



Children's Action Alliance

A Voice for Arizona's Children since 1988

KidsCare Is an Arizona Success Story: Adams-Burns Budget Cuts Put It in Danger

Cuts to KidsCare Bad for Families, Children, and the Economy

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KidsCare is an Arizona success story – Thanks to federal and state leadership, 56,000 Arizona children today have access to affordable health insurance through KidsCare. Since its creation a decade ago, the rate of kids with health insurance in Arizona has increased from 74% to 84%.

The legislature passed a budget proposed by House Speaker Kirk Adams and Senate President Bob Burns that would reverse Arizona's progress and would:

- put health insurance at risk for 25,000 Arizona children by reducing eligibility for KidsCare from 200% to 150% of the federal poverty level;
- eliminate health insurance through KidsCare Parents for 9,300 working Arizona parents;
- result in poorer health and potentially unnecessary deaths for Arizona children and parents;
- deprive Arizona's economy of millions of federal dollars;
- lengthen emergency room wait times as uninsured families have nowhere else to turn;
- result in higher health costs across Arizona as doctors and hospitals pass on the cost of uncompensated care

KidsCare provides cost-effective health care while strengthening our economy – KidsCare brings in more than three federal dollars for every state dollar invested in providing health care to children. This money, together with premiums paid by families, circulates in Arizona's economy, supporting thousands of jobs in an important sector of our state.

Two Arizonans needlessly die every day due to lack of insurance; cuts to KidsCare and KidsCare Parents could make it worse – A 2008 report from Families USA¹ concludes that two Arizonans die each day because they lack health insurance. Uninsured children are less likely to get the preventive and early treatment they need, and uninsured adults are more likely to be diagnosed with a disease in an advanced stage.

Arizona would have the lowest income eligibility of any state for the Children's Health Insurance Program (CHIP) under Adams-Burns budget – The Adams-Burns budget reduces KidsCare eligibility from 200% of the federal poverty level (about \$44,000 for a family of four) to 150% (about \$33,000 a year for a family of four), giving Arizona the lowest CHIP eligibility of any state and denying thousands of vulnerable children health coverage.

¹ "Dying for Coverage in Arizona," April 2008, Families USA.

Promise to grandfather in current children does not mean they will keep health coverage –

The Adams-Burns budget pledge to “grandfather in” children currently receiving KidsCare is an empty promise. Many families who fall off KidsCare coverage end up returning within a few months for various reasons, such as job or income changes. In fact, of the children who left KidsCare between January and June 2008, one in seven had returned to KidsCare by August 1.² With the Adams-Burns budget, many of those children would not be eligible for coverage. Also, a simple error or delay in processing renewal paperwork could prevent a family from becoming eligible again.

Adams-Burns budget permanently eliminates health insurance for 9,300 working parents through KidsCare –

Under the Adams-Burns budget, health insurance would be eliminated for 9,300 working parents who, in spite of low incomes, pay monthly premiums up to \$176. We can continue to receive three federal dollars for every state dollar invested in KidsCare Parents through at least September 2011, and possibly beyond that if the state meets goals for covering children with health insurance.

However, the federal government now prohibits any new states from covering parents through the Children’s Health Insurance Program (CHIP). So if KidsCare Parents is eliminated through the Adams-Burns budget, Arizona would permanently lose the ability to use this generous federal funding, essentially wiping out the program for good.

Adams-Burns budget moves Arizona backward while other states are moving forward – Many states, such as Florida, Colorado, Arkansas, and Oregon are taking advantage of new federal funding opportunities to provide more children with access to quality, affordable health care by expanding their Children’s Health Insurance Programs (CHIP). Many of these states have similar budget challenges to Arizona, but decided that children’s health should be a priority.

Cutting KidsCare would redistribute our share of federal money to other states – Because federal money for children’s health insurance gets redistributed to other states when some states do not use it all, the Adams-Burns budget’s cuts to KidsCare would result in millions of federal dollars being removed from Arizona’s economy and being spent in other states’ economies to provide health insurance to their children.

KidsCare was already cut this year, doubling premiums for many families – As part of cuts made by the legislature to balance the 2009 fiscal year budget, KidsCare premiums were *doubled* effective June 1 for approximately 25,000 families. As a result, Arizona families are now paying \$5.6 million a year in additional premiums for KidsCare. However, because the federal government pays for more than three-quarters of KidsCare, the state must return three-quarters of any KidsCare cuts to the federal budget. This means Arizona’s budget only saved \$1.3 million when we raised premiums on families by \$5.6 million, with the rest returning to the federal government.

² Data provided by the Arizona Health Care Cost Containment System (AHCCCS)