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## Expanding Medicaid for Parents Improves Coverage and Health for Both Parents and Children

By Jessica Schubel

When parents have health insurance, their children are more likely to be insured, a highly credible recent study confirms. Medicaid coverage expansions for parents over the years, including the Affordable Care Act's (ACA) expansion, have translated into significant coverage gains for children. Medicaid coverage has health and other benefits for children that extend into adulthood, other research shows. Children also benefit directly when their parents gain coverage because the parents have better access to care and health outcomes and the family has more financial security.

### When Parents Gain Coverage, Children Do Too

Most children in families with low incomes were eligible for Medicaid even before the ACA, but Medicaid eligibility for parents was limited and varied considerably across states. The median pre-ACA income eligibility limits were 61 percent of the poverty line for working parents and just 37 percent for unemployed parents.<sup>1</sup> Some states, however, used Medicaid demonstration authority to expand coverage for parents and other adults with low incomes.

Oregon adopted such an approach, but since it only provided enough state funding to cover a limited number of people, it allocated those Medicaid slots by lottery. This, however, allowed researchers to rigorously study how gaining health coverage affects various outcomes, since lottery winners gained coverage purely due to chance and were otherwise similar to lottery losers.

A recent study used the Oregon Health Insurance Experiment to examine what happens to children's coverage when adults in their household become newly eligible for Medicaid.<sup>2</sup> Even though virtually all children in these households were already eligible for Medicaid, children's coverage rose by about 5 percent more in households with lottery winners than in households with

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<sup>1</sup> Martha Heberlein *et al.*, "Getting in Gear for 2014: Findings From a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2012–2013," Kaiser Family Foundation, January 2013, <https://www.kff.org/medicaid/report/getting-into-gear-for-2014-findings-from-a-50-state-survey-of-eligibility-enrollment-renewal-and-cost-sharing-policies-in-medicaid-and-chip-2012-2013/>.

<sup>2</sup> Adam Sacarny *et al.*, "Out of the Woodwork: Enrollment Spillovers in the Oregon Health Insurance Experiment," National Bureau of Economic Research Working Paper 26871, March 2020, <https://www.nber.org/papers/w26871.pdf>.

lottery losers. This means that for every 9 adults gaining coverage through the lottery, 1 child gained coverage as well — even though many of those adults did not live in households with children.<sup>3</sup>

This finding is consistent with other research that shows extending coverage to adults increases children’s coverage as well. For example, a 2003 study found that children in states that expanded Medicaid coverage to parents participated in Medicaid at a rate 20 percentage points higher than children in states with no such expansions.<sup>4</sup> The same study also found that Massachusetts’ adult Medicaid expansion in the late 1990s led to a 14 percentage point increase in Medicaid coverage among children, mostly among those already eligible but not enrolled.

The same thing occurred when the ACA expanded Medicaid for parents and other adults. Participation in Medicaid and the Children’s Health Insurance Program had been steadily increasing before the ACA, but in 2014, the first year of full ACA implementation, participation gains were larger in states expanding Medicaid under the ACA (3.0 percentage points, on average) than in non-expansion states (1.9 percentage points).<sup>5</sup>

Similarly, another study found that Medicaid enrollment increased disproportionately for children whose *parents* became newly eligible. Over 700,000 children gained coverage from 2013 to 2015 as states implemented the ACA’s Medicaid expansions.<sup>6</sup>

Unfortunately, children’s coverage has declined in the past few years, eroding some of the gains under the ACA. The number of uninsured children rose by over 700,000 between 2016 and 2019.<sup>7</sup> Expanding coverage to more adults could help reverse this erosion and restart progress on children’s coverage.

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<sup>3</sup> The study found that differences in children’s coverage between households that won or lost the lottery faded over time, but so did differences in adult coverage, as lottery losers gained eligibility through other avenues and some lottery winners became ineligible for Medicaid. One would expect the differences in children’s coverage rates to shrink as the differences in adult coverage lessened.

<sup>4</sup> Lisa Dubay and Genevieve Kenney, “Expanding Public Health Insurance to Parents: Effects on Children’s Coverage under Medicaid,” Health Services Research, October 7, 2003, <https://onlinelibrary.wiley.com/doi/abs/10.1111/1475-6773.00177>.

<sup>5</sup> Genevieve Kenney *et al.*, “Children’s Coverage Climb Continues: Uninsurance and Medicaid/CHIP Eligibility and Participation Under the ACA,” Urban Institute, May 2016, <http://www.urban.org/sites/default/files/publication/80536/2000787-Childrens-Coverage-Climb-Continues-Uninsurance-and-Medicaid-CHIP-Eligibility-and-Participation-Under-the-ACA.pdf>.

<sup>6</sup> Julie Hudson and Asako Moriya, “Medicaid Expansion For Adults Had Measurable ‘Welcome Mat’ Effects on Their Children,” *Health Affairs*, September 2017, <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2017.0347?journalCode=hlthaff>.

<sup>7</sup> Matt Broaddus and Aviva Aron-Dine, “Uninsured Rate Rose Again in 2019, Further Eroding Earlier Progress,” Center on Budget and Policy Priorities, September 15, 2020, <https://www.cbpp.org/research/health/uninsured-rate-rose-again-in-2019-further-eroding-earlier-progress>. Some of the decline in children’s coverage is likely due to changes in immigration policy by the Trump Administration that may deter parents from enrolling their eligible children into Medicaid.

## Medicaid Coverage Improves Families' Access to Care, Health, and Financial Security

A large and growing body of research shows Medicaid expansion has improved access to medical care and health for parents and other adults with low incomes.<sup>8</sup> In Arkansas and Kentucky, parents and other adults with low incomes saw significant gains in access to care and improvements in self-reported health compared to those in Texas, which hasn't expanded Medicaid.<sup>9</sup> And mental health outcomes improved among parents who gained Medicaid coverage through pre-ACA increases in state eligibility limits.<sup>10</sup>

Improved parental access to care and health is important to their children because children's health and development depends in part on their parents' health and well-being. Children's relationships with their parents can influence their brain structure and function, such as by mitigating the negative effects of trauma, poverty, or other adverse childhood experiences.<sup>11</sup> For example, maternal depression can negatively affect children's cognitive and social-emotional development as well as their educational and employment outcomes.<sup>12</sup>

Research also confirms that coverage gains for parents, and the associated gains for children, improve children's access to care. For example, a 2017 study found that children are 29 percentage points more likely to have an annual well-child visit if their *parents* are enrolled in Medicaid.<sup>13</sup>

Finally, coverage improvements also ensure that children and their parents won't go without needed medical care due to cost or incur significant medical debt for any care they do receive. Medicaid expansion led to a decrease in medical debts being sent to third-party collection agencies,<sup>14</sup> and the share of low-income adults in Arkansas and Kentucky reporting that they had trouble paying

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<sup>8</sup> Madeline Guth *et al.*, "The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review," Kaiser Family Foundation, March 17, 2020, <https://www.kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>.

<sup>9</sup> Benjamin Sommers *et al.*, "Three-Year Impacts of the Affordable Care Act: Improved Medical Care and Health Among Low-Income Adults," *Health Affairs*, June 2017, <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2017.0293>.

<sup>10</sup> Stacey McMorrow *et al.*, "Medicaid Expansions from 1997 to 2009 Increased Coverage and Improved Access and Mental Health Outcomes for Low-Income Parents," Health Services Research, January 14, 2016, <https://onlinelibrary.wiley.com/doi/full/10.1111/1475-6773.12432>.

<sup>11</sup> Georgetown Center for Children and Families, "Healthy Parents and Caregivers are Essential to Children's Healthy Development," December 2016, <https://ccf.georgetown.edu/wp-content/uploads/2016/12/Parents-and-Caregivers-12-12.pdf>.

<sup>12</sup> Joan Alker and Alisa Chester, "Medicaid Expansion Promotes Children's Development and Family Success by Treating Maternal Depression," Georgetown Center for Children and Families, July 21, 2016, <https://ccf.georgetown.edu/2016/07/21/medicaid-expansion-promotes-childrens-development-and-family-success-by-treating-maternal-depression/>.

<sup>13</sup> Maya Venkataramani *et al.*, "Spillover Effects of Adult Medicaid Expansions on Children's Use of Preventive Services," *Pediatrics*, December 2017, <https://pediatrics.aappublications.org/content/140/6/e20170953>.

<sup>14</sup> Matt Broaddus, "Medicaid Improves Financial Well-Being, Research Finds," Center on Budget and Policy Priorities, April 28, 2016, <https://www.cbpp.org/blog/medicaid-improves-financial-well-being-research-finds>; and Sommers *et al.*, *op. cit.*

their medical bills dropped by 25 percent after those states expanded. Financial insecurity doesn't just affect adults; poverty and stress can harm children's development as well.<sup>15</sup>

## Medicaid Coverage Improves Children's Health and Long-Term Development

Medicaid is the gold standard for children's coverage because it requires states to provide a robust set of comprehensive and preventive health services, including regular well-child exams; hearing, vision, and dental screenings; and other services to treat physical, mental, and developmental illnesses and disabilities, such as speech and physical therapy and medical equipment and supplies. Medicaid's comprehensive benefits ensure children get the care they need wherever they need it, including at school. For example, Medicaid covers medical services that students with disabilities who are enrolled in Medicaid may need to get an education, as well as health services that all Medicaid-enrolled children need, such as vaccines and vision and dental screenings.

By helping children stay healthy and succeed academically, Medicaid has positive impacts on their educational attainment and earnings in adulthood. Studies show that children covered by Medicaid during childhood:

- *Have better health as adults.* For example, one study found that Black young adults who had Medicaid coverage during childhood experienced approximately 7 to 15 percent fewer hospitalizations and 2 to 5 percent fewer emergency department visits at age 25 relative to those without it.<sup>16</sup>
- *Are more likely to graduate from high school and college.* Research shows that Medicaid eligibility during childhood lowers the high school dropout rate, raises college enrollment, and increases four-year college attainment.<sup>17</sup>
- *Have higher wages and pay more in taxes as adults.* Another study finds that for each additional year of Medicaid eligibility as a child, adults by age 28 had higher earnings and made \$533 additional cumulative tax payments due to their higher incomes.<sup>18</sup>

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<sup>15</sup> American Academy of Pediatrics Council on Community Pediatrics, "Poverty and Child Health in the United States," *Pediatrics*, April 2016, <https://pediatrics.aappublications.org/content/pediatrics/early/2016/03/07/peds.2016-0339.full.pdf>.

<sup>16</sup> Laura Wherry *et al.*, "Childhood Medicaid Coverage and Later Life Health Care Utilization," *Review of Economics and Statistics*, May 2018, [https://www.mitpressjournals.org/doi/abs/10.1162/REST\\_a\\_00677](https://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00677).

<sup>17</sup> Sarah Cohodes *et al.*, "The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions," *Journal of Human Resources*, 2016, <https://ideas.repec.org/a/uwp/jhriss/v51y2016i3p727-759.html>.

<sup>18</sup> David Brown *et al.*, "Long-Term Impacts of Childhood Medicaid Expansions on Outcomes in Adulthood," *Review of Economic Studies*, March 2020, <https://academic.oup.com/restud/article/87/2/792/5538992>.