



FAMILY COVERAGE MATTERS

Issue Brief Summary
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Differences that Make a Difference: Comparing Medicaid and the State Children's Health Insurance Program Federal Benefit Standards

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The principle that children ought to have access to the health care they need enjoys broad support. Consistent with this principle, Congress has long required states, as a condition of receiving federal Medicaid funding, to provide children with comprehensive coverage under their state Medicaid programs. This broad coverage standard is particularly important for Medicaid-eligible children whose health care needs are often greater than the norm and whose families' limited incomes make it difficult for them to afford care that Medicaid does not cover.

In the context of the federal budget debate, Congress is considering a proposal advanced by the National Governors Association to replace these rules for some children with a benefits standard modeled after the State Children's Health Insurance Program (SCHIP). This Issue Brief analyzes the profound differences between these two standards and the health care guarantees that children would lose if the Medicaid standard was replaced by SCHIP-like rules.

Key Findings

- **Medicaid's benefit guarantee for children (known as "EPSDT") is designed to assure access to care at a level that is consistent with each child's medical needs.** The Medicaid benefits standard, which is much stronger for children than for adults, requires state Medicaid programs to cover preventive care as well as all medically necessary services that a child has been determined to need.
- **Federal SCHIP standards are much weaker, permitting coverage that can be ill-suited for children with special health care needs and limited incomes.** Some SCHIP plans, for example, limit services like speech or physical therapy to situations where substantial improvement is expected within a short period of time, a standard that does not address the needs of children with ongoing developmental problems. One state reduced its mental health coverage for SCHIP children by half due to budget constraints, and some limit coverage for certain mental health conditions to 20 outpatient visits a year regardless of need. Well-child care must be provided under SCHIP, but routine dental, vision, and hearing care need not be covered.
- **Without strong federal Medicaid standards, fiscal pressures will result in wide variation, ending the national commitment that all children enrolled in Medicaid have access to comprehensive care.** The variation across states could be even greater than in SCHIP in part because SCHIP's higher federal matching rate is an incentive for states to provide broader coverage. Medicaid matching rates are not as favorable to states. Without strong federal standards, the progress that has been made to assure children access to the health care they need is likely to be reversed.

Table 1

Medicaid and SCHIP: Services Covered and Service Limitations

| | Medicaid | SCHIP | Examples Of SCHIP Exclusions and Limitations |
|---|--|---|---|
| What services must be covered? | All services a child is determined to need must be covered as long as the service is the type of medical assistance that can be covered under Medicaid. | Well-child services, immunizations and emergency services must be covered; states can generally determine which other services they will cover as long as the plan meets or is actuarially equivalent to a benchmark plan or has been approved by the Secretary of HHS. | Hearing aids not covered (MT). Eyeglasses not covered (UT). Speech therapy to address delayed language development or articulation disorders not covered (MS). Dental care not covered (TX) – very limited coverage will be provided beginning in 2006. |
| What kinds of limits on covered services are permitted? | Coverage must be consistent with the health needs of the particular child. States can limit coverage based on a child's needs but cannot impose pre-set, across-the-board limits on children's services. | Federal standards generally leave the scope of services to states' discretion as long as the plan meets or is actuarially equivalent to a benchmark plan or has been approved by the Secretary of HHS. | Inpatient mental health services limited to 15 days/year (NH). Outpatient mental health services for certain conditions limited to 20 visits/year (CO). Lead screening not required as part of regular well-child visits (NH, MT, TX, IA, MI, MS). Dental coverage capped at \$500 or less per year (CO, MT). Speech therapy only covered if substantial improvement will result within 60 days (NY). |
| <p>Source: Sara Rosenbaum, Anne Markus, Colleen Sonosky, George Washington University, <i>Public Health Insurance Design for Children: The Evolution from Medicaid to SCHIP</i>," Journal of Health & Biomedical Law, 1 (2004), updated by Anne Markus and Richard Mauery of George Washington University and CCF researchers.</p> | | | |

Full issue brief is available online at www.ccfgeorgetown.org.