



## Children's Hospital Association of Texas

*An Association for the Advancement of Children's Healthcare in Texas*

### HOW TEXAS CHILDREN BENEFIT FROM THE AFFORDABLE CARE ACT

The *Patient Protection and Affordable Care Act (ACA)*, passed in March of 2010, encompasses a broad range of insurance reforms, changes to Medicaid and CHIP programs, initiatives to improve the quality of health care, investments in public health, and incentives for increasing the availability of health professionals. Many of the provisions benefit Texas children.

- Several insurance market reforms have been in place since September 2010.
  - Lifetime limits on benefits are prohibited.
  - Annual limits on essential benefits are prohibited in new plans.
  - Coverage may not be denied to children based on pre-existing conditions--unless the plan is grandfathered (i.e., without significant changes to health benefits, premiums or cost-sharing).
  - Cost-sharing for preventive health services is banned (except for grandfathered plans).
  - About 1.4 million Texas children are receiving expanded coverage for preventive services under the ACA.
- More insurance protections become effective January 2014.
  - Annual limits on essential benefits will be prohibited in all plans.
  - The waiting period for enrollment in a plan will be limited to 90 days.
- Many families have received rebates from insurance companies that fail to comply with minimum amounts that must be spent on medical claims (called "Medical Loss Ratios").
  - In Texas, about 1.5 million consumers received rebates totaling \$167 million last year.
  - Insurers have reduced administrative costs and profits.
  - More insurers are now meeting the standards and spending more of their premium dollars directly on patient care and quality.

- About 917,000 Texas children have no health insurance. More coverage options will be available to families with implementation of the “exchange” or “Marketplace.”
  - The Marketplace is scheduled to open for enrollment in October, with health coverage starting January 2014.
  - It will provide one-stop shopping with information organized and standardized to facilitate comparison among health insurance plans.
  - Coverage offered through the Marketplace must include 10 service categories considered “Essential Health Benefits.”
  - Pediatric services must be offered, including dental and vision care.
  
- The Health and Human Services Commission (HHSC) estimates that about 1.2 million Texans will sign up for subsidies available through the Marketplace.
  - Families with income between 100 and 400% of the Federal Poverty Level (FPL), who do not have affordable employer-sponsored insurance and are ineligible for Medicaid, CHIP, Medicare, or military-based coverage, may receive advance premium tax credits to purchase coverage.
  - Families with income up to 250% FPL will also be eligible for cost-sharing reductions to deductibles and other out-of-pocket expenses.
  - Out-of-pocket expenses will vary based on income, but premiums may not be more than 9.5% of income.
  - Federally funded “navigators” will be available to assist families.
  
- Offering coverage through the Marketplace will create a “welcome mat” effect for children who are eligible—but not enrolled—in Medicaid or CHIP.
  - HHSC estimates that 790,000 Texas children are currently eligible for Medicaid, but have not applied for benefits.
  - The Marketplace will provide a seamless application process to link children who appear eligible with the Medicaid program or CHIP.
  - HHSC expects approximately 384,000 of these children will sign up for Medicaid due to implementation of ACA provisions.
  - If the state expanded Medicaid to adults within 133% FPL (a state option under the ACA), HHSC projected roughly 337,000 additional children would sign up.
  
- Children with family income between 100 to 133% FPL are currently enrolled in CHIP, but will transfer to the Medicaid program starting in January 2014.
  - Medicaid benefits are more comprehensive than CHIP coverage.
  - HHSC expects 257,000 Texas children to move from CHIP to Medicaid by 2015.

For more information on the Marketplace, go to: [www.healthcare.gov](http://www.healthcare.gov)