



January 9, 2017

To: Members of the California Congressional Delegation

RE: Protecting Cost-Effective Investments in Children's Health

On behalf of the California Children's Hospital Association (CCHA), an organization committed to advancing the health and well-being of children, I am writing to share our thoughts about proposals to repeal the Affordable Care Act and/or restructure the Medicaid Program. Specifically, I am writing to express our concerns about how such proposals could negatively impact California children. In California, over 96 percent of children have health care coverage,¹ an achievement made possible in large part by a combination of federal programs, including the Children's Health Insurance Program (CHIP), the Medicaid Program, and the Affordable Care Act. As you consider changes to federal health care laws, we respectfully request that you keep children in mind and work to protect their access to health care.

Medi-Cal is an Investment That Pays Healthy Dividends

California's publicly financed health care system for children includes both Medicaid and CHIP, and is called Medi-Cal. Medi-Cal is a lifeline to medical care for a significant number of the state's children. Fifty-two percent, or roughly six million California children, receive health care through the program. Medi-Cal spends about \$2,900 for each child it covers per year and data indicate that California spends less than 27 other state Medicaid programs on a per child basis.² This is even more impressive because researchers estimate that nationally Medicaid can cover children for 37 percent less than it would otherwise cost a private insurer for the same services.³ On this basis, one could reasonably conclude that Medi-Cal is an efficient steward of health care resources for children.

Medi-Cal is also a smart investment that pays lifelong dividends for children, families, and taxpayers. National studies indicate that Medicaid coverage reduces infant mortality and morbidity.⁴ Moreover, research shows that children with coverage through the program are less likely to miss school,⁵ are healthier into adulthood,⁶ earn more in wages and pay more in taxes over the course of their lives.⁷

Medi-Cal Makes it Possible for Children's Hospitals to Help All Critically Ill Children

California's children's hospitals serve a large number of patients who are covered by Medi-Cal. In fact, nearly two-thirds of all our hospitals' inpatient days are provided to Medi-Cal beneficiaries – twice the statewide average. While children's hospitals are disproportionately Medi-Cal hospitals, our hospitals also serve many privately insured children with complex medical conditions such as cardiac abnormalities, rare childhood cancers, cystic fibrosis, and sickle cell disease. Because of the expertise involved and the

relative uniqueness of so many pediatric health care conditions, children with life-threatening, complex conditions rely on the same pediatric specialists, regardless of how their medical care is funded. The stability of the regionalized network of pediatric experts depends on both public and private payers. In other words, cuts to Medi-Cal don't just harm children in the Medi-Cal program. They harm access to care for all children with complex medical needs.

Changes to Medi-Cal May Put Children at Risk

California's Medi-Cal Program is, in large measure, a program for children. It is a relatively inexpensive investment that pays off for families and for the country. It also helps to undergird a regionalized system of pediatric specialty care that protects all children with special health care needs. For these reasons, we respectfully ask that as Congress weighs changes to the Affordable Care Act and Medicaid this year, you carefully evaluate all proposed legislation to determine the potential effects on pediatric care and work to oppose changes that would harm children.

Thank you for the opportunity to provide our perspective on potential changes to federal health care programs and how they may affect our patients. We look forward to the opportunity to work with you as this important discussion unfolds. Please let us know how we can be helpful to you and your staff. If you should have any questions, please do not hesitate to contact me at (916) 552-7111 or at akuhns@ccha.org.

Sincerely,



Ann-Louise Kuhns
President and CEO

¹“California's Uninsured,” *California Health Care Foundation*, December 2016. <http://www.chcf.org/publications/2016/12/californias-uninsured>

² Young, Katherine et al., “Medicaid Per Enrollee Spending: Variation Among States.” *Kaiser Family Foundation*, January 28, 2015. <http://kff.org/medicaid/issue-brief/medicaid-per-enrollee-spending-variation-across-states>

³ Clemans-Cope, et al., “Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence.” *Kaiser Family Foundation*, Apr 13, 2016. <http://kff.org/report-section/medicaid-spending-growth-compared-to-other-payers-issue-brief>

⁴ Janet Currie and Jonathan Gruber. “Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women,” *Journal of Political Economy*, vol. 104, no. 6 (1996), pp 1263-1296.

⁵ Yeung, Ryan et al., “Can Health Insurance Reduce School Absenteeism?” *Education and Urban Society*, vol. 46, no. 6 (2011), pp 696-721. <http://eus.sagepub.com/content/43/6/696>

⁶ Wherry, Laura R. et al., “Childhood Medicaid Coverage and Later Life Health Care Utilization.” National Bureau of Economic Research Working Paper 20929, February 2015. www.nber.org/papers/w20929.pdf

⁷ Brown, David W. et al., “Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?” NBER Working Paper 20835, January 2015. www.nber.org/papers/w20835.pdf