

EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT SERVICES

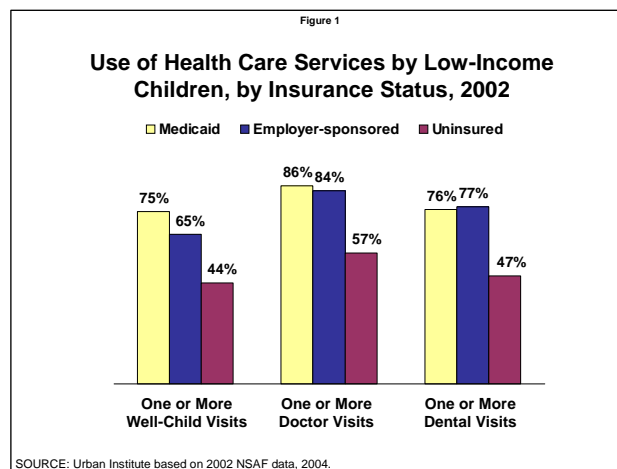
Medicaid is the nation's major public health insurance program for low-income Americans, financing health and long-term care services for over 52 million people. Medicaid is a particularly important source of coverage for low-income children, covering a quarter of all children, and over 60 percent of poor children. The 25 million children enrolled in Medicaid represent nearly half of all Medicaid enrollees, but account for only 19 percent of total program spending. Through a benefit known as EPSDT, Medicaid has proved critical to improving the health of our nation's low-income children, including children with disabilities and other special needs.

What Is EPSDT and Why Is It Important?

The Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit is, in effect, the package of Medicaid benefits for children. Under EPSDT requirements, states must provide comprehensive health and developmental assessments and vision, dental and hearing services to children and youth up to age 21. The goal of these prevention-oriented services is the early identification of conditions that can impede children's natural growth and development so as to avoid the health and financial costs of long-term disability. In addition to screening services, EPSDT also covers the diagnostic and treatment services necessary to ameliorate acute and chronic physical and mental health conditions.

Enacted in 1967 in response to the high rejection rates for new draftees into the military due to untreated childhood illnesses, EPSDT has been instrumental to ensuring needed access to care for low-income children. As evidence, children on Medicaid are more likely than uninsured children, and as likely as privately insured children to receive well-child visits and to visit the doctor in a given year (Figure 1).

While the EPSDT benefit is important to all children, it has been especially beneficial to the 1.3 million children with disabilities enrolled in Medicaid. For these children, Medicaid, through EPSDT, provides more comprehensive coverage than the typical private insurance plan and increases access to needed services that improve the quality of daily life. Special needs children are more likely to need physical, occupational and speech therapy, respiratory care, personal care services, mental health and substance abuse services, and durable medical equipment--services available through Medicaid that are often limited or excluded under private health plans and even from many separate State Children's Health Insurance Programs (SCHIP).



What Services Are Covered?

The EPSDT benefit includes screening services, as well as diagnostic and treatment services. Screening services are required in four areas: medical, vision, dental, and hearing.

The medical screen must include:

- a comprehensive health and developmental history, including an assessment of both physical and mental health;
- a comprehensive unclothed medical exam;
- appropriate immunizations;
- laboratory tests, including lead blood testing; and
- health education, including anticipatory guidance.

Other EPSDT services include vision services, including diagnosis, treatment, and eyeglasses; dental services, including relief of pain and infections, restoration of teeth, and maintenance of dental health; and hearing services, including diagnosis, treatment, and hearing aids.

While states are required to cover screening services, they are granted flexibility in establishing how frequently these services must be provided. As a result of this flexibility, the frequency and timing of required screening services vary considerably across states.

Once physical or mental health conditions are discovered, the EPSDT benefit covers necessary health services to correct or ameliorate them, whether or not these services are otherwise covered by the state's Medicaid program. This requirement that states cover all mandatory and optional Medicaid services for children reflects the broader definition of medical necessity that Medicaid applies to children.

This broader definition has resulted in much more uniform and comprehensive Medicaid coverage for children than for adults. While states may place limits on coverage for adults, and may narrowly define medically necessary services, they have much less discretion to restrict covered services for children.

Current Issues

Children’s Underutilization of EPSDT

Despite EPSDT’s broad benefits, studies suggest that not all children are receiving the services to which they are entitled. While a thorough analysis of the extent to which children are getting well-child and screening services is not possible due to insufficient data, smaller scale studies of utilization of particular benefits covered through EPSDT indicate that only a fraction of the children eligible for such services actually receive them. For example, a GAO review of Medicaid screening rates for lead poisoning and dental care found that only 19 percent of children on Medicaid ages 1 through 5 had blood lead levels tested, and only 21 percent of children on Medicaid ages 2 through 5 had a dental visit in the previous year.¹

Several factors contribute to the low utilization of services among eligible children. Low provider participation in Medicaid, particularly among dentists and mental health providers, creates access problems and hinders efforts to obtain services. In addition, many parents are simply not aware that their children are entitled to screening and treatment services.

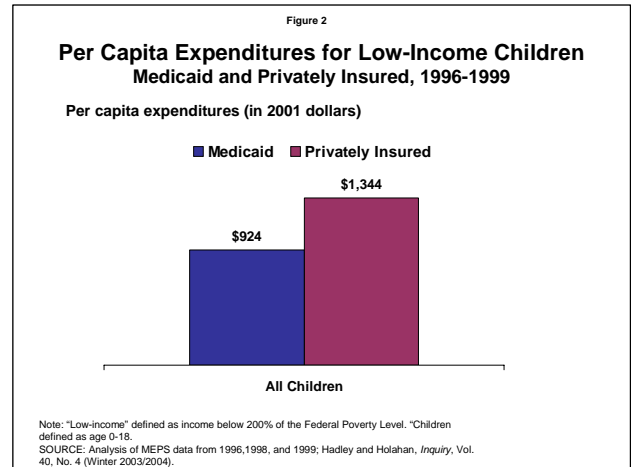
Frustrated by the barriers to EPSDT services, many parents and advocates have sued states for failing to fulfill the federal EPSDT mandate. Whether the issue is the provision of a single service or more widespread compliance problems, these lawsuits serve to highlight the challenges many states face in implementing the EPSDT benefit.

The Costs of EPSDT

The open-ended nature of the benefit has been alleged to contribute to higher costs for states. While a small number of cases and anecdotes have garnered attention, researchers have concluded that the lack of reliable data makes it impossible to determine the costs that EPSDT adds to what would otherwise have been covered under the Medicaid state plan.

A broader examination of Medicaid costs for children shows lower costs for children enrolled in Medicaid than those with private insurance. Including all the services covered by EPSDT many of which are not typically covered by private insurance, Medicaid still costs less per child on average than private insurance (Figure 2). The lower costs for Medicaid

can, in part, be explained by lower provider payment rates; yet, children remain inexpensive compared to other populations covered by Medicaid. Even the highest cost children—those with annual health care costs exceeding \$20,000—account for only three percent of total Medicaid spending.



States have enrolled many children into capitated Medicaid managed care plans. Under these arrangements, the responsibility for providing EPSDT services and covering the associated costs is shifted from the states to the plans. Many states, however, have failed to define EPSDT services in their managed care contracts, creating confusion over what services are covered and contributing to inappropriate service denials.

Increasing State Flexibility over Benefits and Cost Sharing

As part of an overall effort to constrain Medicaid costs, states are seeking more flexibility to tailor services to specific populations and to increase cost sharing requirements. Some have proposed using a narrower Medicaid benefit package for children that is more consistent with the benefits covered by SCHIP or private insurance. EPSDT precludes this type of flexibility without a waiver leading some states and policymakers to call for eliminating the EPSDT benefit. SCHIP benefit packages reflect private insurance coverage and are more restrictive than Medicaid, typically limiting or excluding some of the services critical to children with special needs. Applying this restricted benefit package to Medicaid could lead to inadequate care for many children with special health care needs. In addition, imposing co-payments on children in Medicaid will place many needed services mandated by EPSDT out of reach for these low-income children.

As discussions over the Medicaid benefit package and EPSDT unfold, it will be important to recognize the diverse health needs that Medicaid addresses and the impact any restructuring of the benefit could have on children’s access to care in Medicaid.

For additional copies of this publication (#7397), please visit www.kff.org.

¹ US Government Accountability Office, *Stronger Efforts Needed to Ensure Children’s Access to Health Screening Services*, Pub no GAO-01-749 (Washington, DC: GAO, July 2001).