



Medicaid Expansion in Kentucky: Benefits to Kids and Families

All children, especially those living in low-income and vulnerable families, need access to affordable health care. Research has shown that children with health coverage are more likely to receive regular preventive care, such as well-child exams, and to stay connected to a primary care doctor. Continuous health coverage for children has been

linked to reduced child mortality rates and increased health status of children.¹ Since the 1980s, Congress and state legislatures have stepped up to provide affordable coverage options for low-income children through Medicaid and CHIP (Children’s Health Insurance Program).

Kentucky leaders have taken several steps in recent years to make it easier for children to enroll and stay enrolled in health coverage, which has led to vast increases in the number of children with health insurance. Research also shows that, in addition to making it easier for children to enroll in coverage, providing affordable health coverage for parents is an important way to improve overall family health and reduce the number of uninsured children.²⁻⁹ Since 2014, Kentucky has had one of the most dramatic drops of all states in its uninsured rate for 18-64 year olds, primarily due to covering more parents through Medicaid expansion.¹⁰

Overview of Medicaid Expansion in Kentucky

Medicaid historically covered low-income, vulnerable populations, including children, pregnant women, people with disabilities, youth in foster care, and a very limited number of parents. Medicaid expansion for low-income adults—including many parents—up to 138% of the federal poverty level was included in the Affordable Care Act (ACA), the federal health care system reform bill signed into law in 2010. The provision to expand Medicaid became optional for states in a federal Supreme Court ruling in 2012. In 2014, Kentucky expanded Medicaid through the Governor’s authority. Kentucky’s implementation of Medicaid expansion has been cited as a national model to help more families obtain affordable health insurance. Between 2013 and 2015, the number of uninsured Kentuckians aged 18-64 fell by 61 percent.¹⁰

Parent Coverage Benefits Children

A parent’s health—and health insurance status—affects the health and well-being of other family members, especially their children. The Institute of Medicine reported that a parent’s poor physical and mental health can create family stress that may cause their children to experience physical and

emotional health problems.¹¹ When parents are insured, they are more likely to be healthy and ensure the health of their children. Several studies have found that when parents have health insurance, their children are more likely to have health insurance.²⁻⁹ Insured children whose parents are also insured are more likely to receive regular preventive care, such as well-child checkups, than insured children with uninsured parents.¹² Also, parents who have health coverage are more likely to keep their children continuously enrolled in health coverage, resulting in children staying connected to the health system.^{4, 6, 7, 13-15}



Providing affordable health coverage for parents is one key way to improve overall family health and further reduce the number of uninsured children. Research suggests that Kentucky children are already reaping the benefits of Medicaid expansion. Between 2013 and 2015—when many more parents enrolled in benefits through Medicaid expansion—Kentucky saw a 28 percent drop in the number of uninsured children.¹⁰ Those children were already eligible for coverage, but parents may not have known about their child’s eligibility until they signed up for coverage themselves.

Parent Coverage Improves Parent Health

Just as children with health coverage are more likely to receive regular health care, the same is true for adults. Several studies have shown that uninsured, low-income parents are more likely to be disabled, experience chronic pain, live with a chronic condition, and have poorer overall health than low-income parents with insurance. According to the Institute of Medicine, “insured adults are less likely to have unmet health needs, to have their health deteriorate, and to die prematurely than uninsured adults.”¹¹

Although health insurance is important, many low-income parents historically faced limited affordable health coverage options. They often earned too much to qualify for Medicaid but could not afford to purchase private insurance and worked jobs that did not provide employer-sponsored insurance. Since 2014, expanded Medicaid coverage in Kentucky, and other states that opted to expand, has enabled parents to afford health insurance, which helps them receive regular health care services and stay healthier overall. A recent study from the *Annals of Internal Medicine*/American College of Physicians on the impact on health in states that expanded Medicaid found an increase in low-income adults who visited health care providers for diagnosis and treatment.¹⁶

Early Impacts of Medicaid Expansion

The positive impacts of Medicaid expansion are already becoming clear, as seen in several research studies. The Kaiser Family Foundation (KFF) released a report in June 2016 summarizing the impact of Medicaid expansion through a number of lenses, such as access to health care, economics, and uncompensated care.¹⁷ KFF analyzed 61 studies conducted from January 2014 through May 2016. The analysis revealed several takeaways that highlight the importance of Medicaid expansion:

- Several studies found that states that expanded Medicaid had a larger share of individuals who had a regular place to obtain health care and who could easily access needed medications than non-expansion states.
- Studies found that expansion states had a smaller share of individuals experiencing long-term health needs that went untreated due to lack of insurance or access to health services than non-expansion states.
- A study in Kentucky found that in 2014, Medicaid expansion enrollees utilized common preventive care services, such as medication monitoring and cholesterol screening services, at higher rates than traditional Medicaid enrollees in the state.
- Another study found that there was a larger increase in the share of individuals with chronic conditions who obtained regular care in the two expansion states included in the study (Kentucky and Arkansas) compared to a non-expansion state (Texas).
- Several studies found that uncompensated care costs due to unnecessary emergency room visits drastically decreased in expansion states compared to little change in uncompensated care in non-expansion states.
- National studies show expanding Medicaid increased budget savings, revenue gains, and economic growth.

While more research is needed on the long-term impacts of Medicaid expansion on health care quality and health outcomes, this analysis paints a promising picture of early outcomes in states that have implemented Medicaid expansion.

Future of Medicaid Expansion in Kentucky

In August 2016, Governor Bevin's Administration submitted an 1115 Waiver proposal to the Centers for Medicare and Medicare Services (CMS), which would make several changes to Kentucky's Medicaid program. Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of Medicaid and CHIP programs.¹⁸ States can apply for an 1115 Medicaid Waiver with the federal government, specifically CMS, in order to receive additional flexibility in designing their Medicaid programs. Waivers must be budget neutral and are intended to lead to more stable coverage, better health outcomes, and improve the quality of health care delivery. The Bevin Administration's 1115 Medicaid Waiver proposal is called *Kentucky HEALTH*.

Most of the proposed changes in *Kentucky HEALTH* directly impact individuals and parents who received coverage through expanded Medicaid in 2014. These individuals will face new requirements to maintain Medicaid coverage, such as increasing monthly premiums, lockout periods for failure to pay premiums, and a reduced benefit package that excludes dental and vision coverage. The proposed 1115 Medicaid Waiver protects children, pregnant women, and former foster children up to age 26 from many of the direct impacts of the waiver by preserving their current benefit packages and excluding them from cost-sharing requirements, such as premiums and copayments.

Despite the protections for those specific populations, the added requirements for many parents will create barriers to them maintaining health insurance, which will likely negatively impact their children. Research on other states has shown that when parents lose health insurance due to added requirements and cost-sharing mechanisms, their children are likely to also lose coverage even if children's eligibility and benefits do not change. Parents' health is vitally important to children's health, and if parents are going to improve health outcomes for themselves and their children, the Medicaid program must be simple for families to understand, participate in, and utilize.

Due to the gains made in health coverage for children and families over the last decade, it is important for Kentucky to find a solution to ensure Medicaid expansion continues in a way that is simple for families and sustainable for the state. Kentucky cannot afford to move backwards on health coverage. It's a crucial time for the state to make lasting, positive impacts on health outcomes for children and families across the state.

Recommendations for the future of Medicaid expansion in Kentucky:

1. Maintain Expanded Medicaid for parents and low-income adults up to 138 percent of the Federal Poverty Level.
2. Ensure Medicaid is simple for families to participate in, utilize, and understand, while also achieving long-term sustainability.

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