National Association of
Children's Hospitals

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N•A•C•H• ONE PAGE SUMMARY

February 15, 2007

TESTIMONY

Lolita M. McDavid, M.D., M.P.H., Medical Director, Child Advocacy and Protection
Rainbow Babies and Children's Hospital, Cleveland, OH

"Health Coverage Through the Eyes of a Child, a Hearing by the Subcommittee on Health, Committee on Energy and Commerce, U.S. House of Representatives, Washington, DC

Key Points: The National Association of Children's Hospitals makes the following points:

- Health coverage makes a real difference to the health of a child, as well as his or her readiness to learn and ability grow up to be a productive citizen.
- Together, Medicaid and the State Children's Health Insurance Program (SCHIP) have been a success in reducing the number of uninsured children by about one third over the past decade, even as the total number of uninsured Americans continued to grow.
- Two-thirds of all uninsured children already are eligible but not enrolled in Medicaid or SCHIP. Their enrollment would insure most uninsured children.
- There is strong support in Congress, across state capitals and in the private sector to expand health coverage for children.

Recommendations: N.A.C.H. recommends that Congress commit to achieving the goal of health coverage for all children. The first step should be to build on the foundation of Medicaid and SCHIP. In particular, N.A.C.H. recommends:

- Congress should reauthorize and fully fund SCHIP – at least to fill in projected state shortfalls and to enable states to cover all eligible but unenrolled children.
- Reauthorization of SCHIP should include specific measures that help states to improve outreach and enrolment of children eligible for Medicaid or SCHIP.
- Reauthorization of SCHIP should build on a strong Medicaid program; it should

not come at the expense of Medicaid, which covers more than a quarter of all children.

- Reauthorization of SCHIP should include federal authority and resources for federal investment in the development of quality and performance measures for children.

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"Health Coverage Through the Eyes of a Child"

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Committee on Energy and Commerce
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Mr. Chairman and members of the committee, thank you for the opportunity to testify on behalf of the National Association of Children's Hospitals (N.A.C.H.) in support of federal efforts to ensure all children have health coverage, beginning with reauthorizing and strengthening the State Children's Health Insurance Program (SCHIP).

I am Lolita M. McDavid, M.D., M.P.H. As a pediatrician, I have devoted my medical career to children. Currently, I serve as medical director of child advocacy and protection for Rainbow Babies and Children's Hospital, the

pediatric hospital of University Hospitals of Case Western Reserve University School of Medicine in

Cleveland. Earlier in my career, I was head of general pediatrics at MetroHealth Medical Center in Cleveland, the largest public hospital in Ohio. I am also an associate professor of pediatrics at Case Western Reserve University.

N.A.C.H. is the only national, not-for-profit trade association of children's hospitals, including more than 135 independent acute care and specialty children's hospitals and children's hospitals that operate within larger hospitals or health systems. A longstanding member of N.A.C.H., Rainbow Babies and Children's Hospital was founded in 1886. It is a 244-bed pediatric academic medical center that serves children from every county in Ohio, as well as children from many other states throughout the country. We devote more than 52 percent of our patient care to children assisted by Medicaid or the Ohio version of the State Children's Health Insurance Program.

Children's hospitals are the backbone of health care for children in America. Less than five percent of all hospitals in the nation, children's hospitals deliver more than 40 percent of all hospital care for children as well as the large majority of hospital care for children with complex and serious medical conditions such as cancer or heart defects.

In addition, children's hospitals are the health care safety net for their communities, devoting, on average, more than 50 percent of their patient care to uninsured children

or children covered by public programs, despite the fact that public programs often pay well below the cost of care. Finally, children's hospitals train most of the nation's
pediatric workforce and house the nation's premier pediatric research centers. Directly or indirectly, through clinical care, training and research, children's hospitals touch the lives of every child in this country.

Children's Stories I have been asked to draw from my professional experience to describe the importance of health coverage for children. I have two stories.

The first is a story about the powerful difference that health coverage can make in the life of a child and the child's family. Eugene and Rhonesha are a brother and sister who are both patients in my practice. They live with their mom and dad, and their family income qualifies them for SCHIP.

Gene is 10 years old – the same age as SCHIP. He is a great student and a great kid. And with the exception of needing glasses, he has had only routine health care needs. But Rhonesha, who is 6 years old, has a diagnosis commonly seen in our patient population – asthma.

I became Rhonesha's doctor when she was 2 months old. She had required well child care visits like all children but by the time she was 17 months of age, she was showing signs of reactive airway disease, often a precursor of asthma. We supplied her with an

aerosol machine and instructed her mother in how to use it. By the time Rhonesha was 22 months of age, it was clear that she was asthmatic. She is categorized as having mild persistent asthma.

In many cases like this, I could tell you about emergency room visits, hospitalizations and missed days of work, but that has not happened with Rhonesha. Her asthma has been controlled by medications. When she has an occasional flare-up, because she has a cold or there is a climate change, her mother manages her illness. Dr. John Carl, a pediatric pulmonologist at Rainbow Babies and Children's Hospital, sees her every six months for evaluation and any needed medication adjustments.

We are now at the point that I only see Rhonesha for her annual routine visits. When I last saw her, she was as healthy as her brother Gene. She is an outstanding first grade student whose favorite subject is math. And, like Gene, she was wearing glasses. Because Gene and Rhonesha have coverage through SCHIP, her mother has a relationship with Dr. Carl and me. Rhonesha can

access regular care and not use costly emergency care services. And because she has the medications she needs, her asthma is controlled and she doesn't need to be hospitalized. She doesn't miss school and her mother doesn't miss work. That's the wonderful promise of health coverage – it not only directly promotes health, it also indirectly promotes learning and employment.

My second story is about a child who was eligible for public health coverage but who was not enrolled until after he was admitted to our hospital. Baby Nick (name changed) was brought to our emergency department by his parents on New Year's Day. He was 5 weeks old with respiratory symptoms, vomiting and diarrhea.

Although Nick's mother had insurance coverage for herself from her employment at a supply company, Nick was uninsured. He was admitted to Rainbow Babies and Children's Hospital with a diagnosis of respiratory syncytial virus (RSV) pneumonia. While hospitalized, it was determined that his family income qualified him to be enrolled in SCHIP. Happily, Nick went home after three days. He was well and now had health insurance through SCHIP that will cover his immunizations and doctor's visits, which hopefully will keep him out of the emergency room.

Ohio's Story In the last decade, expanded public coverage has made a world of

difference not only to individual children such as Rhonesha, Gene, and Nick but also to children across the country, including in my home state of Ohio.

According to Georgetown University's Center for Children and Families, over the last decade, the number of uninsured Americans has steadily risen, now totaling more than 46 million. At the same time, however, the number of uninsured children declined by about one-third, even as private and employer-based coverage for children continued to erode.

Together, Medicaid and SCHIP cover more than one-third of all children in the country, and they have made the difference, according to U.S. Census Bureau analysis. In fact, the number of uninsured children began to increase in 2005 but only after states, faced with record breaking deficits, were forced to curtail Medicaid or SCHIP or both. Today, 69 percent of all uninsured children nationwide are eligible but not enrolled in Medicaid or SCHIP, according to the American Academy of Pediatrics.

These programs have been especially important to industrial states such as Ohio, which have been losing not only employer-based insurance but also industrial jobs that in the past provided insurance for the families of those who fill them. The Brookings Institution reports that the between 1995 and 2005, Ohio lost more than 52,000 manufacturing jobs – a decline of more than 26 percent of such jobs. The loss of those jobs brought with it the loss of health

coverage for thousands of families.

Ohio is one of 33 states that have opted to administer SCHIP either through its Medicaid program or through the combination of its SCHIP and Medicaid programs. Together, Medicaid and SCHIP cover about one-third of all Ohio children, according to the Ohio Bureau of Budget Management and Analysis in 2006. Between 1998 and 2004, the percentage of uninsured children declined from 9.8 percent to 5.4 percent, based on data from the Ohio Family Health Survey. In state fiscal year 2007, Ohio's SCHIP program will cover an estimated 145,000 children, at a cost of about $290 million.

The proportion of Ohio children who remain uninsured could be reduced substantially simply by fulfilling the promise of existing federal and state law, since 68 percent of all uninsured children in Ohio are eligible for, but not enrolled in, Medicaid or SCHIP, according to the Health Policy Institute of Ohio.

Recommendations As the stories of Rhonesha, Gene and Nick demonstrate, having health coverage makes a real difference – not only in a child's health but also in the cost of the child's health care and in his or her ability to be ready to learn and grow up to be healthy and productive.

Building on the foundation of Medicaid's coverage of 28 million children – who are among the nation's poorest and sickest children – SCHIP has made it

possible for states to cover an additional six million children of families whose incomes exceed Medicaid eligibility criteria but who cannot afford or are unable to obtain private coverage for their children. At a time when the rising number of uninsured Americans is testimony to the limitations of our system of health coverage, the last decade of declining numbers of uninsured children is a measure of the combined success of SCHIP and Medicaid.

The program's success can be seen in the broad spectrum of support that exists for the reauthorization of SCHIP. No matter where you turn, national organizations of business groups, insurers, providers and consumers are saying the best way to turn

around the loss of health coverage for Americans is to start by building on a solid foundation of Medicaid and to expand SCHIP to cover more children.

The same breadth of support can be seen across Congress and state capitals, where there is strong support among members of both parties for reauthorizing SCHIP and expanding children's coverage. Many governors have made expanded coverage for children one of their priorities. Many more, including Ohio's new governor, a former member of your committee, are exploring how expanding children's health coverage might be possible.

Because of this success, N.A.C.H. recommends that Congress commit to

achieving the goal of health coverage for all children. The first step should be to build on the foundation of Medicaid and SCHIP. In particular, N.A.C.H. offers four recommendations:

- **Reauthorize and Fully Fund SCHIP:** Congress should reauthorize and fully fund SCHIP – at least to fill in all projected state shortfalls and to enable states to cover all eligible but unenrolled children.

- **Improve Outreach and Enrollment:** Reauthorization of SCHIP should include specific measures that help states to improve outreach and enrollment of children who are eligible for Medicaid or SCHIP. Measures might include

  financial incentives, simplified and unified application forms, extended continuous eligibility, and others.

  For example, a few years ago, Cuyahoga County in Ohio undertook a 12-month
  demonstration of self-declaration of income by low-income families applying for Medicaid and SCHIP, as part of a larger strategy of improving enrollment of eligible children. A study found that self-declaration of income by parents resulted in at least 24,000 eligible children being enrolled, with a 98 percent accuracy rate. Approval rates of applications

reached 85 percent, up from 65 percent prior to self-declaration, and the time taken to process applications was reduced from between 30 and 60 days to between 14 and 30 days.

In Ohio, we are recommending to our governor new public investment in outreach, enrollment and retention, which were successful before the state cut back its funding. We also are recommending a change in the frequency of re-determination of eligibility so that it is the same for children and adults, as well as establishment of presumptive eligibility for children, among other initiatives.

- Protect Medicaid's Safety Net for Children: As I have said, the success of SCHIP stands on the shoulders of Medicaid. Our ability to sustain this success, as the nation reaches out to cover all children, depends on both programs having the funds to meet their goals.

To be sure, neither Medicaid nor SCHIP is perfect. SCHIP is capped; when funds run short, as 14 states are projected to experience this year, children are left

waiting in line for coverage. Medicaid's historically low reimbursement rates – particularly for physicians – too often leave children without a community physician or medical home. Nonetheless, together SCHIP and Medicaid have created an essential safety net of coverage for low-income

children and children with disabilities or other special needs.

Children's health care, especially for children with serious illnesses or chronic conditions, is much more concentrated and regionalized than comparable care for adults. Health coverage for all children, including all of the patients of children's hospitals, relies heavily on the strength of our public insurance programs for children of low-income families.

- Invest in the Development of Quality and Performance Measures for Children: Finally, more and more payers are asking for quality and performance measures for health care providers. Providers like Rainbow Babies and Children's Hospital are pursuing quality and performance measurement as well. We are responding not simply to payers but also to the need for ever better, safer care for our patients.

The American Academy of Pediatrics, American Board of Pediatrics, Child Health

Corporation of America and N.A.C.H. are working together to identify measures

for hospital and physician care for children and for ways to validate those measures. But we cannot do this alone. Achieving quality and performance measures for children needs federal leadership.

Measures need to be tested, and they need to gain consensus support and wide-acceptance. Private and public investment has made this progress possible for measures for adult health care. The federal government's leading role in public investment has focused largely on adult measures and Medicare. A commensurate investment for children's measures has not been made, even though public coverage through Medicaid and SCHIP is the nation's single largest payer of children's health care.

It's time to make the same investment in quality and performance measures for children's health care that has been made for adults. We ask that you provide the federal government, though the Centers for Medicare and Medicaid Services, with the authority and resources needed to support the development and advancement of pediatric quality and performance measures. This will greatly enhance our ability for states, providers and consumers to have a portfolio of measures they can use for children.

Conclusion Ten years ago, Congress faced and met an unprecedented bipartisan

challenge – how to put the federal government on a solid path toward elimination of

the federal deficit. That successful effort culminated in the "Balanced Budget

Act of 1997" (BBA). And, precisely because it was setting priorities vital to the future of our nation, Congress created SCHIP as part of the BBA to expand health coverage for children. In effect, Congress made children's coverage a priority within a balanced budget.

Ten years later, Congress faces the same challenge – to achieve fiscal control while at the same time taking the next step to cover all children. It should reauthorize and expand SCHIP, while keeping Medicaid coverage for children strong. Ten years of success, broad support throughout the private sector, and bipartisan support in Congress and state capitals all argue for taking that next step.

As a spokesperson for children's hospitals, I can tell you that Medicaid and SCHIP are fundamental to the financial infrastructure of health care for all children, through the work of children's hospitals. The decisions Congress makes on SCHIP and Medicaid will affect the health care of every child in this country.

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Recommendations As the stories of Rhonesha, Gene and Nick demonstrate, having health coverage makes a real difference – not only in a child's health but also in the cost of the child's health care and in his or her ability to be ready to learn and grow up to be healthy and productive.

Building on the foundation of Medicaid's coverage of 28 million children – who are among the nation's poorest and sickest children – SCHIP has made it possible for states to cover an additional six million children of families whose

incomes exceed Medicaid eligibility criteria but who cannot afford or are unable to obtain private coverage for their children. At a time when the rising number of uninsured Americans is testimony to the limitations of our system of health coverage, the last decade of declining numbers of uninsured children is a measure of the combined success of SCHIP and Medicaid.

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