

State Roles and Partnerships

It is the position of the American Academy of Pediatrics that health care reform should:

- ★ Recognize the critical role states play in the health care system, often acting as system innovators.
- ★ Strengthen or build upon minimum standards set by the federal government and expanded upon by states in Medicaid, the Children's Health Insurance Program (CHIP), and the Maternal and Child Health Block Grant (Title V) – programs of critical importance to children.
- ★ Recognize and strengthen state insurance plan requirements that protect children in the private health insurance market, including minimum benefit and other standards.
- ★ Acknowledge the role states play in supplementing existing federal-state health care programs that impact children, including the financing of care provided to children through countless public health and human services programs. Federal efforts should enhance state initiatives.

The Issue

Medicaid and CHIP are vital programs that provide health insurance coverage to approximately 26 percent of children between birth and age 21 years in the US. The unique nature of each program as a federal-state partnership establishes critical roles for states in ensuring all children receive appropriate care. Federal standards, such as the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program; the "equal access" provision of Medicaid law; minimum eligibility, enrollment, benefits, and cost sharing; and managed care standards provide basic requirements that states must meet in these programs. Flexibility above federal standards gives states the ability to address unique state needs, including health disparities and expanded coverage to new populations. Federal efforts should strengthen existing requirements, and encourage states to find and enroll all eligible children.

States play a critical role in guaranteeing the health care children receive in the private sector as well. State benefit mandates, such as well-child care and immunizations, ensure that needed services are provided in all insurance plans regulated by states. Employee Retirement Income Security Act (ERISA) plans do not have to meet state rules. Moreover state insurance regulations protect consumers throughout the state. Federal health reform efforts should build upon state private health insurance requirements to ensure that care is appropriately provided, and that minimum insurance plan thresholds are met. Federal reform efforts should not replace existing state standards with weaker standards.

Current Status

Federal health care reform proposals vary as to the role of states in newly proposed or existing health care systems. In some proposals, Medicaid and CHIP, administered through the state-federal partnership, are retained. In others, the federal government may play a greater role in administering public health care programs for children, affecting coverage in Medicaid and CHIP. The MediKids Health Insurance Act, the Academy's gold standard for children, would create a new federal program in which all children would be eligible. In other proposals, states are granted new authority to govern and/or administer new health care programs, affecting both public and private coverage. In all plans, federal and state efforts should ensure that all children – including those uninsured and underinsured – receive appropriate coverage, access to care, and treatment.

State regulatory powers may be affected by federal health reform efforts. Efforts to federalize or harmonize state requirements in both the public and private health insurance markets would impact states differently. Finally, states play a critical role in financing additional care to children through other health and human services programs. Federal health care reform efforts must ensure that all children receive comprehensive health services.