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Administration Should Act to Expand and Improve Health Coverage

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Alongside legislation to expand health coverage and make it more affordable, the Biden Administration can take administrative actions to reduce the uninsured rate, begin to address disparities in health coverage, and improve the affordability and quality of coverage for many people.

The following list is far from comprehensive, but it highlights examples of changes that would likely have significant impact. The Administration should make it easier for people to get and keep coverage through Medicaid and the Affordable Care Act (ACA) health insurance marketplaces, improve people's ability to afford coverage, and bolster protections to ensure that people get good-quality coverage. It should also use Medicaid and ACA waivers and demonstration projects to encourage states to expand and improve coverage, rather than to take it away, as the Trump Administration has done.

Make It Easier for More People to Get and Stay Covered Through Medicaid and the Marketplaces

More than one-third of people who are uninsured are already eligible for Medicaid or for premium tax credits in the marketplace.[1] Some may be unaware that affordable coverage is available, or bureaucratic or other hurdles may have kept them from enrolling in or maintaining their coverage. Improvements that jumpstart efforts to spread the word about coverage options, along with changes to policies and procedures that keep people out of coverage, represent some of the greatest opportunities to stanch the erosion in coverage experienced under the Trump Administration and to grow enrollment, potentially by millions of people.

- **Reinvigorate outreach and enrollment assistance.** The Trump Administration slashed funding for in-person assistance, outreach, and marketing. These programs should be rebuilt and improved by increasing funding for navigators and other consumer assisters and investing in outreach and marketing efforts to inform consumers about the coverage they and their families may be eligible for, whether through the marketplaces, Medicaid, or the Children's Health Insurance Program (CHIP).

[1] Congressional Budget Office, "Federal Subsidies for Health Insurance Coverage for People Under 65: 2020-2030," September 29, 2020, https://www.cbo.gov/publication/56571.

The Administration should also use evidence-based strategies to target specific populations likely to be uninsured. For example, the Internal Revenue Service should resume and broaden its highly successful outreach efforts, sending letters early in open enrollment to people who lacked health coverage the previous year.[2] Reinvigorating outreach could reverse the estimated coverage drop of 500,000 to 1 million people resulting from the Trump cuts,[3] and perhaps even go further, reaching more of the many people who remain unaware of open enrollment dates or rules, or who have had difficulties shopping or applying for coverage.[4]

- **Reverse "public charge" policies and conduct outreach aimed at boosting enrollment among immigrants and their families.** The Trump Administration's confusing and punitive "public charge" rules have stopped many immigrants and their families from accessing health coverage and other public programs they are eligible for (including Medicaid, subsidized marketplace coverage, food assistance, and housing assistance) out of fear that doing so could have negative immigration-related consequences.[5] Indeed, Census data show that several groups likely to be affected by the climate of fear these rules have created did experience outsized increases in uninsured rates from 2018 to 2019.[6] The Biden Administration should replace the Trump public charge rules with the policy previously in place for decades. Moreover, the federal government, states, and marketplaces should invest in outreach and enrollment assistance that encourages immigrants and their families to enroll in coverage and addresses their fears.[7]
- **Expand marketplace enrollment opportunities.** Marketplace enrollment consistently falls during the year by more than 1 million people. If the system were working well, it would be roughly stable, as the number of people enrolling in plans during the year (because they lose job-based benefits or Medicaid, for example) would roughly match the number who leave (because they become eligible for Medicaid or get a job with health coverage). But the system is not working well. Many people who are eligible for "special enrollment periods" (SEPs) to enroll during the year aren't using them, possibly because they aren't aware of them or because

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[2] Jacob Goldin *et al.*, "Health Insurance and Mortality: Experimental Evidence from Taxpayer Outreach," *Quarterly Journal of Economics*, February 2021, https://academic.oup.com/qje/article/136/1/1/5911132.

[3] Cost Estimate for H.R. 987, MORE Health Education Act, Congressional Budget Office, April 25, 2019, https://www.cbo.gov/publication/55176; and Peter V. Lee *et al.*, "Marketing Matters: Lessons from California to Promote Stability and Lower Costs in National and State Individual Insurance Markets," Covered California, September 2017, https://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf.

[4] Karen Pollitz *et al.*, "Consumer Assistance in Health Insurance: Evidence of Impact and Unmet Need," Kaiser Family Foundation, August 7, 2020, https://www.kff.org/report-section/consumer-assistance-in-health-insurance-evidence-of-impact-and-unmet-need-issue-brief/.

[5] Jennifer M. Haley *et al.*, "One in Five Adults in Immigrant Families with Children Reported Chilling Effects on Public Benefit Receipt in 2019," Urban Institute, June 18, 2020, https://www.urban.org/research/publication/one-five-adults-immigrant-families-children-reported-chilling-effects-public-benefit-receipt-2019.

[6] Hispanic adults and children became uninsured at greater rates than other racial and ethnic groups and children born outside the United States become uninsured at greater rates than those born in the United States. Matt Broaddus and Aviva Aron-Dine, "Uninsured Rate Rose Again in 2019, Further Eroding Earlier Progress," CBPP, September 15, 2020, https://www.cbpp.org/research/health/uninsured-rate-rose-again-in-2019-further-eroding-earlier-progress.

[7] Shelby Gonzales, "Administration Should Reverse Anti-Immigrant Policies That Will Worsen Impacts of Health and Economic Crises," CBPP, May 6, 2020, https://www.cbpp.org/research/immigration/administration-should-reverse-anti-immigrant-policies-that-will-worsen-impacts.

the system is too confusing.[8] And the yearly decline in marketplace enrollment appears to be driving a troubling seasonal increase in the uninsured. The number of adults without coverage rose by more than 1 million between the first and fourth quarter of each year from 2016 through 2019, then fell by more than 1 million in the first quarter of the subsequent year (after marketplace open enrollment), National Health Interview Survey data show.

Enrollment periods should be expanded and simplified nationwide. This could start with a one-time emergency enrollment period, open to all eligible marketplace consumers, in response to the COVID-19 crisis. But the new Administration should also make permanent changes to marketplace open enrollment and SEP policies that strike a better balance between the goals of expanding coverage and limiting adverse selection.

For example, Massachusetts has a more open enrollment system, particularly for lower-income people, and enrollment in its marketplace is stable over the course of the year.[9] It also consistently has among the lowest marketplace premiums in the country, showing that more open enrollment policies can be compatible with maintaining a broad risk pool.

- **Streamline Medicaid enrollment and renewals.** Of the 31 million non-elderly people who are uninsured, about 6 million are eligible for Medicaid but not enrolled — disproportionately Black and Hispanic people and American Indians/Alaska Natives.[10] Reducing the steps people must take to enroll in or renew their coverage and removing procedural obstacles could help many of these people get covered, a large body of evidence suggests.[11]

  For example, the federal government should encourage states to adopt 12 months of continuous Medicaid eligibility for children and adults, which could protect millions of eligible people from becoming uninsured. It should also require and encourage states to use electronic data sources to verify people's eligibility at application and renewal, instead of requesting more paperwork from applicants themselves. And it should require states to contact people who have moved since they first enrolled in Medicaid, rather than terminating their coverage based on a single piece of returned mail, which could help protect coverage for the many low-income people who experience severe housing instability.

- **Make people with Deferred Action for Childhood Arrivals (DACA) eligible for coverage and clarify eligibility for people with Special Immigrant Juvenile (SIJ) status.**

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[8] Matthew Buettgens, Stan Dorn, and Hannah Recht, "More than 10 Million Uninsured Could Obtain Marketplace Coverage through Special Enrollment Periods," Urban Institute, November 2015, https://www.urban.org/sites/default/files/publication/74561/2000522-More-than-10-Million-Uninsured-Could-Obtain-Marketplace-Coverage-through-Special-Enrollment-Periods.pdf.

[9] Sarah Lueck, "Proposed Change to ACA Enrollment Policies Would Boost Insured Rate, Improve Continuity of Coverage," CBPP, June 5, 2019, https://www.cbpp.org/research/health/proposed-change-to-aca-enrollment-policies-would-boost-insured-rate-improve.

[10] Congressional Budget Office, "Federal Subsidies for Health Insurance Coverage for People Under 65: 2020-2030," September 29, 2020, https://www.cbo.gov/publication/56571. Estimates of the number of people eligible for and not enrolled in Medicaid by race/ethnicity are from Linda J. Blumberg *et al.*, "Characteristics of the Remaining Uninsured: An Update," Urban Institute, July 11, 2018, https://www.urban.org/research/publication/characteristics-remaining-uninsured-update.

[11] See for example Ideas 42, "Hassle Factors," https://www.ideas42.org/blog/principle/hassle-factors-2/, and Jennifer Wagner and Judith Solomon, "States' Complex Medicaid Waivers Will Create Costly Bureaucracy and Harm Eligible Beneficiaries," CBPP, May 23, 2018, https://www.cbpp.org/research/health/states-complex-medicaid-waivers-will-create-costly-bureaucracy-and-harm-eligible.

The Administration should eliminate the special exclusion that keeps people with DACA from enrolling in the marketplaces and in state optional coverage for children and pregnant women in Medicaid and CHIP, thus allowing them to access these important sources of comprehensive coverage. It should also clarify that individuals who have SIJ status are eligible to enroll in Medicaid, CHIP, and the marketplaces, to reduce the barriers this group has faced in getting accurate eligibility determinations.

Improve Affordability in the Marketplaces

The ACA provides premium tax credits and cost-sharing reductions (CSRs) for marketplace plans, helping millions of people afford health coverage. But many people who are eligible for this assistance remain uninsured, often because the net premium they owe, even with a premium tax credit, is more than they can afford. Congress should act to significantly increase financial help, but administrative changes could also make some progress. For example, the Administration could:

- **Reverse Trump Administration changes that cut premium tax credits.** The Trump Administration changed the rules for a formula that helps determine the amount of people's premium tax credits.[12] The significance of that change has grown over time; in 2022, it will increase premiums, after tax credits, by nearly 5 percent for most marketplace consumers, or about $360 annually for a family of four making $80,000.[13] More than 100,000 people could gain coverage if the policy were reversed, the Trump Administration's own estimates suggest. The Biden Administration should also re-examine other areas where it has some discretion in setting financial assistance amounts.
- **Fix the "family glitch."** Under the ACA, people are blocked ("firewalled") from receiving premium tax credits if anyone in their family has an employer offer of coverage that is considered affordable (costing less than 9.83 percent of family income). But affordability for everyone in the family is determined based on the premium for the individual worker's coverage. This bars some spouses and children from premium tax credits even when the only coverage available to them would cost the family far more than 9.83 percent of income. Congress should fix this problem through legislation, but, failing that, the Biden Administration could modify regulations to determine affordability for the family based on the cost of family coverage. This would benefit hundreds of thousands of uninsured people and could lower premiums for several million currently enrolled in employer plans, Urban Institute estimates suggest.[14]

Improve Consumer Protections in the Marketplaces and Medicaid

The Trump Administration made a number of rule changes that weakened federal standards for health coverage and expanded the availability of low-quality, substandard plans; it also increased the

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[12] Aviva Aron-Dine and Matt Broaddus, "Change to Insurance Payment Formulas Would Raise Costs for Millions With Marketplace or Employer Plans," CBPP, April 26, 2019, https://www.cbpp.org/research/health/change-to-insurance-payment-formulas-would-raise-costs-for-millions-with-marketplace.

[13] Tara Straw, "Trump Proposal Threatens Coverage of HealthCare.gov Enrollees," CBPP, December 7, 2020, https://www.cbpp.org/blog/trump-proposal-threatens-coverage-of-healthcaregov-enrollees.

[14] Matthew Buettgens, Lisa Dubay, and Genevieve M. Kenney, "Marketplace Subsidies: Changing the 'Family Glitch' Reduces Family Health Spending But Increases Government Costs," *Health Affairs*, July 2016, https://www.healthaffairs.org/doi/10.1377/hlthaff.2015.1491.

role of private insurers and web brokers in lieu of bolstering and improving the health insurance marketplaces. The Biden Administration should ensure that health coverage meets strong standards and that people who need coverage can find and enroll in plans that meet ACA standards rather than being stuck with subpar plans and staggering out-of-pocket costs.

- **Close subpar plan loopholes.** Subpar plans proliferated in recent years, amid Trump rule changes, anti-ACA rhetoric, and aggressive marketing to the public. These plans are not required to meet ACA standards or abide by the ACA's pre-existing condition protections. They expose people to health and financial risks the ACA aimed to address. For example, patients experiencing lymphoma, a heart attack, or a hospitalization for mental health care would face tens of thousands of dollars in out-of-pocket costs if they had a so-called short-term plan rather than an ACA plan.[15] Subpar plans also increase premiums for comprehensive coverage because they pull healthier people out of the ACA risk pool, leaving a costlier group of people behind. This increases affordability problems for people who are not eligible for ACA subsidies, especially those with pre-existing health conditions. And intense, sometimes deceptive marketing of subpar plans leads people to think they have decent coverage and then find out, when they get sick, that they don't.[16] While Congress should act to comprehensively address subpar plans, rule changes could redefine short-term plans as those lasting up to three months instead of a year or longer (as under Trump-era changes) and strengthen standards for other forms of subpar coverage.[17]
- **Raise standards for "direct enrollment.**" Insurance agents, web brokers, and health insurers play a significant role in enrolling people in marketplace coverage, but some don't act in consumers' best interests. The Administration should raise standards and implement robust oversight for the marketplace's direct enrollment and enhanced direct enrollment entities, the insurers and brokers whose websites consumers can use to enroll in marketplace plans instead of HeatlhCare.gov. Standards and oversight should target harmful practices such as when direct enrollment entities steer people toward subpar plans and away from comprehensive coverage, fail to direct eligible people to Medicaid, and fail to give consumers information about all their plan options.[18]
- **Strengthen Medicaid managed care and access rules.** Most states don't have robust, streamlined measures of the quality of care or access to care that Medicaid enrollees receive. The Trump Administration weakened a rule that sets states' responsibilities for overseeing access to care in Medicaid managed care plans and has proposed rescinding a rule defining

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[15] Dane Hansen and Gabriela Dieguez, "The impact of short-term limited-duration policy expansion on patients and the ACA individual market," Milliman Research Report, February 2020, https://www.lls.org/sites/default/files/National/USA/Pdf/STLD-Impact-Report-Final-Public.pdf.

[16] Government Accountability Office, "Private Health Coverage: Results of Covert Testing for Selected Offerings," August 24, 2020, https://www.gao.gov/assets/710/708967.pdf; and Michelle Andrews, "Think your health care costs are covered? Beware the 'junk' insurance plan," National Public Radio, December 12, 2020, https://www.npr.org/sections/health-shots/2020/12/03/941620737/think-your-health-care-costs-are-covered-beware-the-junk-insurance-plan.

[17] Christen Linke Young, "Taking a Broader Look at Junk Insurance," Brookings Institution, July 6, 2020, https://www.brookings.edu/research/taking-a-broader-view-of-junk-insurance/.

[18] Tara Straw, "'Direct Enrollment' in Marketplace Coverage Lacks Protections for Consumers, Exposes Them to Harm," CBPP, March 15, 2019, https://www.cbpp.org/research/health/direct-enrollment-in-marketplace-coverage-lacks-protections-for-consumers-exposes.

standards of access to care in fee-for-service delivery systems. The Biden Administration should strengthen and build on the rules to create a uniform access standard across delivery systems, standards for the quality of care that enrollees receive, and explicit enforcement authority.

Use Waivers and Demonstration Projects to Encourage States to Expand and Improve Coverage, Rather Than Take It Away

The Trump Administration took the unprecedented step of allowing states to use demonstration projects to take coverage away from Medicaid enrollees who don't meet work requirements, leading to large coverage losses before the courts blocked these demonstrations.[19] It also authorized demonstrations taking Medicaid coverage away from very low-income people unable to pay premiums and an ACA waiver under which Georgia plans to exit HealthCare.gov and require people to enroll only through private health insurers and brokers, likely leading tens of thousands of people to lose coverage.[20]

The Biden Administration should reverse these changes and provide federal standards and clear guidance for waivers and demonstration programs that would help states strengthen their programs and improve health care for enrollees. For example, the Administration could use demonstration authority to incentivize states to provide strong coverage of substance-use disorder treatment through Medicaid; issue guidance for states on how they can use demonstration projects to improve care coordination and ensure access to medication and other supports as people transition out of jail or prison and return home; and approve and encourage state demonstration projects that increase how long pregnant people can remain eligible for Medicaid after their pregnancies.

[19] Jennifer Wagner and Jessica Schubel, "States' Experiences Confirm Harmful Effects of Medicaid Work Requirements," CBPP, updated November 18, 2020, https://www.cbpp.org/health/states-experiences-confirm-harmful-effects-of-medicaid-work-requirements.

[20] Tara Straw, "Tens of Thousands Could Lose Coverage Under Georgia's 1332 Waiver Proposal," CBPP, September 1, 2020, https://www.cbpp.org/research/health/tens-of-thousands-could-lose-coverage-under-georgias-1332-waiver-proposal.