



How Medicaid Supports Parents in Crisis, Children in or Youth Aging out of Foster Care, Relative Caregivers, and Adoptive Families

Medicaid Matters for Children and Families in the Child Welfare System

The child welfare system encompasses children who are in or at-risk of entering foster care, living with relative caregivers, or adopted out of care. Medicaid is a critical source of access to physical, mental, and dental health care for this population and their parents and caregivers.

Medicaid is Critical Coverage for Children in Foster Care

In fiscal year 2023, 546,159 children experienced substantiated abuse or neglect,¹ 186,602 children entered foster care, and a total of 368,530 were in foster care at the end of the fiscal year.²

An estimated 99% of children in foster care have Medicaid coverage, either by virtue of their eligibility for federal funding of foster care placement through Title IV-E of the Social Security Act, or other eligibility pathways.^{3, 4, 5}



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The approximately 18,000 youth who age out of foster care each year have Medicaid coverage to age 26, ensuring certainty as they pursue education and career opportunities.²

Children in Foster Care Have Unique Health Needs that Medicaid Can Best Meet

The American Academy of Pediatrics categorically includes this population in its definition of children and youth with special health care needs.⁶ Up to three-quarters of children entering care have at least one physical health problem, one-third have a chronic condition, and up to 80% have a significant mental health need.⁷ The comprehensive nature of Medicaid coverage – including the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit –ensures they can receive needed health services.

Medicaid is the Foundation for Mental Health Access for Children in Foster Care

Medicaid plays a critical role in access to mental health and substance use disorder treatment for children and youth in foster care⁸, ranging from traditional outpatient therapy to intensive inpatient services in settings such as Medicaid-certified psychiatric residential treatment facilities.⁹ Children in foster care can also benefit from Medicaid-funded Treatment Foster Care, a specialized clinical intervention providing trauma-informed mental health services in a family placement¹⁰, supporting less costly access to care otherwise only available in inpatient settings.

Medicaid-Funded Parental Mental Health and Substance Use Disorder Treatment Prevents Unnecessary Foster Care

Untreated parental mental health and substance use disorders are a major driver of child welfare involvement. At least a third of children enter foster care at least in part due to parental drug abuse, and 6% do so at least in part due to parental alcohol abuse.¹¹ Prenatal substance exposure in particular leads to child welfare involvement, and contributes to infants being one-fifth of foster care entries annually.¹² In fiscal year 2022, at least 45,756 infants received referrals to child welfare related to prenatal substance exposure.¹³

Medicaid works together with other federal funding sources, including Title IV-E prevention services¹⁴, to support parents' access to treatment.¹⁵ The expansion of Medicaid has further bolstered the role of Medicaid in supporting this needed treatment access. This can keep families safely together without the added trauma of removal to foster care. About half of children who enter foster care reunify with their family¹⁶, and Medicaid plays a vital role in partnering with child welfare programs so parents can access the services they need to heal and children can return home safely.

Relative Caregivers Rely on Medicaid

About a third of children in foster care are placed with a relative or other adult with whom the child has a meaningful relationship, an arrangement known as kinship care.¹⁷ This is best practice; the American Academy of Pediatrics promotes prioritizing kinship care given its positive impact on child health, development, wellbeing, and connection to critical relationships with family.¹⁸ While these benefits are clear, providing care can be challenging; kinship caregivers are often older and have limited financial resources, making Medicaid essential for eliminating the barriers that can otherwise prevent them from providing this care.¹⁹

Adoptive Families Access Special Needs Care with Medicaid

About 27% of children who exit foster care join an adoptive family. This included 53,665 children and youth in fiscal year 2022.²⁰ The trauma children experienced before and during foster care does not disappear on adoption day, and adopted children can have significant health needs that even private insurance is often unable to address. Children adopted from foster care whose families are eligible for Title IV-E Adoption Assistance for special needs adoption are categorically eligible for Medicaid.^{21,22} This coverage performs a critical role in supporting stable, healthy, and thriving adoptive families.



**Cuts to Medicaid
would undermine
access to quality
mental health services,
exacerbating an already
challenging crisis**

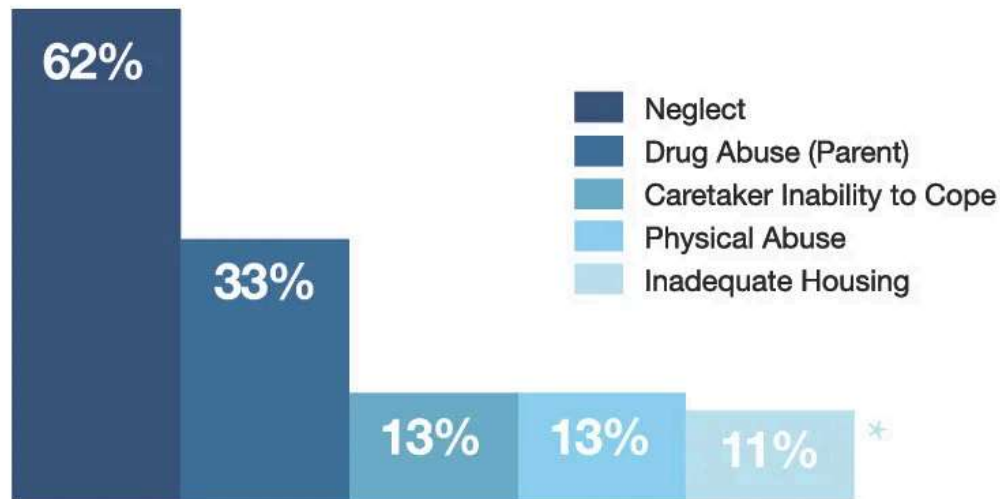
Child Welfare Agencies Receive Medicaid Funding

In addition to Medicaid covering this population, child welfare agencies also receive additional Medicaid funding for health services they directly provide, including rehabilitative services, targeted case management, and treatment foster care.²³ Representing 7% of all federal funds child welfare agencies spend, this support is greater than some child welfare-specific programs, such as Title IV-B and the Child Abuse Prevention and Treatment Act.²⁴

Keeping Medicaid Strong Helps to Keep Families Stable

Medicaid is essential for children and youth in the child welfare system and their families, especially as the primary coverage source for children in foster care. The program's pediatric benefit, EPSDT, helps to address each child's unique needs, including access to mental health care. Medicaid coverage for parents and caregivers provides the economic security and health access that promote family stability and prevent unnecessary foster care. That means better outcomes and more autonomy for families.

REASONS CHILDREN ENTER FOSTER CARE



*Note: These categories are not mutually exclusive, so percentages will total more than 100%.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau Adoption and Foster Care Analysis and Reporting System (AFCARS) FY 2022 data. [Available here.](#)

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FEBRUARY 13, 2025

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