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The BUILD Initiative is a national organization that advances work on behalf of young children from prenatal to five, their families, and communities.

State Opportunities to Improve Health Care Coverage for Child Care Professionals

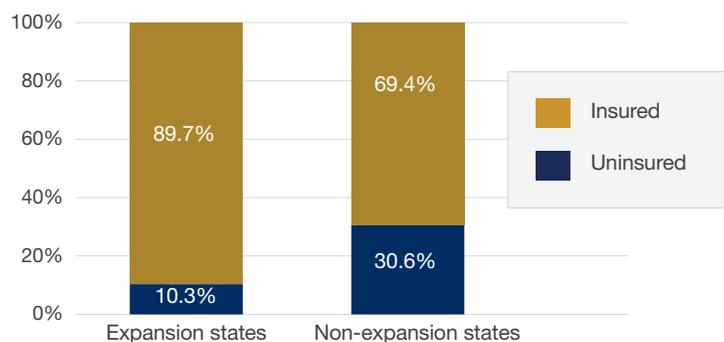
by Suzanne Wikle and Elisabeth Wright Burak

States are grappling with how to more effectively support their child care workforce, including ensuring providers have access to affordable health care. Just like parents, frontline early education professionals are better able to support children in their care when they are healthy. A healthy caregiver is especially important for young children because brain development in the youngest children is influenced by relationships with caregivers at home and in child care.¹ Early education professionals need access to affordable health care in order to realize their best health and to best serve the children in their care.

Like other low-income workers, child care workers often work for small businesses or are self-employed in family child care homes and lack access to affordable coverage options. Nationally, 16 percent of child care workers under age 65 are uninsured, compared to 13.3 percent among all adults under age 65 in 2019.² Notably, the rates of uninsurance for child care workers in the states that have not yet expanded Medicaid is almost **three times as high** (30.6 percent) as in expansion states (10.3 percent). (See Figure 1.) This disproportionately affects women of color, as they comprise 40 percent of the early childhood workforce and are more likely to work in early childhood than the K-12 system.³ States have policy options available to ensure affordable health coverage for low-income workers, including child care professionals.*

* Note: This brief addresses health insurance options for adults. Children are eligible for Medicaid at higher income levels than adults.

Figure 1. Uninsured Rate for Child Care Workers Below 138 Percent of Poverty, 2019



Source: Georgetown University Center for Children and Families analysis of U.S. Census Bureau 2019 American Community Survey Public Use Microdata Sample (ACS PUMS). Maine and Virginia are included as expansion states. Idaho, Utah, and Nebraska implemented Medicaid expansion during calendar year 2020 and are included as non-expansion states. Missouri and Oklahoma implemented expansion in 2021 and are included in non-expansion states. Data include citizen, non-elderly adult (19-64) workers who identified as childcare workers according to ACS occupation codes.



States can ensure child care providers and other adults without employer insurance have access to affordable health insurance by:

1. Expanding Medicaid to adults up to 138 percent of the federal poverty line (FPL, under \$20,000 for individual or under \$32,000 for a family of three);
2. Promoting the Affordable Care Act’s marketplace coverage options for those who do not qualify for Medicaid; and
3. Covering people who are ineligible for Medicaid and subsidized marketplace plans.

Table 1. 2022 Federal Poverty Level

| Poverty Level | Individual | Family of Three |
|---------------|------------|-----------------|
| 100% | \$13,590 | \$23,030 |
| 138% | \$18,754 | \$31,781 |
| 200% | \$27,180 | \$46,060 |

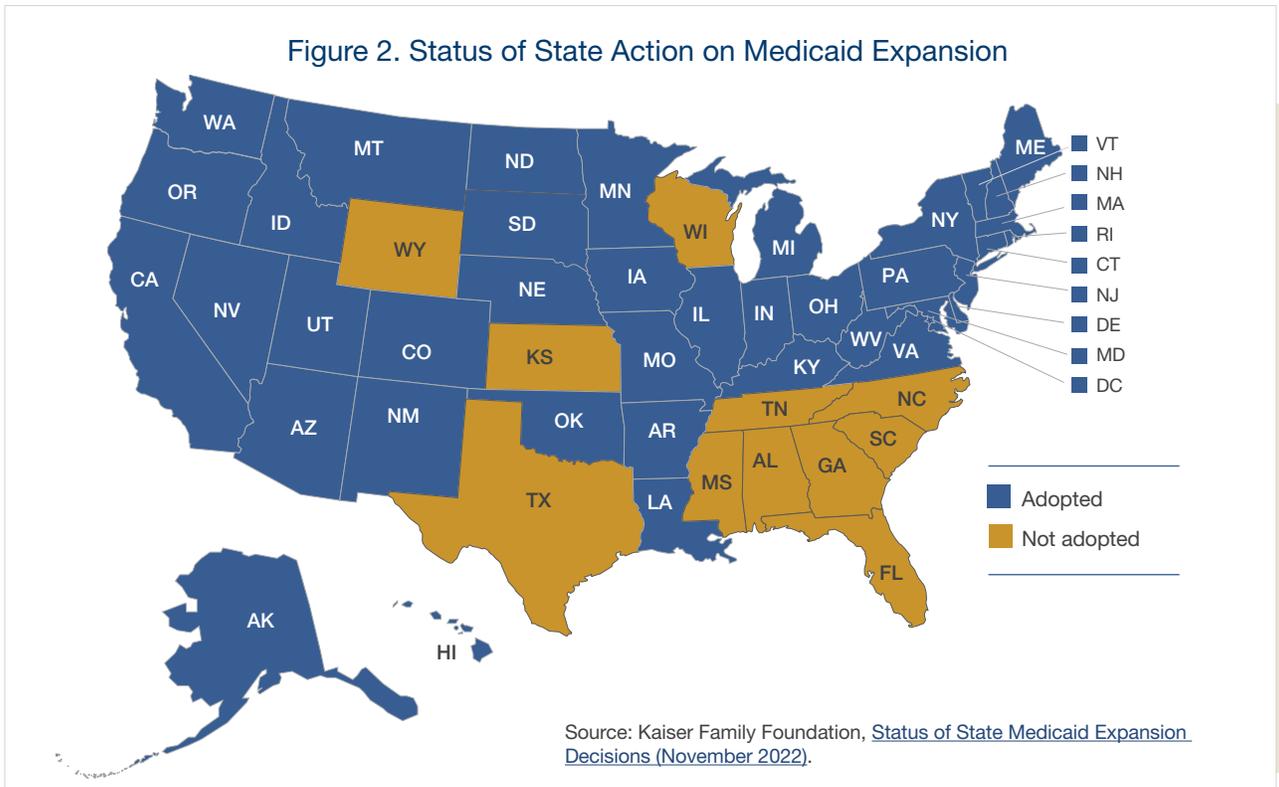
Source: Office of the Assistant Secretary for Planning and Evaluation “HHS Poverty Guidelines for 2022” available at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.

The Affordable Care Act (ACA) envisioned an affordable coverage pathway for all Americans, but state policy choices create wide discrepancies between states. States can do more to connect uninsured residents to available coverage. This maximizes federal dollars coming into the state and helps to ensure an affordable health care option for most low-income people.

Medicaid Coverage

The largest gaps in health insurance coverage for low-income service workers, including child care professionals, remain in states that have not expanded Medicaid to adults earning up to 138 percent of the federal poverty line (FPL).⁴ States that have expanded are much better positioned to ensure child care providers and other low-wage workers have access to affordable health insurance. Low-wage workers by and large rely on Medicaid for affordable health care, if available. The Affordable Care Act (ACA) incentivizes states to expand Medicaid to adults earning up to 138 percent of poverty by providing federal funds for 90 percent of the costs associated with the new eligibility group on a permanent basis. In addition, the American Rescue Plan Act provides additional financial incentives to states yet to expand through a two-year, five percentage-point boost in the state’s regular Medicaid matching rate for Medicaid costs outside the expansion.⁵ Forty states (including D.C.) have expanded their Medicaid programs, while 11 states have not yet expanded Medicaid.⁶ (See Figure 2.)

Figure 2. Status of State Action on Medicaid Expansion





The 11 states that have not expanded Medicaid leave the lowest income adults without a path to affordable health coverage, including many child care providers and parents. Non-elderly and non-disabled adults can only qualify for Medicaid if they have a dependent child at home and earn very low income (median of 39 percent of poverty).⁷ Non-disabled adults in non-expansion states that earn less than the poverty line and have no children at home are not eligible for Medicaid.*

* Note: Wisconsin is the exception, where adults up to 100 percent of poverty are eligible for Medicaid.

Marketplace Coverage

For child care providers earning too much to qualify for Medicaid, the marketplace offers affordable and comprehensive health insurance. Individuals without access to affordable employer-provided coverage are eligible for Advance Premium Tax Credits (APTCs) and cost-sharing reductions to lower their out-of-pocket costs. APTCs are a subsidy provided by the federal government to lower a person’s monthly premium payment for a marketplace plan. Currently, APTCs have been enhanced through 2025, allowing many people to obtain marketplace insurance with *no* monthly premium. The enhanced tax credits currently in place allow workers eligible for marketplace coverage and earning up to 150 percent of the poverty level to receive marketplace coverage with \$0 monthly premium. Those with income between 150 and 200 percent of poverty, on a sliding scale, would be responsible for paying no more than 2 percent of their income toward premiums. As incomes rise, people will be required to pay up to but never more than 8.5 percent of

their income.⁸ Importantly, another affordability hurdle that has kept many families out of subsidized marketplace coverage—the so-called “family glitch”—will be fixed starting in 2023. This federal policy change will increase affordability for many families seeking marketplace coverage where employer plans do not offer affordable coverage for spouses and dependent children (as opposed to an affordable individual offer of coverage). The fix will allow spouses and dependent children in families offered unaffordable family employer-sponsored insurance to enroll in APTCs.⁹

The combination of Medicaid (in expansion states) and the marketplace will provide affordable and comprehensive health insurance for the majority of child care providers and other workers without access to affordable employer coverage.

Although the combination of Medicaid and subsidized marketplace plans will provide affordable health insurance for the majority of workers in low-wage employment, some groups of people will be ineligible for these options. Those who are working without documentation and those with Deferred Action for Childhood Arrivals (DACA) status are not eligible for Medicaid or subsidized marketplace coverage,* unless a state commits to spending state-only dollars to cover these populations. Not surprisingly, with fewer coverage options available, 42 percent of undocumented immigrants remain uninsured, but states have some ability to extend coverage to these populations, as detailed below.¹¹

* Note: DACA recipients may purchase Marketplace coverage at full cost with no tax credit subsidies. Undocumented immigrants may not purchase Marketplace coverage even at full cost.

Table 2. Health Insurance Options by Income in Expansion and Non-expansion States

| Income Level | Expansion State | Non-expansion State |
|---------------------|--|--|
| < 100% of poverty | Medicaid | No option [†] |
| 100-138% of poverty | Medicaid | Marketplace with tax credits to lower monthly premiums |
| > 138% of poverty | Marketplace with tax credits to lower monthly premiums | Marketplace with tax credits to lower monthly premiums |

Source: Damico, A., Garfield, R., Orgera, K., “The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid” (Kaiser Family Foundation, January 2021), available at <https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/>.

[†] In non-expansion states, adult eligibility for non-elderly, non-disabled, non-pregnant adults is limited to adults with a dependent child at home and earning 39 percent of poverty in the median state.¹⁰

** Wisconsin is a non-expansion state but provides Medicaid coverage up to 100 percent of poverty through a waiver at the regular Medicaid matching rate.

Notes: Some immigrants under 100% of poverty are eligible for Marketplace coverage with APTCs. Pregnant people are often eligible for Medicaid coverage at higher income eligibility levels. Depending on state policy options, some immigrants who are otherwise ineligible for Medicaid may be eligible for Medicaid when pregnant.

Policy Recommendations

✓ Expand Medicaid.

In order to ensure child care providers and other workers with low wages have access to affordable health care, states must use Medicaid as the foundation. Only 11 states continue to resist this proven policy.

✓ Boost “high touch” outreach and enrollment assistance.

In states that have expanded Medicaid, most people without employer insurance will be eligible for either Medicaid or subsidies through the marketplace. Robust outreach and enrollment assistance will ensure that people are aware of their eligibility and are able to enroll in coverage. States using the federally facilitated marketplace (FFM), healthcare.gov, have enrollment assistance available through federal grants. States operating their own marketplaces are responsible for funding outreach and enrollment assistance. Adequately funding outreach and enrollment assistance will both connect people to affordable health insurance and bring more federal dollars into states through Medicaid and marketplace subsidies. The Centers for Medicare and Medicaid Services (CMS) currently funds **60 organizations** across states using the federal marketplace for outreach and enrollment assistance.¹²

- The District of Columbia recently announced a pledge to ensure all child care workers have access to affordable health insurance.¹³ As part of their effort, three staff positions will focus solely on outreach and application assistance for child care providers.

● State Focus - D.C.

D.C. Builds Affordable Health Insurance into Child Care Compensation Boost through HealthCare4ChildCare

The nation’s child care crisis has spurred renewed state efforts to improve compensation for child care workers. As proposals to do more for the child care workforce gain traction, health insurance access can create an unintended consequence: As salaries for lower-wage workers increase, it may mean loss of public coverage through Medicaid. A welcome salary boost could be undermined as employees seek health insurance with out-of-pocket premiums or deductibles. The Health Equity Fund was created in 2022 to boost compensation and benefits for child care employees. In 2023, District of Columbia’s [Early Childhood Educator Pay Equity Fund](#) will use a portion of funds to ensure any employee of a licensed D.C. child care program who enrolls in D.C. Health Link (the state’s ACA marketplace) or through participating employers’ health plans does not pay premiums. The equity fund is also supporting three staff—including at least one bilingual staff person—at D.C. Health Link who are dedicated to outreach and enrollment assistance to child care workers and their employers.

For more information visit [D.C. Health Link HealthCare4ChildCare](#) or [D.C. Announces Free Health Insurance for Child Care Workers and their Families](#), a blog post by Under 3 DC.



Make all state residents eligible for coverage.

States should extend eligibility for affordable health insurance to those who are undocumented and have DACA status. States can do this by:

- Using state-only dollars to cover these populations through Medicaid or another health care program; and
- Use innovative waivers to expand affordable care to these populations.



State Focus - CA

California provides Medicaid coverage to people who are undocumented and under age 26, over age 50, currently or recently pregnant, or a DACA recipient, if they otherwise meet all other program eligibility requirements.¹⁴ California has pledged to make all residents, regardless of their immigration status, eligible for Medicaid by 2024, if they otherwise meet program eligibility requirements.¹⁵ For those who have historically been ineligible based on immigration status, California will use state-only dollars to pay for their Medicaid expenses and not receive federal matching dollars.



State Focus - CO

Colorado used a 1332 waiver to expand access to care by creating a public option and including eligibility regardless of immigration status. Beginning in January 2023, Coloradans who are ineligible for federal subsidies through the marketplace, including people who are undocumented, will be eligible for premium and cost-sharing subsidies, funded by state dollars, if they earn under 300 percent of poverty. Because this population is unable to enroll through the marketplace, Colorado is creating an option for enrollment in identical plans through a different entity, the Colorado Benefit Corporation, which is also where the public option will be offered to Coloradans.¹⁶



Improve affordability for marketplace coverage.

Some states have chosen to provide additional financial help for people purchasing marketplace coverage by using state dollars to further subsidize monthly premiums, deductibles, and copayments. This option will be particularly important should the enhanced federal subsidies expire in 2025. Note this option is most feasible in states with state-facilitated marketplaces.



State Focus - MA

Massachusetts uses state dollars to provide additional marketplace subsidies on top of federal APTCs. Massachusetts residents earning up to 300 percent of poverty and enrolling in a state marketplace plan are eligible for the additional subsidies.¹⁷



Reduce administrative burdens in Medicaid.

States have many options to reduce administrative burdens in Medicaid, including making it easier for eligible people to enroll, simplifying the renewal process, and extending coverage periods.¹⁸ Even when the above policies are in place, states must continually work to ensure processes for applying and renewing coverage are simple and easy to navigate.

Two states provide 12-month continuous eligibility to Medicaid adults through waivers: New York and Kansas.¹⁹ Oregon will implement two-year continuous eligibility in Medicaid for everyone ages 6 and older.²⁰ New Jersey is awaiting federal approval for 12 months of continuous coverage for most adults in Medicaid.²¹



State Focus - WA

Washington Prioritizes Health Coverage for Child Care Workers, Outreach and Enrollment Assistance Have Greatest Impact

In 2019, the state of Washington sought to improve access to affordable health care coverage for its child care workforce, recognizing these professionals' critical role on the front lines of support for the healthy development of the children in their care. The state's efforts to improve access to affordable health care coverage yielded two important lessons:

1. Investments in high-touch, targeted outreach and enrollment assistance can go a long way to ensure uninsured workers are connected to available coverage options.
2. Many child care workers newly gained coverage through Medicaid (called Apple Health in Washington), suggesting some lack of awareness of the option.

Although lawmakers allocated state funds to make marketplace plans affordable for those over-income for Medicaid (up to 300 percent FPL), the additional outreach and enrollment support to child care workers yielded a greater impact by connecting uninsured adults along a broader income spectrum to other existing programs—both Medicaid and federal premium tax credits.

State data show:

- **More child care employees became covered as the state prioritized the workforce:** Nearly 5,000 employees of licensed child care providers gained health insurance coverage in 2021 and 2022: 3,000 through Medicaid (Apple Health) and 1,800 through marketplace qualified health plans, which includes 470 employees supported by state funds to lower monthly premiums to \$0.
- **Overall, nearly half of licensed child care center employees are covered through Medicaid or a state marketplace plan.** As of September 2022, nearly 50 percent of the approximately 35,000 employees working in licensed child care facilities in Washington were covered by Medicaid (13,600) or a marketplace plan (3,300, including 585 employees supported by state funds to pay \$0 monthly premiums).

For more information:

- [Report on Premium Assistance Program for Employees of Licensed Child Care Facilities](#)
- [Bilingual Statewide Outreach Campaign](#)
- [Additional Background Information](#)



Endnotes

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