# AMERICA'S MILITARY READINESS AND THE ESSENTIAL ROLE OF MEDICAID

**Published by Tricare for Kids Coalition**
Washington, D.C.

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# AMERICA'S MILITARY READINESS AND THE ESSENTIAL ROLE OF MEDICAID

# INVESTING IN TOMORROW'S MILITARY FORCE

As a nation committed to our collective future, our primary resource is our people — their capacities and their well-being. People comprise our workforce and drive our economy, but few focus on how the well-being of children today will impact our future national security. Today's children will grow up to be tomorrow's teachers, entrepreneurs and artists, just as they will grow to be tomorrow's Marines, airmen, sailors and soldiers. Investing in the health of today's kids is important for more reasons than I can enumerate, but a critical one is our nation's future military readiness.

Recognizing our nation's security is top priority, we invest heavily in our military's technology and workforce — for example, in the weapon systems we're building today that will deploy repeatedly for the next 20 years. But we must ask ourselves, are we investing as much in the future service members who will employ those weapon systems two decades from now? Tomorrow's recruits are among today's children. We know that investing in the health, education, and safety of kids produces returns in their future years, but it also produces returns for our future military and our national defense.

Recent reports have concluded that 75 percent of Americans 17-24 years of age are unfit for military service. In the face of such daunting statistics, it is clear policymakers must not look to weaken or cut core children's health programs, but rather work together to strengthen them. In doing so, we will ensure a more fit pool of future recruits who are more likely to serve. As this report will detail, we know future recruits are much more likely to come from families where another has served before them.

During America's years at war, military-connected families have demonstrated amazing resilience; this resilience can continue over time but only with the firm commitment to the right supports and services along the continuum of civilian and military systems of care. Considering this latter point, it's important to understand 3.6 million children in active service and veteran families rely on the government program Medicaid. Medicaid ensures these children have access to health care, from primary and preventive care to highly specialized care found in children's hospitals.

If we don't prioritize and invest in our children's health and well-being, we jeopardize our future military readiness. MOAA is proud to be a part of this report, because understanding how children — including children in military families — receive health care today and the challenges they encounter is an important first step to prioritizing their unique needs. Our children depend on us, and someday soon we will depend on them.

Dana T. Atkins
Lieutenant General
U.S. Air Force (Ret)
President and CEO
Military Officers Association of America

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# CARING FOR CHILDREN IN TODAY'S MILITARY FAMILIES

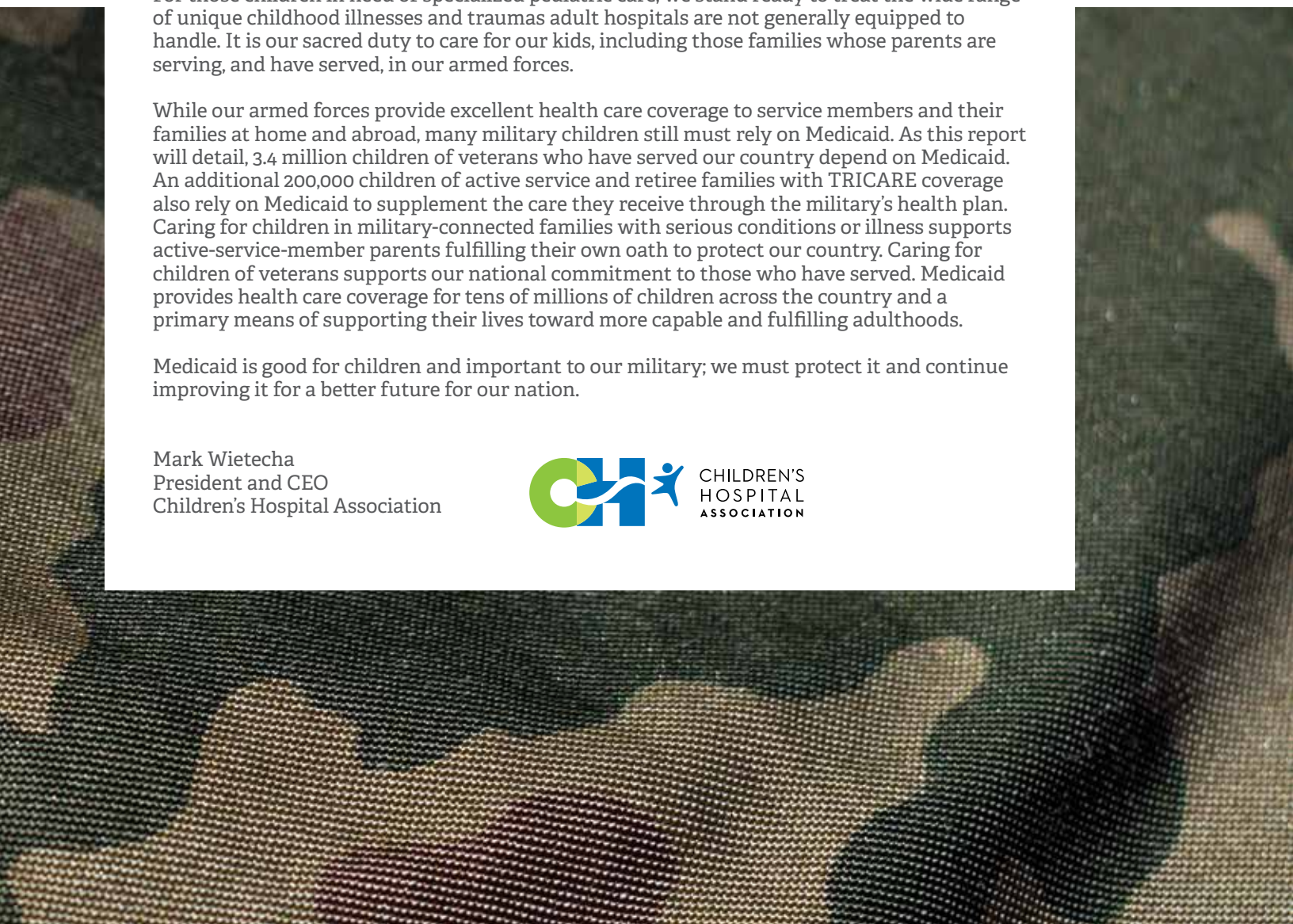
Our mission as children's hospitals is to play our role in the care of all of the nation's children. For those children in need of specialized pediatric care, we stand ready to treat the wide range of unique childhood illnesses and traumas adult hospitals are not generally equipped to handle. It is our sacred duty to care for our kids, including those families whose parents are serving, and have served, in our armed forces.

While our armed forces provide excellent health care coverage to service members and their families at home and abroad, many military children still must rely on Medicaid. As this report will detail, 3.4 million children of veterans who have served our country depend on Medicaid. An additional 200,000 children of active service and retiree families with TRICARE coverage also rely on Medicaid to supplement the care they receive through the military's health plan. Caring for children in military-connected families with serious conditions or illness supports active-service-member parents fulfilling their own oath to protect our country. Caring for children of veterans supports our national commitment to those who have served. Medicaid provides health care coverage for tens of millions of children across the country and a primary means of supporting their lives toward more capable and fulfilling adulthoods.

Medicaid is good for children and important to our military; we must protect it and continue improving it for a better future for our nation.

Mark Wietecha
President and CEO
Children's Hospital Association

CHILDREN'S HOSPITAL ASSOCIATION



# MILLIONS OF CHILDREN RELY ON MEDICAID FOR HEALTH CARE

In the U.S., health care coverage is foundational to ensuring children regularly see a doctor for well-child visits, immunizations and other health care services needed to grow and thrive.

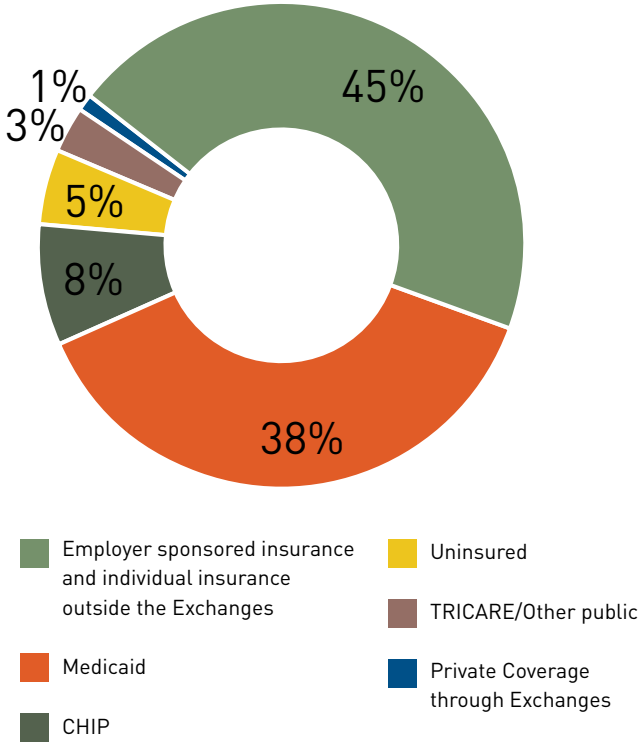
The largest single payer of health care services for U.S. children is Medicaid, the federal and state-funded program that provides health coverage to disabled and lower-income Americans, including 37 million children throughout the year. The Children's Health Insurance Program (CHIP) is a separate health care coverage program, also funded at the federal and state levels, that provides coverage to an additional 9 million children throughout the year from families who earn too much to qualify for Medicaid but who lack access to affordable coverage. TRICARE, the health care program of the U.S. Department of Defense, covers 2.3 million children in active service and retiree families. In total, nearly half of all U.S. children depend on essential government-sponsored programs for their health coverage.

## CHILDREN IN MILITARY-CONNECTED FAMILIES

Medicaid plays a critical role for military-connected families: families with active duty, reserve, National Guard, retiree, or veteran members. Children of these families can be enrolled in Medicaid even when the service member is covered by TRICARE or the veteran receives care through the U.S. Department of Veterans Affairs (VA). The unique needs of the child and the availability of health care coverage through parents or guardians play important roles in determining if Medicaid is needed for these children.

Medicaid enrollment for these families comes through two venues. First, an estimated 3.4 million children[i] of veterans are enrolled in

### CHILDREN'S HEALTH INSURANCE COVERAGE, 2018




*Categories may vary by two percentage points due to estimation methodology. Source: CHA analysis of sources, 2018

Medicaid[ii] based on family income. Additionally, another 200,000 military kids[iii,iv] — roughly 10 percent of children of active service military families who are covered by TRICARE — also rely on Medicaid for health care coverage, many due to serious medical conditions requiring the specialized pediatric "wraparound" programs provided in the Medicaid program. As many as 500,000 children of TRICARE-covered families qualify for Medicaid coverage on the basis of income, which may cover needed pediatric services when TRICARE does not.

## CHILDREN OF VETERANS

For children of veterans, public insurance programs support their families during various stages of service, particularly the transition from active duty to civilian life. During this time, service members directly access their own care through various channels, principally the VA. However, with rare exceptions, VA programs generally do not cover veterans' children[v].

Like children in any family, veterans' children may qualify for Medicaid based on medical need or their household income. PolicyLab at Children's Hospital of Philadelphia estimates that nearly 7 million children[vi] in veteran families are in a family income bracket that may make them eligible for Medicaid. Based on historical take-up rates of insurance coverage, PolicyLab estimates 3.4 million children in veteran families are enrolled in Medicaid or CHIP. Beyond those 3.4 million children of veterans, some children of veterans will qualify on the basis of their medical condition, but that number is not discernible based on available data. Children of veterans relying on Medicaid reside in all 50 states and the District of Columbia.

## CHILDREN OF ACTIVE SERVICE MEMBERS

For active duty, certain Guard and reservists, retirees and their families, TRICARE covers most health care services. Because it is based on Medicare, designed for adults, TRICARE does not always meet the unique health care needs of children. As a result of this gap, TRICARE-covered families may confront instances when their child's health care needs are not met by TRICARE.

The military health system, including TRICARE, has been in an ongoing yet slow process to better address the needs of children, including children with complex health care challenges. These improvements include attention to where service members are stationed, how military treatment facilities operate and how to better integrate military health care services with those in the civilian community. Because military treatment facilities are primarily designed to support adult service members and not their families, only a handful of these facilities across the country offer specialty care for children. The result is children of military-connected families count on both military and civilian health care providers working together. An example of this collaboration is children's hospitals that partner with local installations to include military physicians in their pediatric training rotations. This system of interdependent care, comprised of military treatment facilities, pediatricians, family physicians, pediatric specialists and children's hospitals, helps keep children in active service families healthy.

### ESTIMATED NUMBER OF VETERANS' CHILDREN COVERED BY MEDICAID, BY INCOME

| Income bracket | Estimated number of children of veterans in this income bracket | Proportion of children in this income bracket who take up public insurance | Estimated number of veterans' children with public insurance coverage in this income bracket |
|---|---|---|---|
| 0-133% FPL | 1,430,651 | 79.0% | 1,130,214 |
| 0-199% FPL | 2,701,887 | 69.8% | 1,886,998 |
| 0-299% FPL | 4,873,411 | 56.7% | 2,763,712 |
| 0-399% FPL | 6,878,367 | 49.1% | 3,381,405 |

Source: PolicyLab, Children's Hospital of Philadelphia

# READINESS CHALLENGES

## CHALLENGES FACED BY ACTIVE SERVICE MEMBER PARENTS

TRICARE is an excellent health care plan for adults generally and most common childhood health care needs. However, TRICARE, along with most commercial insurance plans, was not designed to address the unique pediatric care needs of children with serious, ongoing health conditions. As noted previously, 200,000 children of active service families rely heavily on Medicaid.

For example, one large gap in covered services under TRICARE for military families of children with complex medical conditions includes specialized pediatric home and community-based services. These services, which Medicaid will cover under state waivers, include home health aides, personal care assistants, day health services, habilitation, and respite care to support the child and family in the home — preferable options for most families and payers versus institutional care settings. While TRICARE sponsors the Extended Care Health Option (ECHO), designed to mimic Medicaid's offerings, a 2015 report from the Military Compensation and Retirement Modernization Commission noted ECHO has not kept up with demand or scope. Access to Medicaid services is therefore critical to military readiness, freeing service members to focus on their mission of protecting our nation, knowing their children's health care needs are being addressed back home.

The health of children of active service members extends beyond the immediate readiness of their parents. With fewer and fewer citizens serving in our all-volunteer force, children of service members are more than twice[vii] as likely to join the services when they become adults as children in families with no connection to the armed forces. Though roughly 80 percent of new recruits[viii] have a family member who served, the current stress of military life on these children poses additional major challenges to our future military.

For example, children in military families, both active service and veterans, are exposed to stressful Adverse Childhood Experiences or "ACEs" at higher rates than other children in our society. Stressors include having parents regularly in harm's way, the stress of deployments and frequent moves, service-related injuries, and enduring the loss of a parent who made the ultimate sacrifice for our country. While more research is needed, it is clear that these hardships have profound effects, with one study indicating that teens of military families may be significantly more likely to ideate about or attempt suicide than their civilian counterparts.

## CHALLENGES TO NEW RECRUITMENT

The report, "Ready, Willing, And Unable to Serve" by Mission Readiness: Military Leaders for Kids, notes the U.S. military requires rigorous eligibility standards because it needs competent, healthy and educated individuals to staff the world's most professional and technically advanced military. In addition to noting that one in four young Americans lacks a high school diploma, the report states "the best aircraft, ships, and satellite-guided weaponry alone will not keep our country strong." While the U.S. invests billions in new, advanced weapons systems, underinvesting in today's children will negatively impact our nation's ability to fully utilize and extend its military capability.

According to Major John Spencer of the Modern War Institute at the United States Military Academy at West Point, the nation spends a lot of time finding eligible volunteers and less time actually developing them. Today, a mere 25 percent of young adults ages 17-24 are qualified to serve in the U.S. armed forces[ix]. Conditions with a health basis in childhood like obesity, asthma, mental health, substance abuse and other medical issues all affect recruitment. As a result, only 1 percent of young people are both "eligible" and "inclined" to consider military service, posing a significant challenge to the pipeline for our future military.

# MEDICAID SUPPORTS STRONG ADULT LIVES

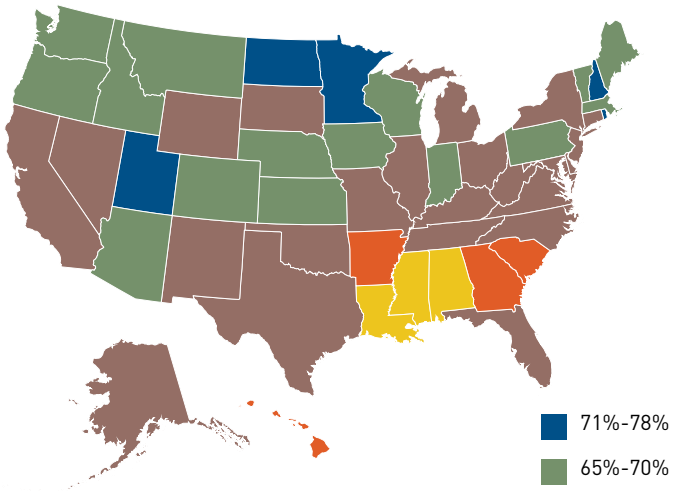
As a public health program, Medicaid has a long record of supporting healthy childhood development. In fact, a 1964 government report highlighted substantial evidence of treatable and correctable physical, mental and developmental conditions otherwise preventing 50 percent of young draftees from being judged fit for service. In an effort to improve children's well-being, President Lyndon B. Johnson proposed a series of reforms including what we now know as Medicaid's Early and Periodic Screening, Diagnosis, and Treatment or "EPSDT." EPSDT ensures children in Medicaid receive regular health screenings, including vision and dental, and helps children with complex medical conditions receive medically necessary care.

In addition, Medicaid has been shown to improve educational outcomes in children. The positive impacts of Medicaid are on par with the benefits from other education reforms, such as reducing elementary school class sizes and adopting school-wide performance standards[x]. Compared to uninsured children, those covered by Medicaid are more likely to have better health outcomes as adults, with higher school attendance and academic achievement leading to greater resiliency and success in careers — including civilian, military and post-military — with higher lifetime wages and contributions to the tax base.

Initial estimates show that of 70,000 young service enlistees, more than 20 percent relied on Medicaid just prior to enlistment[xi]. How the federal government and states fund and administer Medicaid matters.

Map 1 below shows which states the U.S. Department of Defense has identified as producing high quality recruits. Map 2 displays data from The Annie E. Casey Foundation ranking states on the basis of child well-being. A comparison of the maps indicates an overlap of states that produce high quality recruits and those that score highly on child well-being. While more research is required to determine if there is a significant correlation, the data suggest investing in children's health and well-being is critical for the future of our nation's armed forces.

## MAP 1. THE PERCENTAGE OF HIGH QUALITY MILITARY RECRUITS BY STATE




"High quality military recruit" is defined by National Priorities Project as having received a high school diploma (Tier 1) and a score at or above the 50th percentile of the AFQT (Categories I- IIIA).

Source uses 2010 data: https://www.nationalpriorities.org/analysis/2011/military-recruitment-2010

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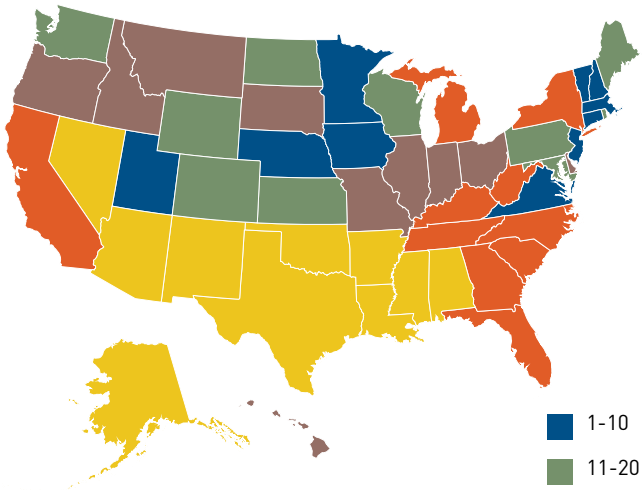
## MAP 2. STATE'S RANKING OF CHILD WELL-BEING from 1(highest) to 50 (lowest)




Source: The Annie E. Casey Foundation. "2018 Kids Count Data Book: State Trends in Child Well-Being."

Overall Well-being is a composite rank, made up of Economic Well-being, Education, Health and Family and Community Rankings.

# IMPROVING MEDICAID FOR CHILDREN IN MILITARY-CONNECTED FAMILIES

While the problems facing children in military-connected families are real and urgent, there are clear steps we can take to improve their care and our current and future military preparedness. The most critical step is investing in and further improving the Medicaid program for children and families.

The primary challenge to Medicaid is current and future underfunding resulting from budget reductions at federal and state levels. Underfunding leads to reduction in access and services, with inconsistent coverage among Medicaid plans across the country. Furthermore, compared to Medicare — the national health care program for Americans age 65 and older — Medicaid rates of reimbursement are lower for similar procedures, as noted in the following table.

Low reimbursement rates can affect children's access to care, limiting community providers' ability to serve these children. Without a consistent source of care, children in military and civilian families alike could miss out on important services. We know that early intervention to improve children's physical and mental health positively impacts their potential to be productive adults. Ensuring children have a strong health care foundation through coverage and access to services is good for their futures, our country, and armed services readiness. Safeguarding Medicaid and its EPSDT benefit is essential to sustaining the readiness of our military.

Another opportunity to improve Medicaid is to help remove the hurdles to accessing care many active service military families face due to frequent moves. Because Medicaid plans are administered by each state, families can encounter vastly different Medicaid programs each time they must move across state lines. This is a particular challenge for families with children with complex or chronic medical conditions who rely on Medicaid home and community-based services. Challenges range from starting out at the bottom of state Medicaid waitlists following each location transfer to developing a new network of providers. One approach to help address these challenges is to develop a care model to aid in transitions in care and examine opportunities to ensure children receive the services they require in a timely fashion.

## REIMBURSEMENT COMPARISON ACROSS SAMPLING OF STATES

**Medicaid-to-Medicare Reimbursement Comparison 2015**

| | Example: Primary Care Office Visit (Established Patient Visit, CPT 99213) | | | Example: Procedural Visit (Right Heart Catheterization, CPT 93451) | | |
|---|---|---|---|---|---|---|
| **State** | **Medicaid** | **Medicare** | **% Medicare** | **Medicaid** | **Medicare** | **% Medicare** |
| New York | $37.41 | $80.21 | 47% | $366.96 | $895.86 | 41% |
| Texas | $36.89 | $72.71 | 51% | $675.30 | $784.01 | 86% |
| Georgia | $40.70 | $71.40 | 57% | $648.03 | $763.90 | 85% |
| Alabama | $42.00 | $68.33 | 61% | $529.34 | $712.71 | 74% |
| Iowa | $43.23 | $68.44 | 63% | $680.11 | $717.14 | 95% |

Source: American Academy of Pediatrics. Medicaid Reimbursement Survey. 2015.

# MEDICAID IS AN ESSENTIAL INVESTMENT IN NATIONAL SECURITY

Medicaid is an essential program for the children of today's military-connected families, and an essential program for children who will serve in tomorrow's military. Medicaid provides health care coverage to nearly half of the nation's children, including more than 3 million children in military-connected families, both active service and veterans. While we continue to improve Medicaid for children of military-connected and civilian families, we must protect its funding. Medicaid matters to our military capability. Our military readiness and national security hinge on the investments we make in children's health, today.

## END NOTES

[i]PolicyLab at Children's Hospital of Philadelphia. "Estimated Number of Veterans' Children Covered by Public Insurance, By Income."
[ii]Because CHIP is often administered at the state level through Medicaid, CHIP is included in Medicaid data unless otherwise noted.
[iii]Shin, Rosenbaum, and Mauery. "Medicaid's Role in Treating Children in Military Families." GWU SPHHS Center for Health Services Research and Policy, October 2005.
[iv]This number includes children qualified based on medical condition and income.
[v]U.S. Department of Veterans Affairs. "Health Benefits: Family Members of Veterans."
[vi]PolicyLab at Children's Hospital of Philadelphia. "Estimated Number of Veterans' Children Covered by Public Insurance, By Income."
[vii]Defense Health Board. "Pediatric Health Care Services." December 18, 2017.
[viii]Thompson, Mark. "Here's Why the U.S. Military Is a Family Business." *Time*, March 10, 2016.
[ix]Spoehr and Handy. "The Looming National Security Crisis: Young Americans Unable to Serve in the Military." The Heritage Foundation. February 13, 2018
[x]Center on Budget and Policy Priorities. "Medicaid Works for Children." January 19, 2018.
[xi]Children's Hospital Association. Military Recruitment and Median Income by County. Unpublished internal analysis. 2018.

Tricare for kids COALITION

## About Tricare for Kids Coalition

The Tricare for Kids Coalition is an ad hoc stakeholder group of children's health care advocacy and professional organizations, disability advocacy groups, military and veterans' service organizations and military families committed to ensuring that the children of military families receive the unique care, supports and services they need.

For a copy of this publication, visit Tricare for Kids Coalition at www.tricareforkids.org.