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States Can Quickly Expand Medicaid to Provide Coverage and Financial Security to Millions

By Jessica Schubel

Millions of low-income uninsured people would gain much-needed coverage if the remaining 15 states quickly implemented the Affordable Care Act's (ACA) Medicaid expansion. Expanding Medicaid now would cover over 4 million currently uninsured adults in these states and potentially many more who lose their jobs or much of their income in coming months.

Some have claimed that states that haven't yet expanded coverage can't do so in time to make a difference during the current public health crisis. For example, Nebraska Governor Pete Ricketts recently said that expanding Medicaid during the COVID-19 pandemic "isn't feasible."¹ Such claims are mistaken. Swift action to adopt and implement expansion could allow people to enroll in Medicaid coverage as early as June or July. And people signing up for coverage this summer could also be eligible for retroactive coverage through Medicaid. Retroactive coverage could cover medical costs — including COVID-19 treatment — incurred up to three months prior to actual enrollment, providing financial protection for patients getting treatment *now* and for providers whose costs would otherwise go unpaid.

Implementing expansion on this timeline would require significant effort from states, but motivated states have moved quickly in the past. Moreover, implementing expansion any time this year would leave states better equipped for any subsequent waves of COVID-19 infections and help prevent large spikes in uninsured rates during the economic downturn, which forecasters now expect will be worse than the Great Recession and will continue through 2021.

¹ KCAU staff, "Gov. Ricketts Says Medicaid Expansion Not Feasible During Pandemic," KCAU, March 25, 2020, <https://www.siouxlandproud.com/news/local-news/gov-ricketts-to-update-nebraska-on-covid-19-need-for-blood-donations/>; and Chip Brownlee, "Governor: It Would [Be] 'Irresponsible' for Alabama to Expand Medicaid Right Now," *Alabama Political Reporter*, April 14, 2020, <https://www.alreporter.com/2020/04/14/governor-it-would-irresponsible-for-alabama-to-expand-medicaid-right-now/>.

Medicaid Expansion Ensures People Have Coverage When They Need It

Over 4 million currently uninsured people would gain coverage if the remaining 15 states implemented Medicaid expansion.² And the importance of expansion will only grow during the economic downturn. In states that have expanded Medicaid, most people who have lost their jobs or seen sharp drops in income will be able to get covered, while in non-expansion states, many will become uninsured. Prior to the crisis, fewer than 20 percent of unemployed people were uninsured in expansion states, compared to over 40 percent in non-expansion states.³

The benefits of expanding Medicaid extend beyond the current crisis. Research shows that Medicaid expansion increases access to care, improves financial security, and saves lives. For example, expansion has increased the share of low-income adults getting check-ups and regular care for chronic conditions, reduced medical debt and housing evictions, and saved over 19,000 lives just among older adults in states that adopted it.⁴

But expanding access to health insurance is especially important during a public health crisis. Without health coverage, people with COVID-19 symptoms may be afraid to seek testing or treatment because they worry they can't afford it, which can endanger their health, delay detection, and needlessly spread the disease. Medicaid covers testing and treatment for COVID-19 as well as for other health conditions, such as diabetes, hypertension, or heart disease, that make people more vulnerable to the virus.

States Can Provide Immediate Financial Security by Quickly Adopting Expansion

It's not too late for the remaining 15 states to implement Medicaid expansion and improve access to care during the current public health crisis. A few states are especially well positioned to act fast, as explained later in this paper. But all remaining non-expansion states could begin enrolling people in coverage this summer and provide them with some financial protection almost immediately.

States Can Obtain Approval for Expansion Retroactive to April 1

States can always expand Medicaid quickly by amending their Medicaid state plans to take up the ACA option to cover low-income adults up to 138 percent of the poverty line. States must submit three state plan amendments (SPAs) to the Centers for Medicare & Medicaid Services (CMS): one expanding eligibility, one outlining the expansion group's benefit package, and one describing the

² Matthew Buettgens, "The Implications of Medicaid Expansion in the Remaining States: 2018 Update," Urban Institute, May 2018, https://www.urban.org/sites/default/files/publication/98467/the_implications_of_medicaid_expansion_2001838_2.pdf.

³ Anuj Gangopadhyaya and Bowen Garrett, "Unemployment, Health Insurance, and the COVID-19 Recession," Urban Institute, April 2020, <https://www.urban.org/sites/default/files/publication/101946/unemployment-health-insurance-and-the-covid-19-recession.pdf>.

⁴ Madeline Guth, Rachel Garfield, and Robin Rudowitz, "The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review," Kaiser Family Foundation, March 17, 2020, <https://www.kff.org/report-section/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-report>.

procedures for determining the appropriate federal match rate for expansion enrollees. When Louisiana expanded Medicaid in 2016, it took CMS only three weeks to approve Louisiana's SPAs.⁵

What's more, a state can always ask CMS to approve its SPAs retroactive to the start of the quarter in which it submitted them. So if a state is ready to begin accepting applications for Medicaid expansion coverage while its SPAs are still pending at CMS, it can do so. Once CMS approves the SPAs, the state can enroll people immediately and make expansion effective as early as the first of the quarter in which the SPAs were submitted.

That's important, because it means people enrolling in Medicaid this summer could receive *three full months of retroactive coverage*. A feature of Medicaid since 1972, retroactive coverage helps prevent medical debt and bankruptcy for enrollees and uncompensated care costs for providers by paying costs that a Medicaid beneficiary incurred during the three months before applying, if they were otherwise eligible for Medicaid. If a state submits its expansion SPAs before June 30, it can make its expansion retroactive to April 1, allowing Medicaid to pay for medical costs incurred starting April 1, even if people don't formally apply for Medicaid until July.

In addition to helping vulnerable individuals, retroactive coverage will help ensure the financial stability of health care providers by reducing their uncompensated care costs. Many hospitals are struggling with the combined burden of COVID-19 costs and reduced revenue from elective procedures, and other providers are struggling with reduced revenue from plummeting demand.

States Can Begin Implementing Expansion Quickly

States expanding Medicaid will need to revise their eligibility systems to enroll a new group of people. While fast turnarounds aren't typical, motivated states can implement quickly, especially if they begin making system changes as soon as they announce their intention to expand. For example, Alaska's expansion took effect just a month and a half after Governor Bill Walker announced the state's intention to expand. In Maine, expansion enrollment began one week after Governor Janet Mills signed an executive order to start implementation.⁶

Implementing expansion during the COVID-19 crisis could prove especially challenging.⁷ But even with a rocky or slow rollout, making expansion coverage available would immediately provide options for those experiencing serious illness, including COVID-19 patients.

In addition, states can use various strategies to get people covered while limiting the burden on eligibility staff. These include:

- **Automatically enrolling people from family planning programs.** Many non-expansion states provide low-income adults with limited Medicaid coverage for family planning services

⁵ Linda Blumberg and Cindy Mann, "Quickly Expanding Medicaid Eligibility as an Urgent Response to the Coronavirus Pandemic," Urban Institute, March 2020, https://www.urban.org/sites/default/files/publication/101910/quickly-expanding-medicaid-eligibility-as-an-urgent-response-to-the-coronavirus-pandemic_1.pdf.

⁶ Blumberg and Mann.

⁷ Jennifer Wagner, "Medicaid Agencies Should Prioritize New Applications, Continuity of Coverage During COVID-19 Emergency," Center on Budget and Policy Priorities, March 19, 2020, <https://www.cbpp.org/blog/medicaid-agencies-should-prioritize-new-applications-continuity-of-coverage-during-covid-19>.

and supplies. These states already have the information needed to determine these adults' eligibility for expansion and can seamlessly enroll them into full Medicaid coverage. Louisiana, for example, used this strategy when it expanded in 2016, automatically enrolling 197,000 people from its family planning program and its limited coverage section 1115 demonstration project.⁸

- **Enrolling people based on their enrollment in other federal programs.** Most non-elderly, non-disabled adults enrolled in the Supplemental Nutrition Assistance Program (SNAP) are eligible for Medicaid, and states have the information necessary to make a full Medicaid determination for the majority of these adults.⁹ Using the SNAP data available to them, states can quickly identify and enroll people who would also be eligible for Medicaid, without a separate Medicaid application. In 2016, Louisiana was the first state approved to implement this strategy, which Virginia also adopted when implementing expansion in 2018.¹⁰
- **Enrolling parents based on their children's Medicaid eligibility.** Medicaid eligibility levels for parents in non-expansion states are generally very low, but all states cover children with family income up to 138 percent of the poverty line, which means many parents whose children are already enrolled in Medicaid would likely qualify if a state expanded. Using the household information in the child's file, states can identify these parents and quickly enroll them into coverage.¹¹ Several states have implemented this strategy, including California, New Jersey, Oregon, and West Virginia.¹²
- **Expanding presumptive eligibility (PE).** PE allows hospitals, clinics, and other entities to screen individuals for Medicaid eligibility and temporarily enroll those who appear eligible; individuals can then submit a full Medicaid application for ongoing coverage. States have broad authority to designate health care providers to conduct PE and should consider expanding the types of entities that can conduct PE, including the state Medicaid agency. PE is a valuable option to quickly enroll people when they seek care and guarantee payment to hospitals and providers during the PE period — an especially important feature given providers' increasing financial strain due to the pandemic.¹³

⁸ Kaiser Family Foundation, "Becoming Healthy Louisiana: System-Assisted Medicaid Enrollment," July 2016, <http://files.kff.org/attachment/fact-sheet-Becoming-Healthy-Louisiana-System-Assisted-Medicaid-Enrollment>.

⁹ Dorothy Rosenbaum, Shelby Gonzales, and Danilo Trisi, "A Technical Assessment of SNAP and Medicaid Financial Eligibility Under the Affordable Care Act (ACA)," Center on Budget and Policy Priorities, June 6, 2013, <https://www.cbpp.org/research/food-assistance/a-technical-assessment-of-snap-and-medicaid-financial-eligibility-under-the>.

¹⁰ Kaiser Family Foundation, "Becoming Healthy Louisiana," *op. cit.*; and Centers for Medicare & Medicaid Services, "SPA# 18-013," September 19, 2018, <https://www.medicaid.gov/sites/default/files/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/VA/VA-18-013.pdf>.

¹¹ Centers for Medicare & Medicaid Services, "SHO#13-003: Facilitating Medicaid and CHIP Enrollment and Renewal in 2014," May 17, 2013, <https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/downloads/SHO-13-003.pdf>.

¹² Centers for Medicare & Medicaid Services, "Targeted Enrollment Strategies," August 1, 2014, <https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/targeted-enrollment-strategies/index.html>.

¹³ For more information on PE and how states can further streamline enrollment processes, see Jennifer Wagner, "Streamlining Medicaid Enrollment During COVID-19 Public Health Emergency," Center on Budget and Policy

- **Minimizing paperwork and further streamlining enrollment.** States can minimize paperwork by leveraging electronic data sources to verify eligibility and maximizing the use of self-attestation. States can also streamline enrollment by leveraging the federal Healthcare.gov site to conduct Medicaid eligibility determinations and by expanding real-time eligibility determinations.

Timeline for Expansion in a Motivated State

Suppose a state decides to expand Medicaid and completes its three Medicaid expansion SPA templates in May. (See Figure 1.) The state can submit two of these SPAs, on eligibility and claiming procedures, immediately to CMS and request approval effective April 1. The third SPA, on benefits, requires a state to provide the public a “reasonable opportunity to comment,”¹⁴ but since the state has discretion over the length of the public notice process, suppose it lasts 14 days and then submits on May 30, again requesting approval effective April 1. During this public notice process, the state should also seek technical assistance from CMS to identify potential issues during the approval process, as the benefits SPA is often the most complex of the three.

Simultaneously, the state can — and should — make needed eligibility system changes to expedite the enrollment process. For example, the state could use this time to make the necessary changes to automatically enroll people from other programs, as described above, and to accept applications in May so it can easily effectuate coverage upon approval. States can receive an enhanced federal match for costs related to these system changes.

Suppose CMS approves the SPAs on July 1. Then:

- Beginning that same day (July 1), coverage can take effect for people who applied in May or June, with retroactive coverage going back to April 1.
- The state may decide to adopt additional enrollment strategies, such as expanding PE, to enroll more people starting in July.
- For people enrolling in July or beyond, coverage will take effect as normal, including three months of retroactive coverage that cover costs going back to April for July enrollees.

As this timetable illustrates, a motivated state could use expansion to: (a) reimburse costs for COVID-19 cases being treated *right now*; (b) provide comprehensive coverage and ready access to care for people who will contract COVID-19 in the summer and fall; and (c) prevent the state’s uninsured rates from spiking during the economic crisis, in which unemployment is expected to peak later this year and remain elevated at least through 2021.¹⁵

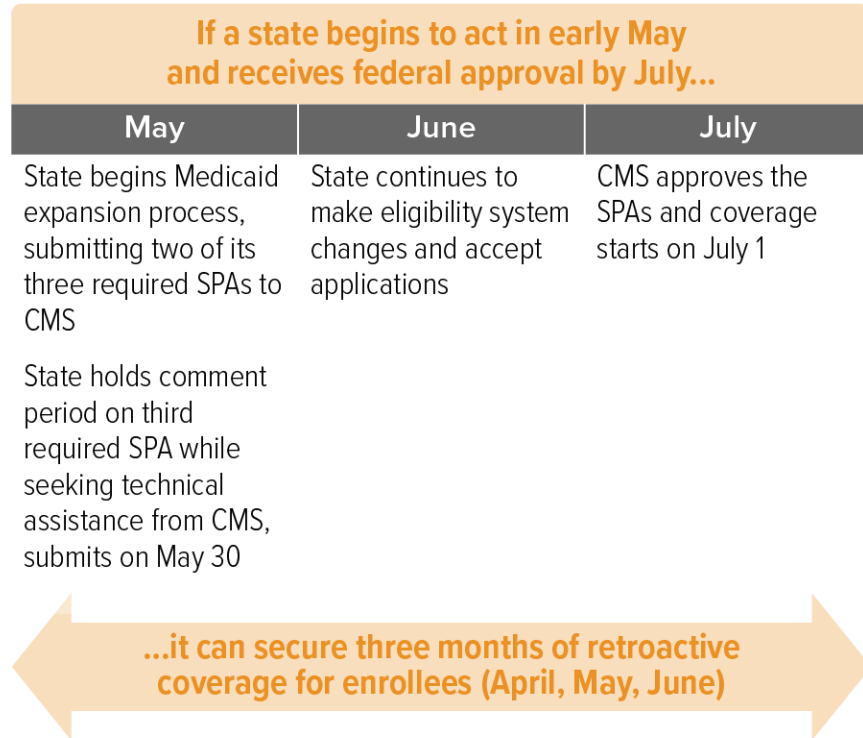
Priorities, April 7, 2020, <https://www.cbpp.org/research/health/streamlining-medicaid-enrollment-during-covid-19-public-health-emergency>.

¹⁴ 42 CFR §440.386. In addition to soliciting public comment, a state may need to consult tribes in accordance with its approved tribal consultation process prior to submission.

¹⁵ Phill Swagel, “Updating CBO’s Economic Forecast to Account for the Pandemic,” Congressional Budget Office, April 2, 2020, <https://www.cbo.gov/publication/56314>; and Jan Hatzius, *et al.*, “The Sudden Stop: A Deeper Trough, A Bigger Rebound,” Goldman Sachs, March 31, 2020, <https://www.courthousenews.com/wp-content/uploads/2020/04/US-Economics-Analyst-3-31.pdf>.

FIGURE 1

States Can Expand Medicaid Quickly and Provide Three Months of Retroactive Coverage for Enrollees



SPA = state plan amendments; CMS = Centers for Medicare & Medicaid Services

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Some States Especially Well Positioned to Move Quickly on Expansion

All states can move quickly to implement Medicaid expansion, but a few could do so especially easily.

- **Nebraska** received CMS approval for two of its three Medicaid expansion SPAs on March 10; the outstanding SPA has been under review at CMS since December 2019.¹⁶ The state announced that it won't start accepting applications until August 1 and that coverage won't be effective until October 1, but it can take steps *now* to implement expansion faster.¹⁷ First, it should resolve any outstanding issues with the remaining expansion SPA to expedite CMS

¹⁶ Centers for Medicare & Medicaid Services, "State Plan Amendment: #19-0002," March 10, 2020, <https://www.medicaid.gov/sites/default/files/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/NE/NE-19-0002.pdf>; Centers for Medicare & Medicaid Services, "State Plan Amendment: #19-0003," March 10, 2020, <https://www.medicaid.gov/sites/default/files/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/NE/NE-19-0003.pdf>; and Nebraska Department of Health and Human Services, "State Plan Amendment; #19-0014," December 12, 2019, <http://dhhs.ne.gov/Pages/Medicaid-State-Plan-Amendments.aspx>.

¹⁷ Nebraska Department of Health and Human Services, "Nebraska Medicaid Issues Expansion Update," April 10, 2020, <http://dhhs.ne.gov/Pages/Nebraska-Medicaid-Issues-Expansion-Update.aspx>.

approval. Second, it should amend its already approved SPAs to change the coverage effective date to April 1; that way it can start accepting applications and effectuate coverage when it gets CMS approval. Even prior to the recession, expansion was predicted to provide Medicaid coverage to 80,000 Nebraskans.¹⁸

- **Wisconsin** already covers adults with incomes up to the poverty line through a section 1115 demonstration. But it pays 41 percent of the cost of covering them, rather than the 10 percent it would pay under expansion, because it hasn't adopted expansion and covered people with incomes up to 138 percent of the poverty line. Those additional costs far exceed what the state would pay to cover near-poor adults. In fact, Wisconsin already has left more than \$1 billion in federal funding on the table by not fully expanding Medicaid.¹⁹ Adopting Medicaid expansion effective April 1 would help Wisconsin address budget shortfalls almost certain to result from the downturn, while making more affordable coverage available to near-poor residents now covered through the marketplace. Even prior to the recession, expansion was projected to provide Medicaid coverage to an additional 82,000 Wisconsonites.²⁰
- **Oklahoma** submitted its Medicaid expansion SPAs to CMS on February 21, with a coverage effective date of July 1.²¹ The state should amend its request to make its expansion retroactive to April 1 so people obtaining coverage this summer can qualify for retroactive coverage of costs incurred now. It also should begin accepting applications now, to get people enrolled as quickly as possible. Even prior to the recession, expansion was projected to provide Medicaid coverage to 220,000 Oklahomans.²²
- **Kansas** Governor Laura Kelly and Senate Majority Leader Jim Denning reached a bipartisan agreement in January to expand Medicaid. The Kansas legislature had to suspend its session due to COVID-19 but plans to resume work later this month. The expansion bill has already received committee hearings, and policymakers could fast-track its passage and implementation in order to provide Medicaid coverage to 120,000 Kansans.²³

¹⁸ Nebraska Department of Health and Human Services, "Section 1115 Heritage Health Adult Expansion Demonstration," December 12, 2019, http://dhhs.ne.gov/Documents/1115_HHA_Application.PDF.

¹⁹ Scott Bauer, "Evers' Health Agency Leaders Dedicated to Medicaid Expansion," *U.S. News & World Report*, March 12, 2019, <https://www.usnews.com/news/best-states/wisconsin/articles/2019-03-12/evers-health-agency-leaders-dedicated-to-medicaid-expansion>.

²⁰ Wisconsin Department of Health Services, "Expanding Medicaid: Positive Economic Impacts," Governor Evers' 2019 Budget, February 2019, <https://www.dhs.wisconsin.gov/publications/p02366.pdf>.

²¹ Oklahoma Health Care Authority, "Medicaid Adult Expansion SPAs: Eligibility, Alternative Benefit Plan, and FMAP Claiming," February 21, 2020, <http://okhca.org/xPolicyChange.aspx?id=24565&blogid=68505>.

²² Oklahoma Health Care Authority, "SoonerCare 2.0 HAO Information Session," <https://www.okhca.org/sooner2/>.

²³ Kansas Division of the Budget, "Fiscal Note for SB 252," January 22, 2020, http://www.kslegislature.org/li/b2019_20/measures/documents/fisc_note_sb252_00_0000.pdf.