managed Care Training Module Now Available

The George Washington University Medical Center's Center for Health Services Research and Policy (CHSRP) recently developed a pediatric managed care training module for use by all payers, providers, state and local health departments, and advocates who are concerned with the health care of children. The module is a learning course to help interested parties learn about managed care contracting for pediatric services, as well as write and negotiate contracts to ensure that children, particularly Medicaid and SCHIP children, receive quality care.

The link to the Training Module is provided below, and for more information on CHSRP's work on managed care contracting, please visit the managed care section of CHSRP's Web site at: http://www.gwhealthpolicy.org/managed_care.htm

CHSRP, Pediatric Managed Care Training Module, November 2002
<http://www.gwhealthpolicy.org/pedsmod/pages/index.html>

6. Cover the Uninsured Week

The American Academy of Pediatrics (AAP) is a national sponsor of "Cover the Uninsured Week," which runs March 10-16. Cover the Uninsured Week is a week-long series of national and local activities that are intended to sensitize the public and opinion leaders to the plight of the uninsured in America today.

The AAP remains committed to securing health insurance coverage for the more than 9 million children and adolescents in the US who are currently uninsured. Although children are the least expensive segment of the population to insure, they are the least able to have control over whether or not they have insurance. Children are also extremely vulnerable to long term effects of not receiving needed health care. For example, compared to insured children, uninsured children:

- * are more likely to be hospitalized for conditions that could have been treated by a primary care physician;
- * are up to six times more likely to have gone without needed medical, dental, or other health care;
- * are up to four times more likely to have delayed seeking care because their parents were worried about the cost of treatment;
- * are nearly six times less likely to get needed prescriptions filled;
- * are up to 10 times less likely to have a regular source of care.

Health Insurance Flexibility and Accountability (HIFA) News

7. New Jersey HIFA Waiver Approved

On January 31, New Jersey received approval for its HIFA waiver proposal, which will add an expected 12,000 adults who do not currently have insurance to NJ FamilyCare. The coverage will be available to uninsured parents and relative caretakers of children in the Medicaid and SCHIP programs whose incomes are at or below 133% of the federal poverty level (FPL). New Jersey joins Arizona, California, Colorado, Illinois, Maine, New Mexico, Oregon, Tennessee, and Utah as states that have received approval for HIFA or HIFA-like programs.

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ABBREVIATIONS and ACRONYMS

AAP - American Academy of Pediatrics
CBO - Congressional Budget Office
CBPP - Center on Budget and Policy Priorities
ED - Emergency Department
FPL - Federal Poverty Level
HIFA - Health Insurance Flexibility and Accountability
SCHIP - State Children's Health Insurance Program

Send comments or questions to SCHIP@aap.org or contact Dan Walter at the American Academy of Pediatrics at (800) 433-9016 ext 4086.

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