



ISSUE BRIEF : Q3 2020

# THE SAFETY NET WE NEED

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THE BUSINESS CASE FOR  
PROTECTING THE AFFORDABLE CARE ACT  
AND EXPANDING MEDICAID

 **BUSINESSFORWARD**



## TOPLINE

1. Covid-19 layoffs have put 27 million Americans at risk of losing their employer-sponsored health insurance (“ESI”). Fortunately, 8 out of 10 of them are eligible for coverage under the Affordable Care Act or Medicaid.<sup>1</sup>
2. The Trump Administration should be helping Americans make this switch. It should also be working with Republican governors in 13 states that have yet to eliminate a gap in their states’ Medicaid coverage. Closing that gap could insure another 4.5 million Americans.<sup>2</sup>
3. Instead, the Trump Administration has gutted programs that help Americans enroll in the ACA by 80-90%. In March, it refused to re-open ACA enrollment periods for workers laid off due to Covid-19.<sup>3</sup>
4. The Trump Administration has also filed a lawsuit to overturn the ACA entirely, including premium subsidies, Medicaid expansion, and protections for preexisting conditions. It has presented no plan to replace the ACA.
5. Despite obstruction from Republicans in Congress, the ACA is working. More than 20 million Americans have enrolled<sup>4</sup>, and the market-based reforms have helped slow healthcare spending for Medicaid by 21.5%, Medicare by 18.2% and private health insurance by 6.1% (compared to projections made pre-ACA).<sup>5</sup>

“

The ACA is not perfect, but along with the underlying Medicaid program, it will be a safety net in the current crisis that potentially prevents a meltdown of insurance coverage.<sup>6</sup>

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- LARRY LEVITT  
KAISER FAMILY FOUNDATION

“TRUMP REJECTS OBAMACARE SPECIAL ENROLLMENT PERIOD AMID PANDEMIC”

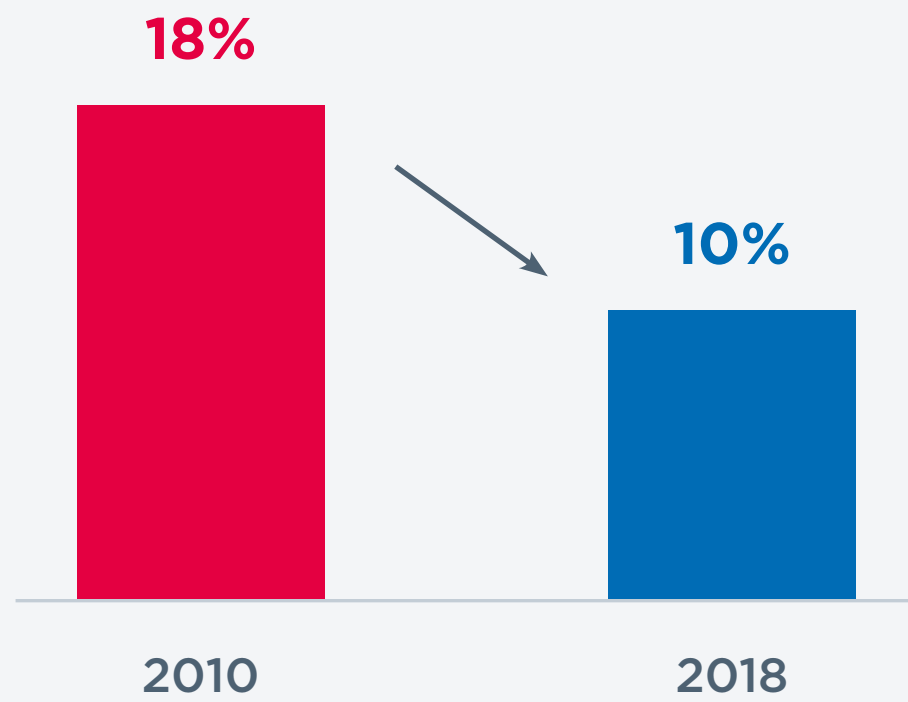
“[A] special enrollment period for the coronavirus could have extended the opportunity for millions of uninsured Americans to newly seek out coverage.”<sup>7</sup>

POLITICO

# AFFORDING HEALTH COVERAGE WAS ALREADY A CHALLENGE

ACA HAS HELPED 20 MILLION,  
BUT 28 MILLION REMAIN UNINSURED.<sup>8</sup>

% OF AMERICANS WITHOUT INSURANCE<sup>9</sup>



BLACK AMERICANS



HISPANIC AMERICANS



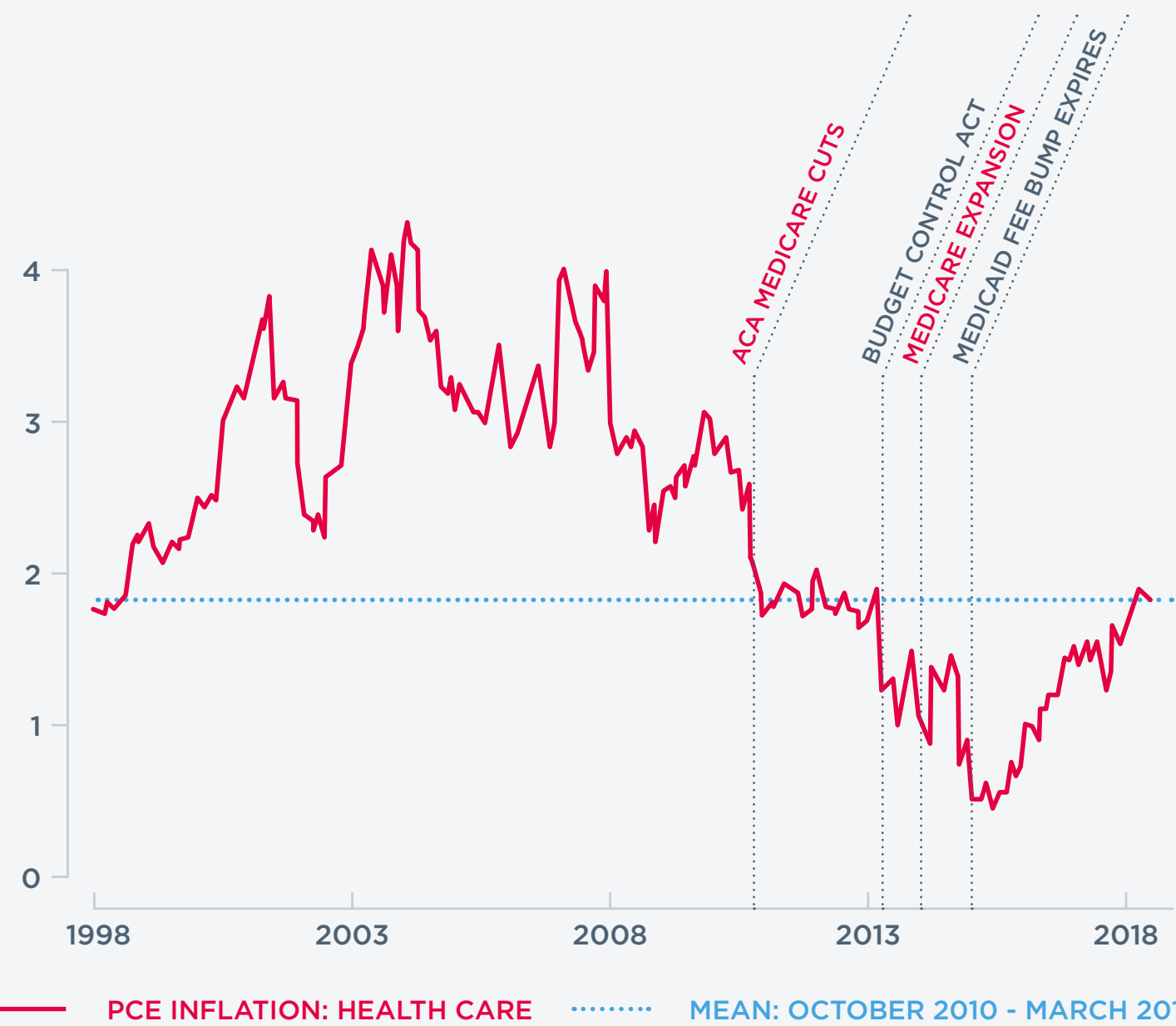
AMERICAN INDIANS & ALASKA NATIVES



MORE LIKELY TO BE UNINSURED  
THAN WHITE AMERICANS<sup>10</sup>

ACA HAS HELPED SLOW INFLATION,  
BUT COSTS CONTINUE TO RISE.

From 2010 to 2017, cumulatively, the ACA reduced health care spending a total of \$2.3 trillion while expanding coverage to more than 20 million Americans.<sup>11</sup> However, costs continue to rise for Americans as employers increase employees' share of health premiums, drug prices increase, and high-deductible plans become more common.



SOURCE: ALEXANDER, DIANE. "THE RECENT RISE IN HEALTH CARE INFLATION." 2018. [HTTPS://WWW.CHICAGOFED.ORG/PUBLICATIONS/CHICAGO-FED-LETTER/2018/407](https://www.chicagofed.org/publications/chicago-fed-letter/2018/407)

HEALTH CARE COSTS CONTINUE  
TO DRIVE U.S. BANKRUPTCIES.



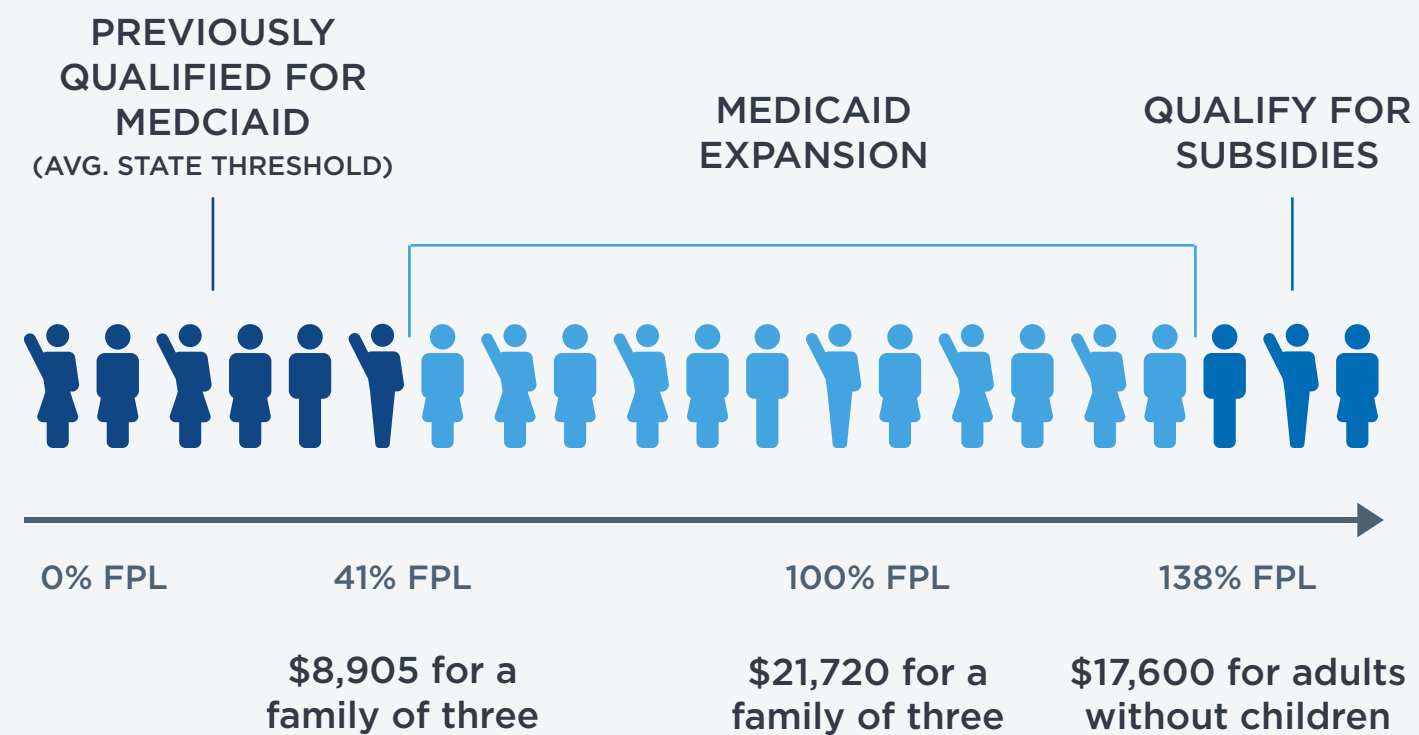
TWO-THIRDS OF PEOPLE WHO  
FILE FOR BANKRUPTCY CITE MEDICAL  
ISSUES AS A KEY CONTRIBUTOR<sup>12</sup>

In 2015, 26% of Americans struggled to pay medical bills, even if they were insured.<sup>13</sup> Today, COVID-19 treatment costs and loss of insurance may further increase the rate of medical bankruptcies.<sup>14</sup>

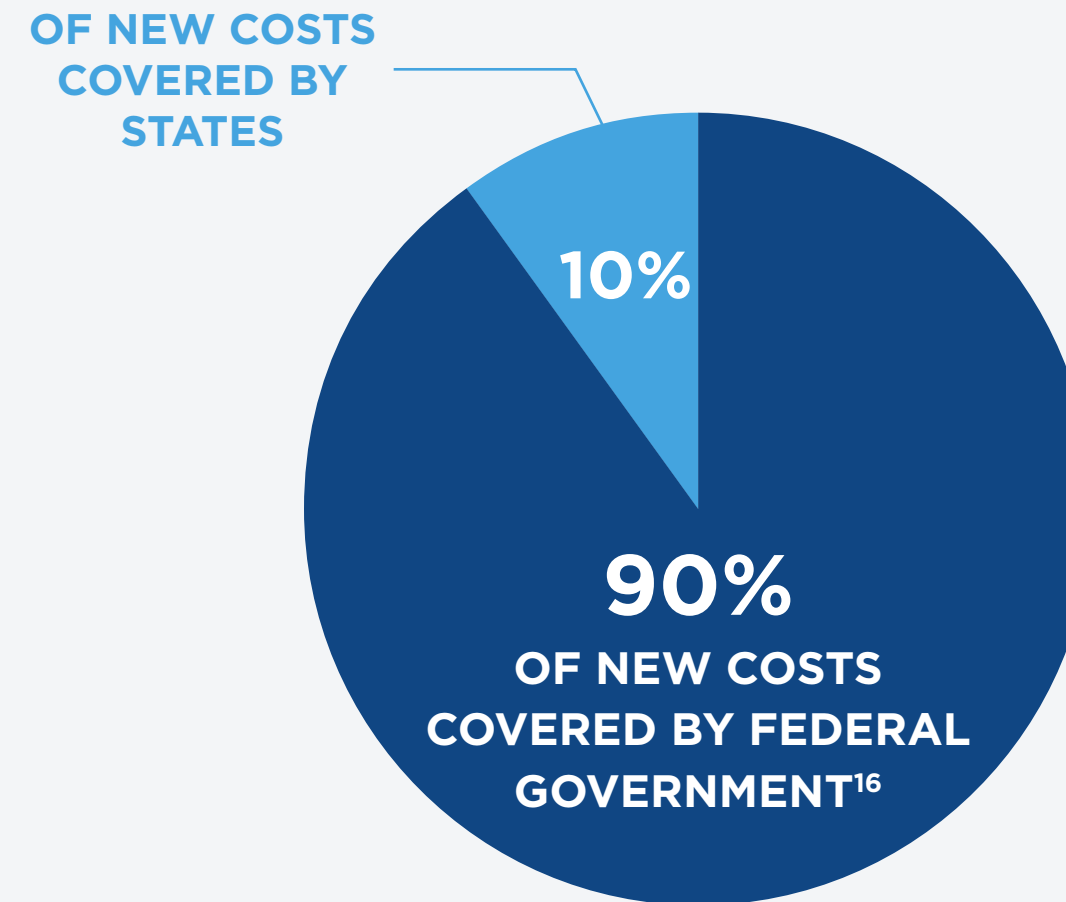
# AND 13 REPUBLICAN GOVERNORS STILL REFUSE TO EXPAND MEDICAID IN THEIR STATES, LEAVING 4.5 MILLION AMERICANS UNINSURED UNNECESSARILY

## ACA WAS MEANT TO EXPAND MEDICAID IN ALL 50 STATES.

The ACA's expansion of Medicaid covers all individuals, including childless adults, earning 138% of the federal poverty line (FPL) and under. Those making above 138% FPL qualify for subsidies on the exchange.<sup>15</sup>



## IT'S A GOOD DEAL.



New England Journal of Medicine found states' health care costs have not risen, because states were able to use federal dollars from the Medicaid expansion to offset other areas of state spending like public hospital and mental health center subsidies and health care costs for people involved with the justice system. Medicaid expansion is a win-win for states' health care systems and budgets.<sup>17</sup>

## BUT GOP SUED, AND THE SUPREME COURT AGREED.

Republicans sued to make expansion optional, and the Supreme Court ruled in their favor. 13 states have rejected Federal funds, leaving 4.5 million Americans without Medicaid.<sup>18</sup>

## THIS IS CALLED THE COVERAGE GAP.

It affects adults with children earning above the state Medicaid threshold (41% FPL on average, or \$8,905 for a family of three) - *and all adults without children* - but below the 138% FPL threshold for qualifying for subsidies.<sup>19</sup>

**9 OUT OF 10 PEOPLE IN THE COVERAGE GAP RESIDE IN THE SOUTH.**

**THE GAP DISPROPORTIONATELY AFFECTS PEOPLE OF COLOR.<sup>20</sup>**

# NOW COVID-19 LAYOFFS THREATEN 27 MILLION AMERICANS WITH THE LOSS OF THEIR HEALTH INSURANCE

LOSS OF EMPLOYER-SPONSORED HEALTH INSURANCE PUTS 27 MILLION AMERICANS AT RISK.

**31 MILLION LAYOFFS**

AFFECT

**78 MILLION**

WHO LIVE IN THESE INDIVIDUALS' FAMILIES

Out of the 78 million affected, 48 million were covered by ESI prior to layoffs.

Following the loss of ESI,

**27 MILLION COULD BECOME UNINSURED<sup>21</sup>**

WITHOUT THE ACA, THE NUMBER OF UNINSURED AMERICANS WOULD INCREASE.

Layoffs could nearly double the number of uninsured Americans.<sup>22</sup>

**28 MILLION UNINSURED**



**55 MILLION UNINSURED**



CASE STUDY: CALIFORNIA VS. TEXAS

**CALIFORNIA**

MEDICAID EXPANDED

60% OF THE 3.4 MILLION AT RISK OF LOSING COVERAGE ARE PROJECTED TO BE ELIGIBLE FOR MEDICAID<sup>23</sup>

**TEXAS**

MEDICAID NOT EXPANDED

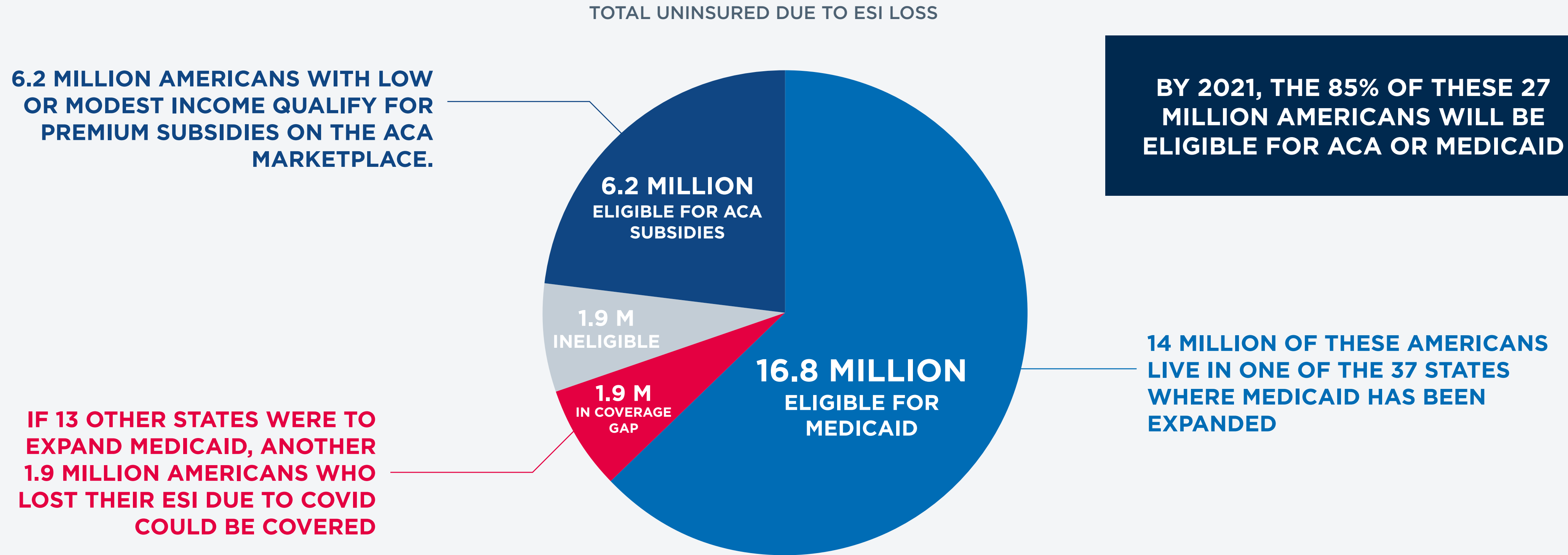
ONLY 20% OF THE 1.6 MILLION AT RISK OF LOSING COVERAGE ARE ELIGIBLE FOR MEDICAID

ADULTS WITHOUT CHILDREN ARE INELIGIBLE FOR MEDICAID ENTIRELY AND PARENTS MUST HAVE INCOMES BELOW 17% OF THE POVERTY LEVEL.<sup>24</sup>



# 8 OUT OF 10 OF THESE 27 MILLION AMERICANS ARE ELIGIBLE FOR ACA OR MEDICAID, WHICH IS WHY WE NEED TO MAKE IT EASIER TO SWITCH

JANUARY 2021 ELIGIBILITY FOR COVERAGE AMONG PEOPLE BECOMING UNINSURED DUE TO JOB LOSS<sup>25</sup>



NOTE: THESE NUMBERS PROJECT ELIGIBILITY AMONG PEOPLE WHO BECAME UNINSURED DUE TO COVID-19 JOB LOSSES - THEY DO NOT TAKE INTO ACCOUNT THE NUMBER OF UNINSURED PRE-COVID.

# INSTEAD OF HELPING, THE TRUMP ADMINISTRATION IS MAKING IT HARDER TO SWITCH - AND TRYING TO OVERTURN THE ACA ENTIRELY

## CUTS TO ENROLLMENT ASSISTANCE

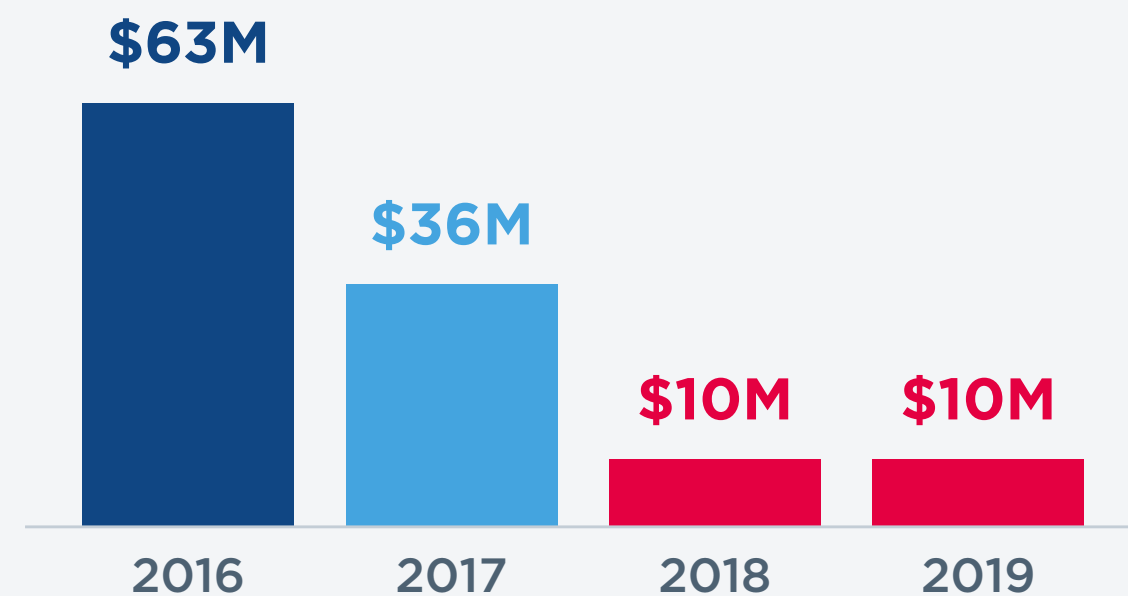
**PUBLIC SERVICE ANNOUNCEMENTS AND OTHER MARKETING CUT 90%**

**ENROLLMENT ASSISTANCE CUT 84%<sup>26</sup>**

As recently as 2016, the Centers for Medicare and Medicaid Services (CMS) provided \$63 million in funding per year for Navigator programs in federally facilitated marketplace (FFM) states.<sup>27</sup>

For 2019, funding fell to \$10 million.<sup>28</sup>

NAVIGATOR PROGRAM CUTS<sup>29</sup>



## LAWSUIT TO OVERTURN ACA

The Trump Administration and 18 Republican state attorneys general filed suit to strike down ACA as unconstitutional.

**19 MILLION  
COULD LOSE THEIR  
HEALTH INSURANCE<sup>30</sup>**

People with preexisting conditions would no longer be guaranteed coverage, potentially including those who have been seriously ill with COVID-19.

Currently, 50 to 129 million (19 to 50%) of non-elderly Americans have some type of pre-existing health condition.<sup>31</sup>

The most common are: Acne, Diabetes, Asthma, Anxiety, Depression, Extreme obesity, Cancer, COPD, Sleep apnea, and Atherosclerosis<sup>32</sup>

“

Tens of millions of people have lost employer-based coverage, but federal agencies aren't helping to lead people to the best resources available: the state and federal insurance marketplaces.<sup>33</sup>

”

-MARGARET A. MURRAY  
THE ASSN. FOR COMMUNITY AFFILIATED PLANS

“

You would have expected big outreach campaigns, public service ads and efforts to help people sign up. But because the Affordable Care Act remains such a political football, what you'd normally think would be good government simply isn't happening.<sup>34</sup>

”

- LARRY LEVITT  
KAISER FAMILY FOUNDATION

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