



## Arizona should increase KidsCare income eligibility

After years of progress toward reducing the rate of uninsured children, Arizona has taken an unfortunate turn. Between 2016 and 2019, the number of uninsured children grew by roughly 22%. In 2019, 161,000 Arizona children were uninsured – the fourth highest rate of uninsured children in the United States. That was before the COVID-19 pandemic shook our economy and thrust millions across the nation into unemployment—many losing their employer sponsored coverage in the process—making it likely that the current rate in Arizona is even higher. We will not know the full story of how the pandemic has impacted access to health coverage in Arizona until new data is available in 2021, but that does not mean we cannot take actionable steps now to expand access to health coverage for Arizona’s children.

### ***For too many Arizona families, health insurance remains just out of reach.***

The Children’s Health Insurance Program (CHIP; or “KidsCare” in Arizona) plays a valuable role in providing health care to school-aged children, particularly Black, Indigenous, and People of Color children. Arizona currently has one of the lowest income eligibility thresholds for CHIP in the nation at just 205% of the Federal Poverty Level (FPL), meaning a family of four earning up to \$53,004 may qualify for affordable, high-quality health insurance through KidsCare. The national median is 255% FPL (around \$67,000 for a family of four), though 18 states and the District of Columbia have upper income limits of at least 300% FPL and some states have expanded eligibility over 400% FPL. As families recover from the economic effects of the pandemic and the cost of living continues to increase, Medicaid and CHIP will continue to play a critical role in providing access to health coverage and care to families.

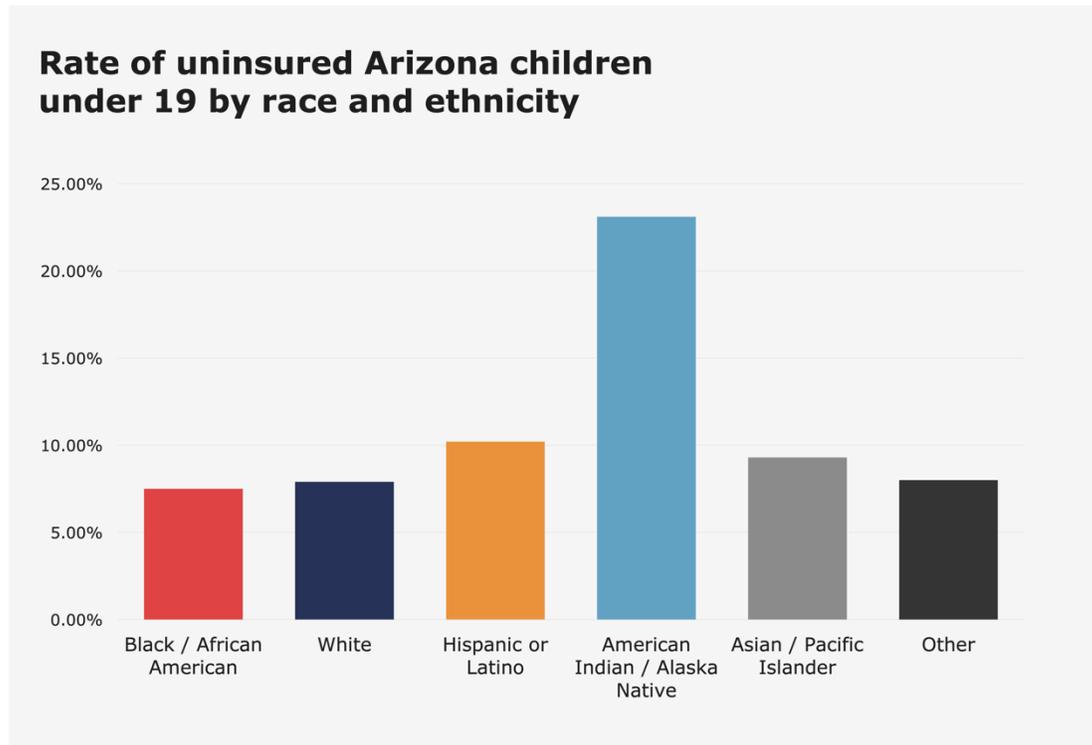
More than 10% of Arizona’s uninsured children live in households that earn slightly too much to qualify for Medicaid or CHIP (between 206 and 249% FPL). This equates to roughly 16,120 *uninsured* children who could benefit from affordable, quality health coverage through CHIP. Assuming an 80% benefit uptake, 12,896 uninsured children would likely enroll if the income threshold were to increase. The Joint Legislative Budget Committee (JLBC) estimates total uptake at around 26,000 children. Assuming an equal distribution of between 12,000 and 30,000 enrollees across the age spectrum and continuous enrollment all year, AHCCCS would incur costs of \$2,753.54 per child per year. Importantly, this cost would be shared by the federal and state governments, with the federal government assuming 79.01% of the fiscal responsibility (83.35% during the duration of the COVID-19 public health emergency). Arizona would pay between \$7.5 and \$15 million in state dollars (and less during the public health emergency).

### ***Children of color face obstacles to health coverage.***

The benefits of health coverage in childhood are immense and yield long-term improvements in economic and health status that extend to future generations. However, in Arizona, American Indian / Alaska Native and Latino children face systemic obstacles to getting and staying insured. These disparities in health coverage rates have only deepened in recent years due to cuts to federal health care outreach and enrollment grants.

***In 2019, 23.1% of American Indian / Alaska Native children and 10.2% of Latino children in Arizona were uninsured.<sup>1</sup>***

<sup>1</sup> Georgetown Center for Children and Families; based on analysis of 2019 United States Census American Community Survey data ([link](#))



These health coverage disparities are shaped by and, in turn, reinforce economic and health inequity. Although Latino families in Arizona are more likely to be engaged in the workforce, they are less likely to have access to affordable employer-sponsored health coverage.<sup>2</sup> And though American Indian / Alaska Native who are enrolled with a federally recognized tribe can receive health care through the Indian Health Service or other Tribal health care facilities, they may have limited access to the specialist care, medications, and treatments provided through health insurance.<sup>3</sup>

*If Arizona were to raise the income threshold for KidsCare to the national median for CHIP, roughly 16,120 uninsured children would become eligible for health care, including nearly 10,000 Latino children and 1,600 American Indian children.*

## **Arizona should act now to increase income eligibility for KidsCare**

Children with health insurance are healthier, more likely to graduate from high school, earn higher wages as adults, and are more likely to bear healthy children themselves;<sup>4</sup> in short, investing in getting children covered health coverage is a proven way to reduce both health and economic disparities for generations to come. Arizona would need a waiver from the Center for Medicaid and Medicare Services to expand income eligibility for its CHIP program, but now is the perfect time to request this flexibility. The Biden administration has opted to extend the temporary increase in the federal share of Medicaid and CHIP costs, thus lowering state costs. This measure has already yielded roughly \$153 million in AHCCCS savings in 2020 alone.<sup>5</sup> Arizona could apply to increase its CHIP allotment to account for raising the eligibility level, thereby ensuring sufficient federal funding to support this expansion without risk to the state budget. Doing so will yield enormous gains for children's health now and well into the future.

<sup>2</sup> Georgetown Center for Children and Families / UnidosUS; based on analysis of 2018 United States Census American Community Survey data ([link](#))

<sup>3</sup> Arizona Department of Health Services ([link](#))

<sup>4</sup> Georgetown Center for Children and Families / the Commonwealth Fund ([link](#))

<sup>5</sup> Joint Legislative Budget Committee, Federal Coronavirus Response Report dated 2/25/2021 ([link](#))