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Failure to Close Coverage Gap Would Leave Millions Uninsured and Facing Worse Health Outcomes

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As members of Congress negotiate an economic reconciliation package, it's imperative to include provisions closing the Medicaid coverage gap. Without action, more than 2 million people with incomes below the poverty line, who were supposed to gain coverage under the Affordable Care Act (ACA), will continue to lack access to affordable health coverage because they live in a state that has refused to adopt the ACA Medicaid expansion.[1]

Closing the coverage gap is particularly urgent in the wake of the recent Supreme Court decision overturning the legal right to abortion; many of the states that have refused to adopt the Medicaid expansion have or are likely to soon have restrictive abortion bans in place. Ensuring that people with incomes below the poverty line have access to health coverage will not solve the abortion access crisis or protect against the harm caused by making an essential health care service illegal. But it is one thing Congress can enact *now* to help ensure that people have a regular source of other health care, including access to comprehensive contraception coverage to prevent pregnancies and preconception services that improve birth outcomes for those who carry their pregnancies to term.

Closing the coverage gap would also advance racial health equity, as the majority of people in the coverage gap are people of color. And it is a matter of fundamental fairness toward people with the lowest incomes, given that the legislation may well extend enhanced premium tax credits that make ACA marketplace plans more affordable for people with incomes above the poverty line.

If Congress does not close the Medicaid coverage gap this year, millions of people will continue to lack access to health coverage *eight years* after most states adopted the expansion and began covering adults with low incomes through Medicaid. The remaining states can still expand Medicaid but are highly unlikely to do so anytime soon, despite generous financial incentives and mounting evidence that it improves people's health. Allowing the coverage gap to remain means people will continue to become uninsured as adults in coverage gap states lose jobs but have nowhere to get coverage, as people who are pregnant lose Medicaid after their postpartum period, as parents lose eligibility when

[1] These states are Alabama, Florida, Georgia, Kansas, Mississippi, North Carolina, South Carolina, South Dakota, Tennessee, Texas, and Wyoming. Wisconsin, the 12th non-expansion state, provides Medicaid coverage to adults up to the poverty line.

their income rises or when their children leave home, and as children turn 19 and age out of Medicaid.[2]

Closing Coverage Gap Would Advance Racial Health Equity

People of color make up about 60 percent of those in the coverage gap but just 41 percent of non-elderly adults in non-expansion states. This disparity reflects a long history of racism and discrimination in employment, education, housing, and other areas that has led to higher poverty rates for people of color and their over-representation in low-paying jobs that don't offer employer coverage. Moreover, many of the states that have refused to adopt the expansion have a long history of policy decisions, often based on racist views of who deserves health services, that restrict access to coverage.

Closing the coverage gap is the single most important step Congress can take right now to advance racial equity in health coverage. As a group of leading civil rights and health equity groups recently wrote, "Failing to close the coverage gap isn't a matter of missing an opportunity to improve a program; instead, it is about ending the current situation in which more than 2 million poor people, mostly people of color, lack any pathway to affordable coverage."[3]

A large body of evidence suggests that closing the coverage gap would advance racial health equity. For example, expansion states have narrowed the gap in uninsured rates between Black and Latino people and white people *more so* than non-expansion states. Expanding Medicaid also helped reduce racial disparities in certain chronic illnesses. And Medicaid expansion states had smaller differences between communities of color and white communities in the share of medical debt than non-expansion states.[4]

Closing Coverage Gap Critical in Light of *Dobbs* Decision and High Maternal and Infant Mortality Rates in Non-Expansion States

Closing the coverage gap is more important than ever given the Supreme Court's *Dobbs v. Jackson Women's Health Organization* decision overturning a legal right to abortion. In 2019, more than 810,000 uninsured women of reproductive age were in the coverage gap.[5] Ten of the 12 states that have refused to adopt the Medicaid expansion have implemented, or soon will implement, abortion

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[2] Gideon Lukens, "Medicaid Coverage Gap Affects Even Larger Group Over Time than Estimates Indicate," CBPP, September 3, 2021, https://www.cbpp.org/research/health/medicaid-coverage-gap-affects-even-larger-group-over-time-than-estimates-indicate.

[3] Letter to House Speaker Nancy Pelosi and Senate Majority Leader Chuck Schumer, signed by Maya Wiley, President and CEO of the Leadership Conference on Civil and Human Rights, The NAACP, National Action Network, National Urban League, and UnidosUS, July 7, 2022, https://civilrightsdocs.info/pdf/healthcare/Coverage%20Gap%20letter_FINAL%207.7.22%20with%20signature.pdf.

[4] Laura Harker, "Closing the Coverage Gap a Critical Step for Advancing Health and Economic Justice," CBPP, October 4, 2021, https://www.cbpp.org/research/health/closing-the-coverage-gap-a-critical-step-for-advancing-health-and-economic-justice.

[5] Gideon Lukens and Breanna Sharer, "Closing Medicaid Coverage Gap Would Help Diverse Group and Narrow Racial Disparities," CBPP, June 14, 2021, https://www.cbpp.org/research/health/closing-medicaid-coverage-gap-would-help-diverse-group-and-narrow-racial.

bans or severe abortion restrictions.[6] In these ten states, more than 700,000 uninsured women of reproductive age were in the coverage gap.[7]

Almost all women of reproductive age in the coverage gap live in the South, and many live in areas lacking hospitals with obstetric services, birth centers, or certified midwives.[8] Their states are among those that have or are likely to soon ban or severely restrict access to abortion. These states already have larger racial inequities in infant and maternal morbidity and mortality than in the country as a whole.[9]

To be sure, providing coverage that does not cover abortion will not address the abortion access crisis in non-expansion states, but it can help people secure a regular doctor, more easily obtain effective contraception,[10] and receive preconception health care that can improve birth outcomes, including lowering the appallingly high rates of maternal mortality in many of the states that have refused to expand Medicaid and have or are likely to soon have bans or severe restrictions on abortion.[11] While far more needs to be done to ensure abortion access, Congress should use the current reconciliation process to at least ensure that people with incomes below the poverty line in states that have severely restricted abortion, or plan to do so, have access to coverage of other health services that can help people avoid getting pregnant and improve birth outcomes for those who carry their pregnancies to term.

More broadly, care before a pregnancy is critical to healthy birth outcomes in both states with and without severe abortion restrictions. Without access to care prior to pregnancy, people with chronic

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[6] Kaiser Family Foundation, "Abortion in the United States," July 2022, https://www.kff.org/womens-health-policy/press-release/abortion-in-the-united-states/. Of course, federal Medicaid funds can only be used to cover abortions in cases of rape, incest, or life endangerment of the pregnant person, meaning that access to abortion has already been very limited for many low-income people, even if they have health coverage.

[7] Lukens and Sharer, *op. cit.* This total does not include people in Wisconsin because although the state has not adopted the ACA Medicaid expansion, Medicaid coverage in Wisconsin is available to people up to the poverty line; individuals from 100-138 percent of the poverty line can access subsidized marketplace coverage.

[8] Julia D. Interrante *et al.*, "State and Regional Differences in Access to Hospital-Based Obstetric Services for Rural Residents, 2018," University of Minnesota Rural Health Research Center, August 2021, https://rhrc.umn.edu/wp-content/uploads/2021/09/UMN-State-Regional-Differences-in-OB_Policy-Brief_8.16.21_508.pdf.

[9] Black Maternal Health Federal Policy Collective, "The Intersection of Abortion Access and Black Maternal Health," The Century Foundation, June 22, 2022, https://tcf.org/content/facts/the-intersection-of-abortion-access-and-black-maternal-health/; Judith Solomon, "Closing the Medicaid Coverage Gap Would Improve Black Maternal Health," CBPP, July 26, 2021, https://www.cbpp.org/research/health/closing-the-coverage-gap-would-improve-black-maternal-health.

[10] While most non-expansion states have extended limited coverage of family planning services to adults who are otherwise ineligible for Medicaid, including those in the coverage gap, these programs are not a substitute for access to more comprehensive health coverage. Not only are benefits in these programs limited to family planning services, but awareness of the programs and access to providers is limited and states can provide less extensive contraceptive services than what's available to people eligible under Medicaid expansion.

[11] For example, Alabama, Mississippi, and Tennessee have some of the highest rates for maternal death in the country. NCHS, "Maternal deaths and mortality rates: Each state, and the District of Columbia, United States, 2018-2020," National Vital Statistics System, https://www.cdc.gov/nchs/maternal-mortality/MMR-2018-2020-State-Data.pdf. See also the Centers for Disease Control and Prevention's Wide-ranging Online Data for Epidemiologic Research (WONDER) database, https://wonder.cdc.gov/.

conditions may be at increased risk of pregnancy complications or death because they lack care that can help them manage or treat conditions like diabetes or hypertension, which can contribute to maternal and infant mortality. Because Medicaid pregnancy coverage doesn't take effect until people know they are pregnant and apply for Medicaid, closing the coverage gap would provide access to important preconception care and help improve health outcomes for people who give birth.[12]

Among developed countries, the U.S. has the highest rate of people dying of pregnancy-related complications during or within 12 months of the end of pregnancy. Black people are dying at significantly higher rates than other groups, which is linked to factors such as structural racism in health care delivery and toxic stress from people's lived experiences of racism. Maternal mortality continued to rise during the pandemic, and at higher rates for Black and Hispanic people than for white people.[13] Non-expansion states generally have even worse maternal mortality rates than expansion states, particularly for Black people; they also have significantly higher *uninsured* rates for women of reproductive age.[14]

States that expanded Medicaid under the ACA have seen a significant rise in health coverage among women of reproductive age.[15] This has improved access to preconception and prenatal services that make pregnancy and birth safer for parent and baby. Research also links Medicaid expansion with reduced rates of maternal death, particularly for Black women.[16] Given this, it's important to note that 29 percent of uninsured women of reproductive age in the coverage gap are Black.

Alongside closing the coverage gap, Congress should enact other policies to improve health outcomes and increase coverage for people with low incomes, such as requiring all states to provide 12 months of postpartum coverage (a common-sense policy that 33 states and the District of Columbia have implemented or will soon[17]), requiring 12 months of continuous eligibility for children under age 19, and making the Children's Health Insurance Program permanent. All of these provisions, which were included in the House-passed Build Back Better bill, would help people with low incomes stay covered, but they are no substitute for helping more people gain access to coverage.

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[12] Solomon, *op. cit.*

[13] Marie E. Thoma and Eugene R. Declercq, "All-Cause Maternal Mortality in the US Before vs. During the COVID-19 Pandemic," *JAMA Network Open,* June 28, 2022, 10.1001/jamanetworkopen.2022.19133.

[14] Solomon, *op. cit.*

[15] Maggie Clark, Ema Bargeron, and Allie Corcoran, "Medicaid Expansion Narrows Maternal Health Coverage Gaps, But Racial Disparities Persist," Georgetown University Health Policy Institute Center for Children and Families, September 13, 2021, https://ccf.georgetown.edu/2021/09/13/medicaid-expansion-narrows-maternal-health-coverage-gaps-but-racial-disparities-persist/.

[16] Erica L. Eliason, "Adoption of Medicaid Expansion Is Associated with Lower Maternal Mortality," *Women's Health Issues*, February 25, 2020, https://www.whijournal.com/article/S1049-3867(20)30005-0/fulltext.

[17] Kaiser Family Foundation, "Medicaid Postpartum Coverage Extension Tracker," July 8, 2022, https://www.kff.org/medicaid/issue-brief/medicaid-postpartum-coverage-extension-tracker/.

Failure to Close Coverage Gap Would Leave Lowest-Income People Behind

In the upcoming economic reconciliation package, Congress is rightly considering extending enhanced premium tax credits for ACA marketplace enrollees with incomes above the poverty level (above about $14,000 for an individual), which are slated to expire at the end of this year. This would avert steep increases in premium costs for many low- and moderate-income people at a time when many families are struggling with higher costs for basic needs, and it would help protect millions from becoming uninsured.[18] With those enhancements, people with incomes between 100 and 150 percent of the poverty level are eligible for marketplace coverage with $0 premiums and low deductibles. People with income above 150 percent of the poverty line (just $19,000 for a single individual) pay higher shares of income toward premiums, but far less than prior to the tax credit expansion.

Proposals to close the Medicaid coverage gap would allow people in states that have refused to adopt the Medicaid expansion to quickly enroll in marketplace coverage and receive subsidies so that they pay no premiums and have reduced deductibles and other cost sharing. If, however, the package does not include the Medicaid coverage gap provision, those with incomes *below* the poverty line in non-expansion states will continue to lack access to any marketplace financial help and will continue to lack access to Medicaid, while those with incomes above the poverty line will get continued help to afford coverage. While continuing the enhanced subsidies is essential, people below the poverty line need access to affordable coverage as well and should not be left behind.

Federal policymakers cannot count on non-expansion states to close the coverage gap themselves and must instead take action as part of reconciliation legislation to provide people in these states with a path to coverage. The non-expansion states continue to resist expanding Medicaid even though the American Rescue Plan provided billions in financial incentives to do so[19] and despite evidence of improved health care access and health outcomes, as well as benefits to state budgets, in states that have expanded.[20]

Of the seven states that implemented expansion since January 2019, six were authorized through ballot initiatives. But ballot initiatives are a lengthy process and are not an option in all states. Only three remaining non-expansion states have a ballot initiative process.[21] The process in Florida and Wyoming already is very difficult and lawmakers in Florida and South Dakota have proposed

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[18] Gideon Lukens, "Health Premiums Will Rise Steeply for Millions if Rescue Plan Tax Credits Expire," CBPP, May 26, 2022, https://www.cbpp.org/research/health/health-premiums-will-rise-steeply-for-millions-if-rescue-plan-tax-credits-expire.

[19] Manatt Health, "Assessing the Fiscal Impact of Medicaid Expansion Following the Enactment of the American Rescue Plan Act of 2021," State Health and Value Strategies, April 2021, https://www.manatt.com/Manatt/media/Documents/Articles/ARP-Medicaid-Expansion.pdf.

[20] Judith Solomon, "Federal Action Needed to Close Medicaid 'Coverage Gap,' Extend Coverage to 2.2 Million People," CBPP, May 6, 2021, https://www.cbpp.org/research/health/federal-action-needed-to-close-medicaid-coverage-gap-extend-coverage-to-22-million.

[21] Erin Brantley and Sara Rosenbaum, "Ballot Initiatives Have Brought Medicaid Eligibility to Many But Cannot Solve the Coverage Gap," *Health Affairs*, June 23, 2021, https://www.healthaffairs.org/do/10.1377/forefront.20210617.992286/.

measures that would make it even more difficult, such as raising the threshold for the share of voters required for approval or raising the number of required signatures to get on the ballot. More immediate action is needed, and the economic reconciliation package offers the only realistic pathway for enactment any time soon.

Closing Coverage Gap Would Bring Other Benefits

Advancing racial health equity, protecting maternal health, helping people with contraception and preconception care that improves birth outcomes — including for people losing access to abortion — and addressing the needs of people with the lowest incomes are only some of the benefits of closing the coverage gap.[22]

Today, people in non-expansion states are being shut out of proven benefits that have improved health outcomes and financial security for people in expansion states across the country. Improved access to coverage has been shown to increase access to mental health care and substance-use disorder treatment by reducing financial barriers to care.[23] People who have coverage have better access to care and are less likely to go without it because of cost. Medicaid expansion also has reduced medical debt and bankruptcies; closing the coverage gap and making affordable coverage available can reduce financial pressures on people struggling to afford other basic needs.[24] Finally, filling the coverage gap would benefit health care providers such as hospitals and community health centers as uninsured patients gain coverage.[25]

Closing the Medicaid coverage gap is essential to beginning to address some of the nation's most pressing health care challenges and is a concrete step Congress can take to address the serious health care concerns of people losing access to abortion services. The need to act has become even more urgent in light of the new restrictions on abortion access going into effect in many non-expansion states. The reconciliation package is an opportunity to act; Congress must do so now.

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[22] Laura Harker, "Rounding Up the Top Five Reasons Congress Should Close the Coverage Gap," CBPP, May 31, 2022, https://www.cbpp.org/blog/rounding-up-the-top-five-reasons-congress-should-close-the-coverage-gap.

[23] Jennifer Sullivan, Miriam Pearsall, and Anna Bailey, "To Improve Behavioral Health, Start by Closing the Medicaid Coverage Gap," CBPP, October 4, 2021, https://www.cbpp.org/research/health/to-improve-behavioral-health-start-by-closing-the-medicaid-coverage-gap.

[24] Inna Rubin, Jesse Cross-Call, and Gideon Lukens, "Medicaid Expansion: Frequently Asked Questions," CBPP, June 16, 2021, https://www.cbpp.org/research/health/medicaid-expansion-frequently-asked-questions.

[25] Matthew Fiedler, "How would filling the Medicaid 'coverage gap' affect hospital finances?" USC-Brookings Schaeffer Initiative for Health Policy, November 4, 2021, https://www.brookings.edu/essay/how-would-filling-the-medicaid-coverage-gap-affect-hospital-finances/; Harker, 2021, *op. cit.*