



Ohio Children's Hospital Association

Saving, protecting and enhancing children's lives

SUMMARY OF FEDERAL HEALTH REFORM IMPACT ON CHILDREN'S HEALTH CARE

OHIO BEACON COUNCIL

THURSDAY, MAY 13TH, 2010

As arguably one of the strongest network of children's hospitals in the nation, the members of the Ohio Children's Hospital Association are supportive of some provisions included in the federal health care reform legislation, while disappointed that the bill fails to adequately address specific issues that can have a dramatically positive impact on children's health care.

Our number one priority is to save, protect and enhance the lives of children by ensuring access to high quality health care. Until the federal government fully addresses Medicaid's inadequate payment for children's health care services, including pediatric specialty care, our nation will not experience significant improvement in children's access to care.

The Patient Protection and Affordable Care Act does take some important steps toward improving access to care for children, such as:

1. Pre-existing conditions – Prohibiting insurers from denying coverage to children with pre-existing conditions. There has been some question regarding the extent to which this provision is immediately effective for all children. However the Secretary has indicated that HHS will promulgate rules broadly applying the provision to all children, and the insurance industry has agreed to abide by those rules.
2. CHIP – Extending authority and funding for the Children's Health Insurance Program (CHIP)
3. Prohibits lifetime limits on the dollar value of coverage and many annual limits on coverage – Individual and group health plans will be prohibited from placing lifetime limits on the dollar value of coverage, and may only impose annual limits on coverage as determined by the Secretary of Health and Human Services (HHS). Beginning in January 2014, individual and group health plans will be prohibited from placing annual limits on the dollar value of coverage.
4. Pediatric Medicaid vs. Medicare payment equity – Requires that Medicaid pay at least Medicare rates for primary care physician services ONLY (not pediatric subspecialists or hospital payments)
5. Dependent coverage – Requires insurance companies to provide dependent coverage until a child turns 26 Individual and group health plans must provide dependent coverage for children until the child turns 26 for all individual and group policies.

6. Pediatric Loan Forgiveness Program – And, we are particularly grateful to Ohio U.S. Senator Sherrod Brown, who led the way in creating a \$30 million loan forgiveness program for pediatric medical and surgical specialists and \$20 million for mental health and behavioral health.

7. Reform – Providing pilot programs in delivery reforms through Medicaid and CHIP

Unfortunately, the federal health care reform package still falls short in areas of critical importance to children's hospitals.

1. DSH Cuts – While we are pleased at the bipartisan effort that reduced the cuts in funding for hospitals that have a disproportionately high Medicaid caseload, the fact of the matter is that Ohio's children's hospitals will still face cuts in funding at a time when more and more children are relying on Medicaid.

2. Children's Hospital Parity Funding – The issue of children's hospital Medicaid funding was not effectively entered into the debate. Much was made of the inadequacy of Medicare funding by the national hospital community. Medicaid payments are significantly lower than Medicare for equivalent services.

3. Pediatric Specialists Parity Funding – Children must be able to access the right care at the right time. A federal expert work group has called the pediatric specialists shortage a "national crisis." One major barrier to accessing these specialty services for children is the woefully inadequate Medicaid payments to these providers. Nationally, pediatric specialists are reimbursed 30% below Medicare on average, and in Ohio, the gap exceeds 40 percent. Stresses on the system are evidenced by long wait times for specialist appointments, hardships on families forced to travel long distances for care, and emergency room utilization

4. Expansion of Medicaid – More than half of the patients in Ohio's children's hospitals have health care coverage through Medicaid, which pays far below what medical services actually cost. Because Medicaid is the largest, single payer of children's health care services, its poor reimbursement contributes to pediatric specialist shortages and financial losses for children's hospitals. These Medicaid losses have eclipsed \$201 million in annual payments shortfalls for Ohio's children's hospitals, and pediatric specialists in Ohio are reimbursed more than 40 percent below Medicare. The result is long wait times for specialist appointments, hardships on families forced to travel long distances for care, and high emergency room utilization.