

Medicaid's Role for Kids and Children's Hospitals



Medicaid Ensures Kids Access to Care

Of the 78 million children in the U.S., Medicaid provides health coverage for 35 million of them, according to the [Centers for Medicare and Medicaid Services](#). It is an important source of coverage for the 6 million children with complex medical conditions, according to [Kaiser Family Foundation](#). Medicaid also plays a significant role in providing coverage to children with cancer, covering 1 in 3 children who are diagnosed with cancer, according to [American Cancer Society](#).

Medicaid provides children access to a comprehensive set of medically necessary services through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit. It also plays an important role in children's behavioral health as the nation's largest payer for behavioral health services. EPSDT ensures that children receive all medically necessary services.

Medicaid is the foundation for the pediatric health care system, including children's hospitals. Medicaid is essential to children's hospitals' ability to deliver care to any child who needs it, especially children with complex medical conditions and cancer. Medicaid, on average, provides health insurance coverage for half of children's hospitals patients and for some children's hospitals patient mix, closer to three-quarters.

Children's hospitals:

Make up less than
5%
of the nation's hospitals.

Account for about
45%
of all hospital days for
children on Medicaid.

(Source: Children's Hospital Association Analysis of Kids' Inpatient Database (KID), Healthcare Cost and Utilization Project (HCUP), Agency for Healthcare Research and Quality, 2019)

Medicaid Payments for Pediatric Care

The care pediatric providers deliver needs to be valued, and they should receive adequate payment for the services they provide to ensure children can access all health care needs. Medicaid rates are generally well below Medicare rates, which are below commercial insurance rates. Supplemental payments help address the already existing gap enabling children's hospitals to continue providing care to millions of children across the country. Supplemental payments help bridge the gap caused by low Medicaid reimbursement, although they do not completely solve the underfunding problem. These payments are a critical means of payment for children's hospitals who provide care to millions of children across the country.

Medicaid Investments are Critical to Sustain and Bolster Pediatric Care

To improve Medicaid support for children's access to care, Children's Hospital Association advocates for:

- **Adequate payment for services provided to children.** Children's hospitals, pediatricians and other pediatric providers serve a large number of patients covered by Medicaid and CHIP. Adequate Medicaid payment is critical in ensuring children can access care.
- **Federal incentives to ensure access to care for children and the pediatric workforce.** This will also help address the children's mental health crisis since Medicaid is the primary payer for behavioral health services.
- **Considerations for children.** Any Medicaid payment policy changes should consider the impact on children and the providers who rely on the program to sustain their missions.

A pediatrician treating a child enrolled in Medicaid receives

ONLY
66%

of what is paid for a Medicare enrollee.

(Source: [American Academy of Pediatrics](#))

Fee-for-service inpatient hospital base payments in Medicaid were

22%
LOWER

than comparable Medicare rates.

(Source: [Medicaid and CHIP Payment and Access Commission](#))

On average, Medicaid and supplemental payments reimburse children's hospitals

ONLY
79%

of the cost of care provided.

(Source: Children's Hospital Association Annual Benchmark Report, 2020)

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