

The Takeaway

Policy Briefs from the Mosbacher Institute for
Trade, Economics, and Public Policy

Medicaid & the Public Health Emergency

Implications for Texas

LAURA DAGUE & BENJAMIN UKERT
Texas A&M University

The COVID-19 related public health emergency (PHE) led to federal legislation that changed the current landscape of Medicaid coverage. Beginning in March 2020, states agreed to suspend Medicaid disenrollment in exchange for increased federal funds to help stabilize their budgets. Texas had the nation's highest uninsurance rate at 18.4% in 2019, but as of June 2022, total Texas Medicaid caseload has increased by 41% or 1.6 million people, substantially decreasing the number of uninsured.¹ We used public data to estimate the gains in Medicaid coverage attributable to the PHE and losses in caseload when the policy expires, as well as the net fiscal impacts.²

PANDEMIC-ERA POLICY HAS SHIFTED MEDICAID COVERAGE RULES

The Families First Coronavirus Recovery Act increased the federal share of Medicaid funding to states by 6.2 percentage



WHAT'S THE TAKEAWAY?

More than 1.6 million Texans have gained Medicaid coverage since the beginning of the pandemic.

Texas received a windfall of about \$3.5 billion through the Medicaid pandemic policies.

As these policies end, as many as 700,000 Texans could lose health insurance coverage, increasing the uninsurance rate by at least 2 percentage points.

Focused outreach can help the state maintain historic coverage gains.

points from January 1, 2020, through the last day of the calendar quarter in which the PHE ends, so long as states do not disenroll Medicaid beneficiaries. As a result, since early 2020, Medicaid members have not been subject to eligibility checks or disenrollment. Normally members would need to complete periodic eligibility renewals, report changes in income and other circumstances, and respond to verification requests, all of which can result in ending or disrupting coverage. The only ways for beneficiaries to currently lose coverage are by specific request, by moving out of state, or in death.

Although the majority of enrolled individuals will likely remain eligible after the PHE, many may no longer satisfy eligibility criteria under usual Texas Medicaid rules. For example, pregnant women generally qualify if their household income is below \$3,022 per month for a family of two. A few months after delivery, they would normally be disenrolled from Medicaid unless their incomes were sufficiently low to qualify as a Medicaid parent (\$251 per month for a family of three); however, the PHE has allowed them to remain covered regardless of income. Likewise, a child who normally would have aged out of coverage eligibility is still covered, as is a child whose parents' income has increased past the eligibility threshold for Children's Medicaid (\$2,559 per month in a family of three) and would typically be transferred to the Children's Health Insurance Program (CHIP) (if income remains below \$3,858) or lose eligibility for public coverage (if income were too high).

With the official end of the PHE, which will be no sooner than January 11, 2023, state Medicaid agencies will begin eligibility redeterminations. The potential for large-scale loss of cover-

age exists since some current members will be ineligible for benefits and some will not successfully complete the redetermination process for other reasons. Many women and young adults may fall in to the "coverage gap" where their incomes are too high for Medicaid, but too low to qualify for a federal Marketplace subsidy, leaving them ineligible for help paying for health insurance.

ESTIMATED GAINS IN MEDICAID CASELOADS FROM PHE POLICIES

Recent research has shown that health insurance coverage has remained high nationally despite the pandemic recession,³ even increasing in Texas,⁴ and that the majority of increased enrollment in Medicaid is likely attributable to the disenrollment freeze.⁵ To estimate the impact in Texas, we used modelling techniques that allow us to extrapolate trends in expected caseload based on historical data while adjusting for seasonality and the rate of unemployment, which increased dramatically in 2020 and is typically associated with increased Medicaid enrollment.

We estimate that through June 2022, an excess caseload of more than 1,000,000 Texans were covered by Medicaid solely due to PHE policies. The majority are children plus large subgroups of low-income pregnant women and parents of dependent children (Figure 1). With the eventual end of the PHE, our conservative estimates suggest that about 550,000 to 700,000 individuals will lose Medicaid/CHIP coverage (Figure 2). After accounting for potential enrollment in subsidized Marketplace coverage among those who might be eligible, we expect this to increase the uninsurance rate statewide by at least 2 percentage points, an increase of about

Figure 1: Texans Covered by Medicaid Due to PHE Policies

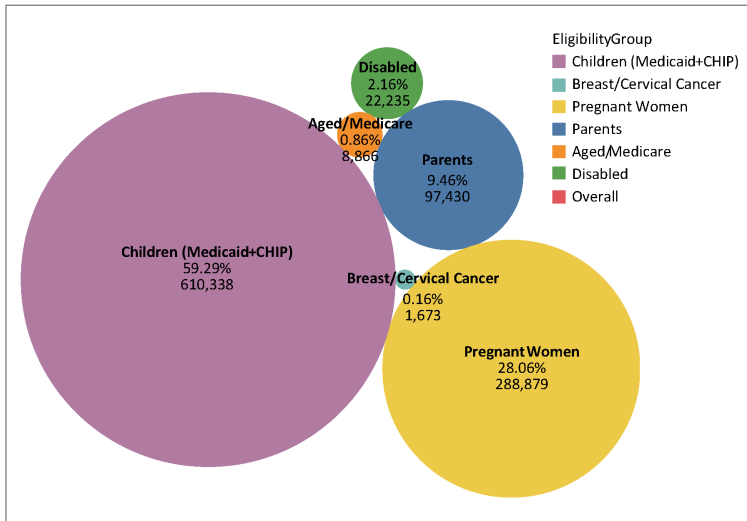
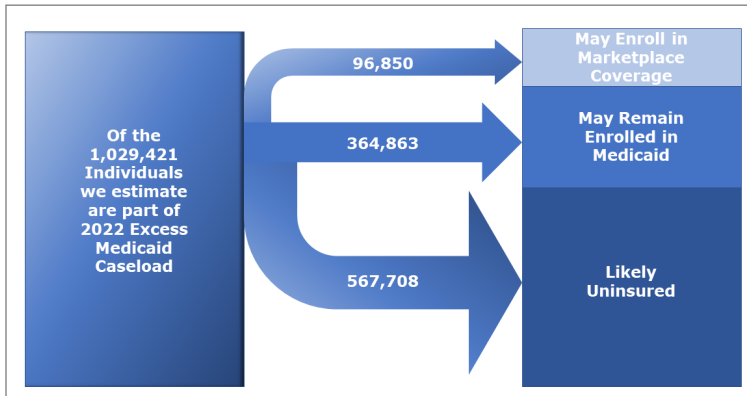


Figure 2: Texans at Risk of Losing Medicaid/CHIP Coverage



11%. Further details on the estimation, as well as county-level projections, are available in the full paper.⁶

HOW WAS TEXAS AFFECTED FINANCIALLY?

Medicaid has been jointly financed between the federal and state governments since it began in 1965. States receive a matching grant from the federal government to help finance their individual state programs. In Texas, for example, the federal matching rate is currently 59.87%, and the PHE policy increases the federal share to 66.07%. One can divide the change in state Medicaid spending into a windfall (new dollars from the additional federal share on the population enrolled), and a commitment (additional dollars, i.e., 33.93% share, the state must

spend because of the increased enrollment). Initially, the commitment was minimal with a large windfall, but the amount of the commitment is increasing over time because an increasing proportion of the caseload is enrolled only due to the policy. Understanding the commitment is important for budget forecasting, particularly as the PHE expires. We combined our eligibility group-level estimates of excess caseloads with approximate per-person costs in order to calculate fiscal impacts over time.

The increased Medicaid match starting with the PHE provided a large net financial gain for the state, which we estimate at \$3.5 billion in total; however, the state’s growing commitment to fund higher than usual caseloads means the fiscal impacts are less favorable as time goes on. These findings suggest a tradeoff: the PHE provided large gains in coverage at no cost to the state; however, maintaining the same level of Medicaid caseload after the PHE would increase the state costs for the Medicaid program by more than \$167 million per month. Further, many individuals currently enrolled will be found ineligible at redetermination; our estimates of projected ongoing enrollment post-PHE statewide suggest an increase of around \$40 million, almost all due to a projected permanent increase in children’s enrollment.

HOW CAN WE MAINTAIN THE MEDICAID COVERAGE GAINS?

The uninsured rate in Texas in 2019 was the highest in the nation, twice the national average.⁷ Texas has made historic gains in health insurance coverage in the last several years, particularly for children in low-income families, as a result of new federal legislation affecting Medicaid eligibility. As the PHE ends and these policies expire, opportunities to maintain coverage for some affected individuals, who might typically be hard to reach and connect to coverage, exist. Policies and administrative actions that would help maintain the historic gains in coverage include reducing red-tape costs of processing renewals and redeterminations by streamlining eligibility systems, including the use of information already available to the state, using the capacity of managed care and health insurance navigator organizations for outreach and processing, and taking advantage of increased federal matches for Medicaid expansion.

Acknowledgements

We are grateful for funding for the work reflected in this brief from the Episcopal Health Foundation. Jillian Dickens provided helpful research assistance. All views are our own.

Laura Dague is Associate Professor of Public Service and Administration in the Bush School of Government and Public Service at Texas A&M University, a Mosbacher Research Fellow, and a Research Associate in the National Bureau of Economic Research's Health Economics program. She studies the effects of Medicaid expansions and has served as an investigator for multiple Medicaid waiver evaluations.

Benjamin Ukert is Assistant Professor of Health Policy and Management in the School of Public Health at Texas A&M University. He studies the effect of health insurance coverage policies in the commercial health market and has served as an investigator for multiple health insurance policy evaluations.

Notes:

¹ Texas Comptroller of Public Accounts (2020, October). *Uninsured Texans*. <https://comptroller.texas.gov/economy/fiscal-notes/2020/oct/uninsured.php>.

² Dague, L. & Ukert, B. (2022). *What Happens to Texans' Insurance Coverage When Medicaid and Marketplace Pandemic-Era Policies End?* Available at: <https://hdl.handle.net/1969.1/196986>

³ Bundorf, M.K., Gupta, S., & Kim, C. (2021). Trends in US health insurance coverage during the COVID-19 pandemic. *JAMA Health Forum*, 2(9), e212487. doi: 10.1001/jamahealthforum.2021.2487

⁴ Dague, L., Badaracco, N., DeLeire, T., Sydnor, J., Shell Tilhou, A., & Friedsam, D. (2022). Trends in Medicaid enrollment and disenrollment during the early phase of the COVID-19 pandemic in Wisconsin. *JAMA Health Forum*, 3(2), e214752. doi: 10.1001/jamahealthforum.2021.4752

⁵ US Census Bureau (2022, September). *Decline in Share of People Without Health Insurance Driven by Increase in Public Coverage in 36 States*. <https://www.census.gov/library/stories/2022/09/uninsured-rate-declined-in-28-states.html>

⁶ Dague & Ukert (2022).

⁷ Texas Comptroller of Public Accounts (2020, October).

Published by:
Mosbacher Institute for Trade, Economics, and Public Policy
The Bush School of Government and Public Service
4220 TAMU, Texas A&M University
College Station, Texas 77843-4220

Email: bushschoolmosbacher@tamu.edu
Website: <http://bush.tamu.edu/mosbacher>

The views expressed here are those of the author(s) and not necessarily those of the Mosbacher Institute, a center for independent, nonpartisan academic and policy research, nor of the Bush School of Government and Public Service.



To share your thoughts on *The Takeaway*, please visit <http://bit.ly/1ABajdH>