



Health Care Use and Conditions of Children with High Out-of-Pocket Spending in Exchange Coverage



Medicaid and CHIP Payment and Access Commission
Chris Peterson

Today's presentations on children's coverage

- Health care use and conditions of children with high out-of-pocket spending in exchange coverage
- Policy issues on the future of Medicaid-expansion CHIP
- Proposed rule on 2017 benefit and payment parameters for exchange coverage
- Medicaid and CHIP premium assistance and Basic Health Program

Overview of this presentation

- Review the results from the prior analysis
 - Average out-of-pocket spending for children in separate CHIP versus subsidized exchange coverage
 - Share of children with out-of-pocket spending exceeding various thresholds
- Summarize new results on the characteristics of children with high out-of-pocket spending in exchange coverage
- Discuss policy issues

Key findings from prior analysis

- Out-of-pocket spending (premiums and cost sharing) in exchange coverage is higher than CHIP in all 36 states with separate CHIP
 - Average separate CHIP: \$148 per year
 - Average exchange: \$1,073 per year
- Out-of-pocket spending in exchange plans increases substantially as income rises, consistent with required income-related cost sharing
- Differences in states' CHIP income eligibility mean that the group of children receiving CHIP cost sharing protection varies by state

Prior analysis: Range of children across states with spending above thresholds

Income as a % of poverty	CHIP		
	2% of income	5% of income	10% of income
133–<150%	0% ¹	0%	0%
150–<200%	0–2% ¹	0%	0%
200–<250%	0–2% ²	0%	0%
250–400%	0–3% ³	0%	0%

	Second lowest cost silver exchange plan		
133–<150%	14–34%	1–3%	0%
150–<200%	34–54%	2–9%	0–1%
200–<250%	61–75% ⁴	8–16%	1–3%
250–400%	59–94%	8–17%	1–3%

1 Excluding Utah, which had 1% and 13% above 2%-of-income threshold for the first two income groups.

2 Excluding Missouri, which had 13% above this threshold.

3 Excluding Missouri and New Jersey, which had 99 percent and 14 percent above this threshold, respectively.

4 Excluding South Dakota, which had 54% above this threshold.

Note: Excluding Massachusetts from exchange ranges because it has additional cost-sharing and premium limitations.

Source: Preliminary results from Actuarial Research Corporation (ARC), among states with separate CHIP in each income range.

Key findings from new analysis

- Children crossing various spending thresholds have high health care use
 - Over half (56%) of children with out-of-pocket spending of more than 10% of income had one or more hospitalizations during the year
- Children with treatment for chronic conditions comprise a majority of those who would have high out-of-pocket spending in exchange coverage
- However, there is also a sizeable group of otherwise healthy children who experience an unexpected acute episode that causes high health care spending

Health care use and health of children exceeding out-of-pocket thresholds in exchange plans

Characteristics	Share of children with out-of-pocket spending exceeding 2% of family income	Share of children with out-of-pocket spending exceeding 5% of family income	Share of children with out-of-pocket spending exceeding 10% of family income
One or more hospitalization	5%	27%	56%
One or more visit to emergency department	20%	40%	47%
Three or more prescriptions filled during the year	33%	59%	61%
Poor health	3%	11%	24%

Notes: Share with poor health consists of those with fair or poor mental health status for two or more rounds in the Medical Expenditure Panel Survey—Household Component (MEPS-HC), or poor health status for two or more MEPS-HC rounds. Utilization is based on use during the preceding 12 months. Prescription drug utilization determined using number of prescriptions, which may or may not be for different medications. Averages in this table among 36 states with separate CHIP were weighted by (1) CHIP enrollment in the four income groups in each state, and (2) share of children in that state and income group crossing each threshold. **Source:** MACPAC analysis of results from Actuarial Research Corporation (ARC) of the second lowest cost silver exchange plans in the county with the most children among 36 states with separate CHIP.

Health care conditions of children exceeding out-of-pocket thresholds in exchange plans

Characteristics	Share of children with out-of-pocket spending exceeding 2% of family income	Share of children with out-of-pocket spending exceeding 5% of family income	Share of children with out-of-pocket spending exceeding 10% of family income
Treatment for chronic versus acute conditions			
Treatment for a chronic condition	36%	59%	58%
Among those not treated for a chronic condition, treatment for acute condition	37%	34%	39%
Treatment for mental health condition	12%	29%	39%
Treatment for asthma/COPD	11%	19%	22%
Treatment for trauma	15%	26%	28%

Notes: COPD is chronic obstructive pulmonary disease. Mental health, asthma/COPD, trauma, and chronic and acute conditions were identified using three-digit ICD-9 codes from the Medical Expenditure Panel Survey—Household Component (MEPS-HC) event files. Averages in this table among 36 states with separate CHIP were weighted by (1) CHIP enrollment in the four income groups in each state, and (2) share of children in that state and income group crossing each threshold.

Source: MACPAC analysis of results from Actuarial Research Corporation (ARC) of the second lowest cost silver exchange plans in the county with the most children among 36 states with separate CHIP.

Discussion questions

- How do the varied characteristics of children with high health care spending affect the Commission's consideration of options related to affordability of coverage?
- What types of affordability policies would be best suited to low- and moderate-income children with these characteristics?



Health Care Use and Conditions of Children with High Out-of-Pocket Spending in Exchange Coverage



Medicaid and CHIP Payment and Access Commission
Chris Peterson