

## **Estimating the Cost per Child Under The Family Opportunity Act's Medicaid Buy-in Option: An Update**

In this brief, we update our estimates for cost per newly eligible child under the Family Opportunity Act. Previous Catalyst Center calculations of costs per child for children eligible for Medicaid coverage under the Family Opportunity Act were derived from Congressional Budget Office (CBO) estimates contained in the Act itself. In this revised estimate, we use information from the Medicaid Statistical Information System (MSIS) State Summary Datamart; states are required to submit these Medicaid eligibility and claims data to CMS.

To estimate average annual costs for children who would be eligible for Medicaid coverage under the criteria established by the FOA legislation, 2006 MSIS data<sup>(1)</sup> were filtered by age groups from 0 to 18 years old. The age groups were then filtered again, identifying those who: 1) received cash benefits through public coverage; 2) were eligible through blind or disabled categories; and 3) were not enrolled in a managed care plan. We divided the total Medicaid paid amount by the sum of the remaining children to obtain the national average cost per child.

The 2006 national Medicaid average cost per child aged 0-18 receiving cash benefits, eligible through blind or disabled categories and not enrolled in managed care for the states with available data was \$10,361. This estimate includes children for whom Medicaid is their only health insurance coverage and children with both Medicaid and private insurance.

To calculate the percent of publicly insured CSHCN with primary private insurance, we used data from the 2006 National Survey of Children with Special Health Care Needs (NS\_CSHCN). National weighted estimates of insurance coverage for children with special health care needs indicate that 18.7% of publicly insured CSHCN receiving SSI for a disability also have private coverage.

Original FOA estimates provided by the CBO for children with only public coverage were \$12,800 per year and \$7000 for children with both public and private coverage per year. The cost per child for those with private coverage is thus 55% of the cost of those with only public coverage ( $\$7000 / \$12,800$ ). Using this proportion with 2006 MSIS and NS\_CSHCN data, we calculate that the cost for children receiving only Medicaid coverage is \$11,311 and the cost for privately insured children receiving supplemental Medicaid coverage is \$6,221.

- (1) The most recent year for which complete data were available. Additionally, there were seven states for which 2006 MSIS data were missing: Arizona, Connecticut, Kentucky, Maine, Massachusetts, Nevada, and Ohio. New Hampshire data were judged to contain outliers (only 150 children in the MSIS database when every other state had over 900 children) and therefore data from this state were also omitted.

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*Estimating the Cost per Child Under the Family Opportunity Act's Medicaid Buy-in Option: An Update*, a publication of the Catalyst Center: Improving Financing of Care for Children and Youth with Special Health Care Needs, March, 2009. The Catalyst Center is a project of the Health and Disability Working Group at the Boston University School of Public Health and is funded by the Maternal and Child Health Bureau of the Health Services and Resources Administration, U.S. Department of Health and Human Services, under grant #U41MC04494.

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