

## Lifting the Temporary Freeze on KidsCare

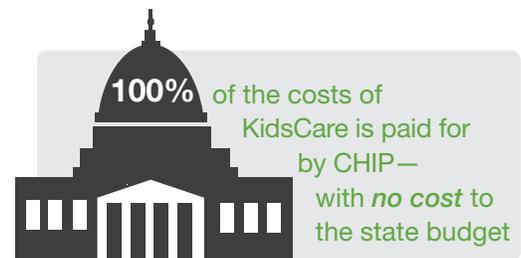
### Background

KidsCare is Arizona's State Children's Health Insurance Program (CHIP). Before it was temporarily frozen, KidsCare provided high quality, affordable, and cost-effective health care to low income children from working families. KidsCare covers children in families with incomes from 138 percent to 200 percent of the federal poverty level, or \$27,000-\$40,000 for a family of three.

Arizona has had a temporary enrollment freeze on KidsCare for the past five years and is the only state in the country without functioning CHIP coverage.

### KidsCare Is Good for the Economy and Arizona's Budget

Beginning October 1, 2015, KidsCare in Arizona will be 100 percent paid for by the U.S. Department of Health and Human Services. There will be no cost to the state budget. State laws for the KidsCare program are still in place. Lifting the temporary freeze on KidsCare requires approval by Governor Ducey and the legislature to allow AHCCCS to spend federal funds and to re-open enrollment. Between 30,000-40,000 children in Arizona are expected to enroll.



### KidsCare Has a Proven Track Record of Success with Bipartisan Support

#### 1. KidsCare is a public private partnership.

Health insurance companies contract with AHCCCS to offer kids robust health plans with benefits and provider networks designed with children in mind.

#### 2. Families share the cost.

KidsCare families have a vested interest in their children's health care because they are required to pay monthly premiums.

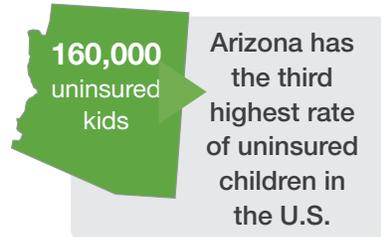
#### 3. KidsCare has improved the health of thousands of Arizona kids.

At its peak, KidsCare helped over 63,000 children get access to health care. When KidsCare was available, Arizona saw notable improvements in children's health coverage.

## Why Arizona Families Need KidsCare

### Arizona has too many kids without access to health care.

Arizona has the third highest percentage of uninsured children in the US—around 160,000 kids.



### Children need health insurance to grow up healthy, learn, and thrive.

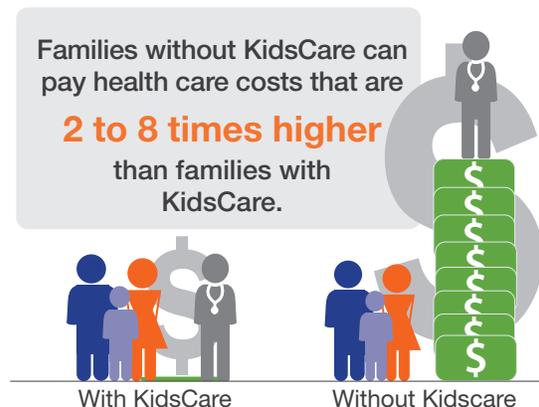
A large body of evidence shows that uninsured children perform worse in school than insured children, are less likely to receive preventive health care such as vaccinations and screenings, get sick more often, and are at greater risk for developmental delays.

### KidsCare works better for many children than the “Obamacare” Marketplace.

KidsCare health plans are designed with children in mind, which provides children better access to doctors and health care benefits. Even with subsidies, Marketplace plans are financially out of reach for children who would qualify for KidsCare. Costs for co-payments and deductibles in Marketplace plans may prevent children from getting the health care and medicines they need. All KidsCare plans are closely monitored to make sure children are on track with their well child visits, routine checkups, and screenings.

### KidsCare is very important for kids with complex health needs.

High costs to families in Marketplace plans hurt kids with special health care needs the most. In a study by Georgetown University, researchers found that children with special health care needs face substantially higher costs and exhaust certain benefits that are essential to their health. For a child with cerebral palsy, for example, health costs could exceed 15 percent of the family’s income. Children with common health care needs can see health care costs to families that are 2 to 8 times higher than the costs of KidsCare.



## KidsCare protects Arizona children from flaws in the Affordable Care Act.

Over half of low income children who could qualify for KidsCare might be locked out of tax credits or subsidies due to a feature of the Affordable Care Act known as the family glitch. This feature means that children won't qualify for financial assistance if one parent has access to affordable coverage through their employer—even if the cost of family coverage would be out of reach. Without KidsCare, thousands of families in Arizona are priced out of health coverage.

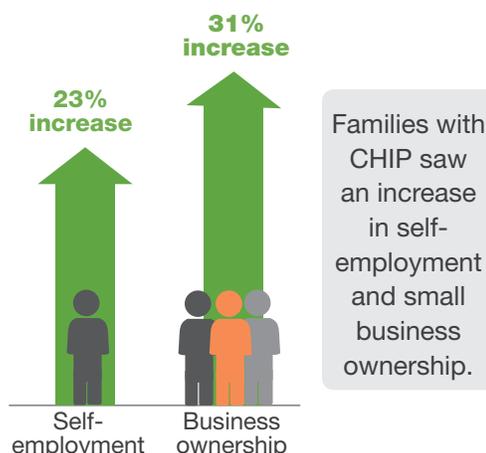
## KidsCare prevents the need for foster care and helps foster children transitioning home.

KidsCare provides families access to important behavioral health services that keep children safe and families together.

## KidsCare Is Good for Business

### CHIP stimulates entrepreneurship and helps families start small businesses.

Research from Harvard Business School found that families with CHIP saw a 23 percent higher rate of self-employment and a 31 percent higher rate of ownership of incorporated businesses.



### KidsCare results in cost savings.

Researchers at ASU found that uninsured children avoid regular medical care resulting in costly emergency room use. Currently, Arizona children in the KidsCare family income range are more likely than other children to be uninsured.

### KidsCare works hand-in-hand with private health plans.

KidsCare contracts with private health plans. Children covered by CHIP tend to be sicker than those covered by commercial plans, which mean that commercial insurance risk pools may be stronger with KidsCare

## KidsCare has no impact on the state budget and will strengthen Arizona's healthcare system.

## KidsCare Questions and Answers

### Is there sufficient federal funding available for Arizona's KidsCare program and children enrolled in Medicaid expansion?

In 2015, Congress provided enough funding for states to cover all eligible children in the US enrolled through Medicaid expansion (also known as the MCHIP children in families with incomes between 100-138% of the federal poverty level) and KidsCare programs until at least September 2017. Federal officials have confirmed that there is sufficient federal funding available for Arizona to cover 100% of the costs for both higher projections for the number of children enrolled in Medicaid expansion and for renewed enrollment in KidsCare. This includes administrative costs.

### How does the funding process work?

Arizona's current funding is based on an estimate of MCHIP kids and frozen KidsCare enrollment. If the freeze on KidsCare is lifted, federal CHIP law allows for multiple pathways to ensure states have sufficient funding to cover coverage expansions, higher-than-anticipated enrollment, or expenditures that exceed the initial projections. Some combination of these pathways would ensure that Arizona has sufficient federal funds available to cover qualified children if the state were to reinstate KidsCare. The additional federal funding for KidsCare must be triggered by a request from the State. At this time, AHCCCS has made no request so there has been no change in the funding.

### What will happen if federal funding decreases?

KidsCare will be 100% federally funded through federal fiscal year 2017 (September 30 2017) and likely through September 30 2019. If federal funding falls short, our state law will automatically limit or freeze enrollment so that no unbudgeted costs will be incurred.

Lifting the freeze on KidsCare will bring us value for the federal tax dollars we have already paid. Right now, our tax dollars are going to children in other states.

### How much federal funding will KidsCare bring to Arizona?

Based on estimated enrollment of 31,000 children in KidsCare, \$76 million in federal funds will fuel children's health and strengthen Arizona's economy and health care system.

### Who will benefit from KidsCare?

There are high rates of uninsured children in every geographic part of the state. The rate of uninsured children in rural parts of Arizona can be more than three times higher than the national average. KidsCare provides strong provider networks for kids in rural communities. Native American children who can get health care through the Indian Health Services often do not have access to providers or specialty care and can benefit from KidsCare. White children in Arizona have higher rates of uninsurance than their peers in neighboring states and KidsCare would equalize the playing field for these children. Hispanic children would also benefit since they make up around half of all uninsured children in Arizona.