



# REDUCING HEALTH INSURANCE INEQUITIES AMONG LATINO FAMILIES RAISING CHILDREN WITH SPECIAL HEALTH CARE NEEDS

## Introduction

The Catalyst Center is committed to identifying and supporting policy and program initiatives that work to reduce inequities in health insurance coverage and financing among underserved children with special health care needs (CSHCN).

Children are more likely to have health insurance when their parents are also insured.<sup>9, 10, 11</sup> This fact sheet explores:

- The Medicaid expansion provision of the Affordable Care Act (ACA);
- A state option to provide 12-month continuous eligibility to parents and other adults;
- How these policy initiatives have the potential to impact the insurance status of Latino CSHCN.

## The Medicaid Expansion Provision

The Affordable Care Act (ACA) contains provisions aimed at increasing and improving health insurance coverage, particularly among populations who historically have had high uninsurance rates. One of these provisions is the Medicaid expansion [section 2001(a)(1) of the Affordable Care Act<sup>16</sup>]. Prior to the passage of the ACA, state Medicaid programs were required to offer eligibility to low-income children birth through 18 years old, parents of dependent children, pregnant women, and individuals with disabilities.<sup>1</sup> In the majority of states, childless adults, ages 19 to 64, were not eligible for Medicaid at any income level, unless the state created a waiver. The ACA's Medicaid expansion provision, which is optional for states, creates a pathway to Medicaid for 19- to 64-year-old childless adults who are not pregnant and not disabled and whose income is less than 138%\* of the federal poverty level (FPL) (about \$27,000 per year for a family of three).<sup>2, 3</sup> While parents were a mandatory coverage

group for state Medicaid programs prior to the ACA, many states limited a parent's eligibility to those with incomes less than 100% of the FPL (about \$20,000 per year for a family of three<sup>14</sup>). In states that choose to expand Medicaid, parents are now eligible based on the 138% FPL\* standard.<sup>2</sup>

Currently 29 states (including Washington, D.C.) have implemented the ACA Medicaid expansion.<sup>3</sup> States that expanded Medicaid receive an enhanced 100% Federal Medical Assistance Percentage (FMAP) match for newly eligible adults through 2016. Beginning in 2017, the FMAP will decrease each year until 2020, when it will remain at 90%.<sup>2</sup>

## Insurance Coverage Inequities and Latinos in the U.S.

In the U.S., Latinos are the most likely of any racial or ethnic group to be uninsured. As of 2012, 11% of white adults and 19% of black adults were uninsured compared to 29% of Latino adults.<sup>4</sup> The same inequities exist among children, where 7.4% of white children and 14.5% of black children are uninsured compared to 21% of Latino children.<sup>5</sup> Among CSHCN, 7.3% of white CSHCN and 9.9% of black CSHCN are uninsured compared to 15.9% of Latino CSHCN.<sup>6</sup>

**Table 1. Uninsurance rates among adults, children, and children with special health care needs (CSHCN) by race**

	Adults	Children	CSHCN
White	11.0%	7.4%	7.3%
Black	19.0%	14.5%	9.9%
Latino	29.0%	21.0%	15.9%

*Data from the U.S. Census Bureau,<sup>4</sup> the National Survey of Children with Special Health Care Needs,<sup>6</sup> and Flores, Abreu, & Tomany-Korman (2006).<sup>5</sup>*

\*Note: The ACA MAGI (Modified Adjusted Gross Income) rule described at § 435.601 and § 435.602 (<http://1.usa.gov/1Gc65ND>) allows for a 5% income disregard, so income is reported as 138% FPL rather than 133% FPL. More information is available from the Kaiser Family Foundation at <https://kaiserfamilyfoundation.files.wordpress.com/2013/04/8391.pdf>

In addition to having higher uninsurance rates, Latinos have lower median incomes and a higher poverty rate than whites,<sup>4</sup> suggesting they may be more likely to benefit from the expansion of public insurance for low-income individuals.

### Closing the Gap

From 2013 to 2014 (when the ACA's coverage provisions went into full effect), the uninsurance rate among all adults decreased. Latinos experienced some of the most robust coverage gains, with uninsurance rates falling 13 percentage points. Among Latinos, those with the lowest incomes experienced the most coverage gains.<sup>7</sup> Thus, the ACA, and particularly the Medicaid expansion provision, has helped to close coverage gaps and reduce inequities, particularly those experienced by Latinos.

### Impact on CSHCN

The Federal Medical Assistance Percentage (FMAP) is not enhanced for parents, who were a mandatory coverage group prior to the ACA. However, the new 138% FPL income eligibility standard for all adults means more parents are now eligible for Medicaid coverage in states that expand the program.<sup>8</sup> In 2012, about 12% of children eligible for public coverage (through Medicaid or State CHIP programs) were unenrolled.<sup>15</sup> Children are more likely to be enrolled in Medicaid when their parents also are enrolled,<sup>9, 10, 11</sup> so increased parental enrollment through the Medicaid expansion may also impact these eligible, but unenrolled children. About 11% of Latino children have a special health care need and, by definition, they require more health care services than their peers.<sup>6</sup> Thus, coverage gains for Latino parents that extend to their CSHCN will have a positive impact on a group of children for whom access to insurance is the first step to accessing the increased level of care they need.

### Twelve-month Continuous Eligibility for Adults

Not only does the parents' insurance status impact the insurance status of their child, it also affects the continuity of the child's insurance. Parents who are insured for fewer months are more likely to have uninsured children.<sup>12</sup> In May 2013, the Centers for Medicare and Medicaid Services (CMS) issued a bulletin that outlined five strategies for facilitating enrollment in Medicaid and the Children's Health Insurance Program (CHIP). One of these strategies was a state option to provide 12-month continuous

Medicaid eligibility for parents. This would ensure parents could retain Medicaid benefits for the year regardless of changes in household income or family size. Additionally, if the state also extended 12-month continuous eligibility for children, it would standardize the renewal dates for the entire family, and minimize gaps in coverage.<sup>13</sup>

### Continued Barriers

While Latinos have experienced increases in insurance coverage since the Medicaid expansion went into effect, geographic disparities remain. Coverage gains were statistically significant only among Latinos living in states that expanded Medicaid; there was no statistically significant change in coverage among Latinos living in states that did not expand Medicaid.<sup>7</sup> About two million Latinos have incomes that would make them eligible for Medicaid under the Medicaid expansion provision, but live in states that have not yet adopted it; almost 60% of Latinos who remain uninsured live in these states.<sup>7</sup> States like Texas and Florida, which have high Latino populations, but have not chosen to expand Medicaid, present particular challenges to addressing coverage inequities that impact Latino CSHCN and their families.<sup>7</sup>

Additionally, the ACA does not expand coverage for individuals with undocumented status, who remain ineligible for Medicaid and also are precluded from purchasing coverage in the Marketplaces. About 16% of uninsured Latinos are ineligible for coverage under the ACA because of their documentation status.<sup>7</sup>

The ACA has significantly reduced the uninsurance rate among Latinos and has narrowed inequities in coverage. However, because of the documented link between parents' and children's coverage, enacting additional reforms will not only help address coverage inequities experienced by Latinos as a whole, but also those experienced by Latino CSHCN with complex care needs for whom uninsurance may be particularly damaging to health.

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## About the Catalyst Center

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## Contact Information

Kasey Wilson, Research Assistant  
The Catalyst Center  
Boston University School of Public Health  
Health & Disability Working Group  
715 Albany St.  
Boston, MA 02118  
Tel: 617-638-1925  
Web: <http://www.hdwg.org/catalyst>  
E-mail: [wilsonka@bu.edu](mailto:wilsonka@bu.edu)

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LT Leticia Manning, MPH, MCHB/HRSA Project Officer

This fact sheet can be found on the Web at <http://hdwg.org/catalyst/inequities-latino>