



Children's Action Alliance

A Voice for Arizona's Children since 1988

Comments submitted to the Arizona Health Care Cost Containment System (AHCCCS) by Children's Action Alliance, December 29, 2009, in opposition to closing KidsCare enrollment.

Children's Action Alliance opposes closing KidsCare enrollment to eligible children in low-income working families. This move will harm the health of children as well as the health of Arizona's economy.

KidsCare is an Arizona success story, having increased the rate of children with health insurance in our state from 74% to 84% within the first decade of its creation. KidsCare assures that children have access to regular checkups and the preventive care they need, which keeps them out of more expensive and overcrowded emergency rooms, and helps them to grow up healthy and thrive. KidsCare also aids our economy, adding \$3.35 in federal funding for every \$1 of state money invested, which together with premiums paid by families, circulates in our economy.

At a time of high unemployment and mortgage foreclosures, ending new KidsCare enrollment will saddle more families with debt from which they cannot escape. A report in [August's *The American Journal of Medicine*](#) says that health costs are the primary factor in over 60% of bankruptcies in the United States. KidsCare not only makes sure that children can get the care they need, but makes sure doctors and hospitals are paid, and that families are not saddled with medical debt that leads to bankruptcy.

Closing KidsCare to new enrollment also means that many families who currently are enrolled in Medicaid and see a slight increase in their income will lose health insurance for their children, which provides a disincentive for families to work additional hours or make extra money. In fact, a [study for the Kaiser Commission on Medicaid and the Uninsured](#)¹ found that, when North Carolina instituted a similar enrollment freeze and waiting list in 2001, 60% of children denied enrollment in the state's Children's Health Insurance Program (CHIP) were children enrolled in Medicaid whose families saw a slight increase in their income. As a result, the children being turned away from enrollment in the CHIP program had lower average incomes than the children who were already enrolled in it. Moreover, as Medicaid eligibility is higher for children under age six (133% of the federal poverty level versus 100% for children over age six), many of

¹ "The North Carolina Health Choice Enrollment Freeze of 2001," prepared for the Kaiser Commission on Medicaid and the Uninsured by Pam Silberman, et al. January 2003.

<http://www.kff.org/medicaid/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=14314>

the children who will be denied enrollment into KidsCare will be children losing Medicaid merely because they committed the error of turning six.

Families who are shut out of KidsCare are unlikely to have any other source of health insurance. Fewer than one in four families between 100% and 200% of the federal poverty level have access to employer-sponsored insurance, and even then, the premiums are often unaffordable for family coverage. Health insurance plans sold in the individual market, including high deductible plans, are financially out of reach for low-income families, and often exclude needed coverage for pre-existing conditions. The Kaiser report from North Carolina found that only 17% of interviewed families who were placed on the waiting list were able to find private health insurance for their children.

Ending new enrollment in KidsCare will result in children being denied the care they need when they need it. Families interviewed in the focus groups from North Carolina reported delaying needed health care for their children when they were unable to enroll in their CHIP program. Specifically, families reported delaying needed surgery for children, not getting glasses for children when the teacher told them they were needed, delaying care for a dental problem until the tooth became infected and required extraction, and keeping their children out of sports because they were unable to pay the cost of the required physical.

With strong leadership, KidsCare can stay strong and keep children strong. Because of cuts to the Arizona Department of Revenue (ADOR), our state is turning away revenue already owed it, requiring us to also turn away children from the health care they are owed. Reinstating the 250 to 300 positions at ADOR would result in an additional \$125 million to the state, far more than the annual state contribution necessary to sustain KidsCare. There are better options that Children's Action Alliance encourages our state to pursue.