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Medicaid is integral to state and local health care systems; however, its benefits reach children in a wide range of child and family serving systems, assisting those systems to better meet children's needs.

Nearly **1.47 million** Illinois children have health coverage through Medicaid (the "All Kids" program), or around **half of all Illinoisans** enrolled in Medicaid. Any major funding reductions and changes to Medicaid will have the greatest effect on children. A recent long-term retrospective study found that children who received expanded Medicaid benefits in the 1980s and 1990s made higher combined income, contributed more to the tax system as adults, were more likely to attend college, and had decreased adult mortality rates.¹

Medicaid provides access to care and services to many children with special health care needs.

Early Intervention (EI) provides physical therapy, social work, occupational therapy, speech/language and other services for children birth to 3 with developmental delays (DD) and disabilities, with most services currently billable to Medicaid.

- A federal Medicaid cap would put pressure on EI to reduce expenditures for therapies and increase Illinois' share of EI costs.
- These changes could result in increased spending of state general revenue funds to cover the mandated services, restrictions in program eligibility, provider rate cuts and waitlists for services.



21,600 Illinois children birth to 3 have an Individualized Family Services Plan (IFSP). Of those, 57.9% are covered by Medicaid.²

Children in foster care:

- Rely on Medicaid for healthcare, including mental health care and special education services.
- Frequently receive EI services to address social, emotional, and developmental delays that are exacerbated by trauma histories and neglect.

There are now **15,000** children on the waiting list for these Medicaid-funded waivers.

All Kids and privately insured children benefit from **waiver programs** for children with DD, Autism, and traumatic brain injuries. Of Illinois' 9 HCBS Medicaid funded waiver programs, 6 serve children. 3 waive parental income (protecting families from impoverishment):

- The Children's Support Waiver
- The Children's Residential Waiver
- The Medically Fragile Technology Dependent Waiver (MFTD)

IL HCBS Waiver Programs for Children (Waive Parental Income)³

Children's Support Waiver	Children's Residential Waiver	MFTD Waiver
<ul style="list-style-type: none"> • Served 1,395 children in 2015 • Received \$18,836,705 in federal Medicaid matching dollars 	<ul style="list-style-type: none"> • Served 280 children in 2015 • Received \$22,344,423 in Illinois federal matching dollars 	<ul style="list-style-type: none"> • Served 753 children in 2015 • Received ~\$1 million in federal Medicaid matching dollars

Medicaid reimburses schools for necessary services, such as special education services, mandated school and child care enrollment child health examinations, and school based health centers.



In FY16, there were **355,235** students with IEPs receiving special education services in Illinois

Nationally school districts receive roughly **\$4 billion** annually from Medicaid for special education services.

Illinois's 2016 Special Education Matching Fund had approximately **\$160 million** in expenditures.⁴



Special education services are mandated under federal and state law, and Medicaid reimburses schools for many services they provide to children with Individualized Education Plans (IEPs).

- Services schools provide include, e.g., audiology services, medical equipment, physical therapy, psychological services, speech/language services, and transportation.
- A federal Medicaid cap would put strain on school districts providing mandated IEP services and on "child find" efforts for children in need of special education services
- School districts may need to request an increase in local property taxes to pay for services previously covered by Medicaid, if the state's special education allocation does not increase.

Mandated School and Child Care Enrollment Child Health Examinations:

Mandated child health examinations include immunizations, developmental and social emotional screenings, lead screenings, and physical examinations.

- Children who do not receive health examinations can be denied enrollment in school or child care.
- This could result in the loss of a percentage of **General State Aid funding** (current state avg. \$3,000 per student).⁶
- Changes to Medicaid could not only impact a family's ability to access school health examinations, but also deny children access to education and child care and put pressure on local revenue to separately pay for these services.



Physical Examinations

Lead Screenings



School and Child Care Enrollment Child Health Examinations Are Vital



Developmental and Social Emotional Screenings

Immunizations

Illinois School-Based Health Services Program 2015⁸

274,000 Illinois school children received direct medical services

Local education agencies received over **\$115.7 million** in Medicaid matching dollars for direct services

Local education agencies received **\$51.4 million** in Medicaid matching dollars for administrative costs

Nationally, **7 out of 10** students receiving mental health services receive those services at school.⁷



School Based Health Centers are reimbursed by Medicaid for health care services provided within the school setting. Availability of these services increases availability of healthcare services to children. A federal Medicaid cap will likely cause Illinois to experience:

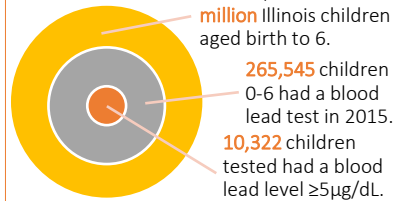
- Fewer health services, particularly in high needs and hard-to-serve rural communities
- Job loss of school based care providers such as school nurses, school social workers, and speech language pathologists
- Less support for child mental health

Medicaid Reimburses for Blood Lead Screens, so Children with Elevated Blood Lead Levels are Screened Early & Receive Treatment.

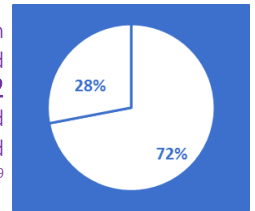
Illinois children 6 months to 6 years old residing in high risk areas are required to be **blood lead screened** for lead poisoning. If they have elevated blood lead levels, they will receive home visits from their local health department. Visits and screenings are Medicaid reimbursable.

If the federal Medicaid program is capped, fewer children will be tested or receive the follow-up services they need.

Illinois Child Blood Lead Levels 2015 ⁹



Of children tested in 2015 with blood lead level $\geq 5\mu\text{g/dL}$, **72 percent** benefited from Medicaid programs. ⁹



Medicaid Provides Funding for Children and Families Programs: Support for Families, Foster Children; Health Care Coverage for Adopted Children with Special Needs, Family Case Management, and EPSDT Private Care Nursing.

The Illinois Department of Children and Family Services (DCFS) provides a **social service safety net** for foster children and their families.

- IL receives federal Medicaid to pay for health-related care for foster children, including care, mental health prevention, and treatment services.
- Without support from Medicaid-funded mental health, family stabilization, and health care services, more children could be removed from their homes at great cost to the state and causing preventable harm to families.
- Parents with children under IL DCFS also rely on Medicaid for funding for mental health services, substance abuse treatment, and medical care to regain custody of their children in care. Permanency is not possible without access to treatment, family reunification and adoption help.

Medicaid also provides coverage for **children with special needs who are adopted with federally supported subsidies**. Because of the medical fragility and behavioral health challenges of many children adopted from state child welfare systems, Medicaid is important so adoptive families have the ability to make a permanent commitment to children.

If the federal Medicaid program is capped, adoptive children could be without full medical and behavioral health services, potentially destabilizing the tens of thousands of successful IL adoption cases.



In 2016, there were **3,033** subsidized guardianship cases in IL, including subsidies for guardianship of children with special needs.¹⁰

The IL Family Case Management Program funds **115** agencies

Includes health departments, federally qualified health centers, and community-based organizations.¹¹

Family Case Management: Optional Medicaid-funded case management is provided to pregnant women, infants, and children with high-risk medical conditions by the IL Department of Human Services (DHS). It provides direct services and links participants to necessary coverage, services and benefits.

About **372,000** women, infants, and children are seen each year through the program.¹¹



Under Medicaid's Early and Periodic Screening, Diagnostic and Treatment (**EPSDT**) directives, **private care nursing** is available to all All Kids-eligible children who require home nursing services to prevent institutionalization. If the federal Medicaid program is capped, likely access to these services will be restricted. In Illinois, an estimated 1,000 children currently receive private care nursing.

A Federal Medicaid Cap Will End Progress Towards Reimbursing Services, Such as Habilitative Care for Children with Developmental Disabilities, and Services Through the 1115 Waiver, Including Home Visiting Services and Children's Mental Health Initiatives.

Home visiting for expectant and new families is not currently Medicaid reimbursable, but Illinois and the Home Visiting Task Force have been seeking strategies (including the 1115 waiver) for home visiting services to serve drug-impacted newborns and their families. Under federal changes, this becomes less likely.



Expanded therapy coverage for children with developmental disabilities:

- Prior to the Affordable Care Act (ACA), many insurance plans did not cover **habilitative care**, or rehabilitation to gain functions patients never had, such as speech therapy for children who never learned how to talk
- The ACA required plans to offer coverage of such treatments as **essential health benefits** in plans sold to individuals and small groups.
- Federal Medicaid caps and allowing states to waive essential health benefits could eliminate habilitative care and other essential services.

The 1115 Waiver: Would improve Care for ~800,000 IL Medicaid members with behavioral health conditions, including impacted children and their families.

The 1115 Waiver: Would draw down an estimated \$2.7 billion in federal Medicaid matching dollars for services.¹²

Children's mental health initiatives were proposed in the pending 1115 waiver, but could be impacted by federal Medicaid caps. These initiatives include:

- Increase capacity to Infant/Early Childhood mental health consultation & home visiting
- Medicaid coverage to expand the reach of First Episode Psychosis programs
- Strengthening support services, such as housing and employment assistance, to reinforce core and preventative behavioral health services
- Medicaid coverage for treatment, room, and board costs of short-stay residential care for children and adults who are in need of stabilization due to crisis but do not require an inpatient stay

¹ Brown, Kowalski, and Lurie. Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts? NBER Working Paper No. 20835, Jan. 2015.

² Illinois Department of Human Services March 2017 Report. <http://www.dhs.state.il.us/page.aspx?item=95349>

³ IDHFS Report Annual Report 2015, p. 57. https://www.illinois.gov/hfs/SiteCollectionDocuments/FY2015_Annual_Report_3-31-16_final.pdf

⁴ Illinois Comptroller 2016. [https://ledger.illinoiscomptroller.com/index.cfm/find-an-expense/by-fund/?FundSel=0355&FundGrpSel=0&FundCatSel=0&FundTypeSel=0&GroupBy=Agcy&FY=16&Type=A&submitted=.](https://ledger.illinoiscomptroller.com/index.cfm/find-an-expense/by-fund/?FundSel=0355&FundGrpSel=0&FundCatSel=0&FundTypeSel=0&GroupBy=Agcy&FY=16&Type=A&submitted=)

⁵ Illinois State Board of Education SPED 2017 Report, p. 28. <https://www.isbe.net/Documents/sped-annual-16.pdf>

⁶ Illinois State Board of Education Calculation of State Aid FY 2017. <https://www.isbe.net/Documents/fy17-budget.pdf>

⁷ National Health Law Program Fact Sheet: School-based Health Care Under Threat. May 24, 2017. http://www.healthlaw.org/storage/documents/National_Resources_2-pager.pdf

⁸ IDHFS Annual Report 2015: Medical Assistance Program. April 1, 2016, p. 43. https://www.illinois.gov/hfs/SiteCollectionDocuments/FY2015_Annual_Report_3-31-16_final.pdf.

⁹ IDPH, Illinois Lead Program 2015 Annual Surveillance Report, p. 3-4. <http://dph.illinois.gov/sites/default/files/publications/lead-surveillance-report-2015-122116.pdf>

¹⁰ DCFS Executive Statistical Summary, as of April 30, 2017, p. 9. <https://www.illinois.gov/dhfs/aboutus/newsandreports/Documents/ExecStat.pdf>.

¹¹ DHS Family Case Management Web page. <http://www.dhs.state.il.us/page.aspx?item=31893>.

¹² IHFS, Illinois' Behavioral Health Transformation-1115 Overview. https://www.illinois.gov/hfs/SiteCollectionDocuments/1115_waiver_2page_overview.pdf.