



American Academy of Pediatrics



---

STATEMENT

AMERICAN ACADEMY OF PEDIATRICS

Submitted for the Record of the Hearing Before the United States  
House Budget Committee

July 16, 2008

Health Care

---

**Department of Federal Affairs**

The Homer Building  
601 Thirteenth Street, N.W.  
Suite 400 North  
Washington, D.C. 20005  
202-347-8600 / 800-336-5475 / FAX: 202-393-6137

## **Introduction**

This statement on children's health care access is submitted on behalf of the American Academy of Pediatrics (AAP), which represents more than 60,000 primary care pediatricians as well as pediatric medical and surgical subspecialists. The AAP and its members are dedicated to the health, safety, and well-being of children from infancy through young adulthood. With health reform a major concern for many families, the time is right to make the health and well being of America's children a national priority.

Although Medicaid and the State Children's Health Insurance Program (SCHIP) have helped reduce the number of uninsured low-income children by one third over the last decade, more than nine million children and adolescents lack basic health care coverage, nearly one-fifth of the nation's uninsured population. There is no better investment than preventing health problems, and promoting healthy development of the nation's children. Congress and the administration must know that children need age appropriate care and reliable preventive services.

The Academy would like to thank the Budget Committee for its continued commitment to this issue and for the opportunity to submit a statement for the record.

## **Access to Care for Children**

Pediatricians know that access is not just insurance. Many children have substantial insurance coverage through Medicaid or the State Children's Health Insurance Program (SCHIP), but their access to quality care can be limited. Good access demands high quality and adequate payment rates. An integral component of the AAP's efforts to achieve access to high quality care for all children is the AAP's Principles on Access:

1. Every child must have quality health insurance.
2. Health insurance should be a right, regardless of income, for all children, pregnant women, their families and ultimately all individuals.
3. All health insurance plans should have a comprehensive, age-appropriate benefits package such as that of the American Academy of Pediatrics (AAP).
4. All children should have access to primary care pediatricians, pediatric medical subspecialists, pediatric surgical specialists, pediatric mental and dental professionals, and hospitals with appropriate pediatric expertise.
5. All health plans should have payment rates that assure that children receive all recommended and needed services.
6. Health insurance should be fully portable and provide continuous coverage.
7. Administrative aspects should be streamlined and simplified.
8. Families should have a choice of clinician(s).
9. Health plans should complement and coordinate with existing maternal and child health programs to ensure maximum health benefits to families.

These Principles have been structured to focus on quality health insurance and payment rates that assure receipt of all recommended and needed health services. These Principles serve as the gold standard that the Academy uses to evaluate health care access legislation at the federal level.

## **Children's Unique Health Care Needs**

As a unique and diverse group of individuals, children have health care needs that are distinct from those of adults. These issues have traditionally been addressed at the state and local level, leading to wide disparities in quality, cost, and outcomes throughout the nation. The federal government should implement strategies to ensure that every child in the United States has access to quality health care.

More so than adult health care, pediatrics emphasizes the value of preventive care. The AAP recommends seven routine visits to a pediatrician during the first year of life; frequent care enables regular assessment of early childhood development and administration of potentially life-saving measures like immunizations. Meeting these pediatric needs is essential for both personal and public health. With chronic diseases such as diabetes, hypertension, and behavioral disorders on the rise in the pediatric population, preventive care is now needed more than ever.

Preventive and long-term care is especially essential for Children and Youth with Special Health Care Needs (CYSHCN). These children, who suffer from chronic physical, developmental, behavioral, or emotional conditions, make up only 14% of the pediatric population yet account for 40% of pediatric medical/surgical expenditures. Medicaid's comprehensive Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program ensures that these children, whose families are often least able to afford their children's skyrocketing health costs, receive the care they need. Private insurance, on the other hand, is designed for adults, not children. In general, commercial insurance is far more restrictive than Medicaid and may exclude coverage for pre-existing conditions or paramedical services such as physical therapy or hearing services. CYSHCN depend to a great degree on federal funds and programs such as Medicaid and SCHIP to ensure their physical, mental, and emotional well-being.

## **The Cost of Pediatric Care**

Pediatric visits are more numerous but less expensive than adult care. In 2004, the cost per average Medicare beneficiary totaled \$12,763. In 2005, the total cost for each non-disabled child in Medicaid was \$1,617. Moreover, pediatric preventive care avoids the high costs associated with acute illness. For instance, in 2003 the average immunization visit cost \$264; by contrast, a single 2004 case of measles in Iowa cost the state public health infrastructure nearly \$150,000 in containment efforts. Pediatric care is instrumental in reducing systemic and personal health care costs.

Nevertheless, many families find it difficult to meet their child's health care needs. This is especially true for the 20% of U.S. households containing at least one CYSCHN, where parents often cut back on work or quit their jobs to care for their child. The combination of reduced income, declines in employer-sponsored coverage, and increasing health care costs makes it almost impossible for families to afford basic health insurance coverage, let alone the necessary services for a CYSCHN. Public programs, which limit co-payments to families, help poor and near-poor children afford needed medical care.

It is important to note that families, poor, near-poor and middle class, face overwhelming health care costs. In fact, it is families with private insurance who face higher medical bills: 27% of

families with private coverage pay more than \$1000 out-of-pocket annually for their child's health care. Such high out-of-pocket payments may lead to families forgoing preventive care and screening, further increasing the ultimate cost to the child's development, family and the health care system.

### **Proposed Solutions**

In 1967, the AAP developed the concept of a "medical home," a central location (usually a primary care pediatrician's office) that facilitates all the medical care for a child.

Use of a medical home has several proven benefits, including:

- Coordination of medical and community services
- Increased patient, family, and professional satisfaction
- Improved quality of care
- Efficient use of resources
- Reduced health disparities

The medical home was intended to be a solution to difficulties created by a fragmented health care delivery system for children, especially CYSHCN. Forty years later, however, access to a medical home for children is still not universal. Financial disparities between public and private coverage, in particular, hamper access to high-quality medical care for all children. Existing government programs, while effective in reducing both systemic and out-of-pocket costs, place the burden of enrollment on the family, thus creating administrative barriers to access. Six million uninsured children—nearly two-thirds of the pediatric uninsured population—are eligible for Medicaid or SCHIP but are not enrolled. The AAP, committed to providing access to high-quality health care for all children, finds this unacceptable.

One solution to provide access to high quality health care for all children is the MediKids Health Insurance Act (H.R 2357 / S. 2522). MediKids achieve the AAP's Principles on Access and would guarantee a child's right to high quality health care with comprehensive, age-appropriate benefits in a medical home. Senator John D. Rockefeller (D-WV) and Representative Pete Stark (D-CA) have served as the champions of the legislation, and have reintroduced the legislation in the Senate and House of Representatives in the past four Congresses.

The AAP believes that MediKids is a solution to the growing problem of uninsured children. There is no better investment than preventing health problems, and promoting the healthy development of the nation's children. Pediatricians know that preventive care early in life is imperative to developmental and educational success. The Medikids Health Insurance Act would create a unified system that would achieve the AAP's goal of quality health insurance for all children regardless of family income.

## **Conclusion**

Unlike the adult health care system which focuses on acute episodes of illness, pediatric medical care is oriented toward prevention, a proven strategy that both improves outcomes and reduces costs. Children are not merely small adults; they have unique medical needs that must be addressed in any reform of the American health care system. Moreover, care for children is significantly less expensive than care for adults, further underscoring the value of prevention in their care. As a result, the American Academy of Pediatrics strongly urges the Budget Committee to evaluate any health care reform legislation from the pediatric perspective in order to ensure that children throughout the nation have access to high-quality medical care.