Medicaid Matters for Children in Foster Care

Medicaid is a critical children's health coverage program, and a key vulnerable population that Medicaid serves is children involved with the child welfare system. Children in or at-risk for entering foster care experience disproportionate exposure to trauma and often have complex medical needs. But there is much we can do to help these children thrive: access to coordinated, high-quality, and trauma-informed health care is essential to ensuring that children who come to the attention of the child welfare system receive the health services they need. Medicaid covers over 99 percent of children in foster care, and is vital to meeting their health needs. Changes to the Medicaid program that undermine its structure — including per capita caps and block grants, would harm vulnerable children and families.

The number of children in the child welfare system is growing

- As of the end of FY 2015, there were **427,910 children under the custody of their state** in an out-of-home care setting, including a family foster home or treatment institution.
- The number of children in foster care trended downward from a 2006 high of 505,000 to a low of 397,000 in 2012, but has begun rising each year since, in part because of the opioid epidemic.
- In 2015, **parental substance use was a factor leading to removal from the home for nearly a third of children**, compared to just below 25 percent in 2005.

Children in the child welfare system are uniquely vulnerable

- Children in foster care have such unique vulnerabilities and health disparities that the American Academy of Pediatrics classifies them as a population of children with special health care needs.
- Children in foster care face greater health needs because of their experiences of complex trauma, including abuse, neglect, witnessed violence, and parental substance use disorders.
- Children in foster care have typically experienced multiple caregivers, impacting their ability to form a safe, stable, and nurturing attachment relationship with a caregiver.
- One third of children in foster care have a chronic medical condition, and 60 percent of those under age 5 have developmental health issues.
- **Up to 80 percent of children entering foster care have a significant mental health need**.

Medicaid covers nearly all children in foster care and makes foster and adoptive placements possible

- In 2015 approximately 1 million children received Medicaid coverage through their involvement with the child welfare system.
- That coverage includes Medicaid for children with special health care needs adopted from foster care. This eligibility reduces the time children spend in foster care and provides an essential support for adoptive families that assures access to care for their children.
- Children fare best when they are raised in families equipped to meet their needs. Medicaid's unique and comprehensive Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit equips families to care for abused and neglected children in foster or kinship care and adoption by giving them access to the range of physical and mental health services they need.
- Medicaid eligibility for this population helps prevent failed adoptions and foster care placements and because of a child's health and therapeutic needs, and can help them safely stay with a family.
- Young people who age out of foster care are eligible for Medicaid to age 26, to support their access to care as they transition into young adulthood and pursue school and work.

Medicaid changes would hurt vulnerable children in foster care and undermine adoptions

- Per capita caps and block grants would dramatically reduce funding for Medicaid. These cuts would lead states to reduce costs, resulting in reduced access to care and inadequate services for children in foster care.
- States will need to reduce costs if Congress cuts Medicaid. States would reduce costs by cutting eligibility, offering less comprehensive coverage, and lowering provider rates.
- **Children unable to receive treatment for their chronic behavioral and physical health conditions would be difficult to place in foster and kinship caregiver homes, leading to increased youth homelessness and placements in potentially harmful non-family settings like group homes**.
- Children in foster care have higher health needs, resulting in higher health costs. They make up two percent of non-disabled child enrollees but account for nine percent of that population's spending. These higher costs would make this vulnerable population a target for cost reduction under per capita caps or a block grant.
- **Medicaid coverage serves as an incentive and assurance for families adopting a child with special needs from foster care**. Families would be less likely to consider these adoptions without the assurance of Medicaid to meet their children's complex health needs.

Children and families involved with child welfare need Medicaid

- Children's health and development also depends on the ecology of their family environment. Medicaid also plays an important role in meeting parents' health needs to strengthen families.
- Parental access to mental health and substance use disorder treatment through Medicaid can alleviate health needs that can lead to children being placed in foster care.
- **Many parents have accessed coverage through the Medicaid expansion**. Cuts to Medicaid and the elimination of the Medicaid expansion in the midst of the opioid epidemic would lead to even more children in foster care.
- Medicaid cuts through per capita caps or block grants would also negatively affect child welfare agencies, through state budget cuts that lead to reduced funding for child welfare agencies, staff, and a reduction in the services they can offer the children they serve.

Medicaid is vital for children in the child welfare system. Oppose policies that would undermine Medicaid and support those that keep it strong for children, families, and states.