



State Health Coverage Strategies for COVID-19

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The below memo discusses state-level options for increasing health insurance coverage in response to COVID-19 and massive spikes in unemployment and loss of employer provider health insurance.

Federal Action Supporting State Flexibility

The implementation of the Stafford Act by the President allows states to expedite amendments to their state Medicaid plan through various waivers. [Section 1115 waiver](#) applications related to the COVID-19 crisis are not subject to the public comment period and can be approved by CMS on an accelerated timeline. These proposals are also free of the budget neutrality requirements typically associated with Medicaid plan amendment. States may also seek temporary plan amendments. These temporary plan changes will be important to account for the loss of employer based coverage and to insure continuity of coverage for current Medicaid enrollees. On the provider side of the program, states may submit [section 1135 waivers](#) to expand the Medicaid provider network. Additional resources and information is available at [Medicaid.gov](https://www.Medicaid.gov) under “Resources for States” under “[Disaster Response Toolkit](#).”

Federal legislation has appropriated new funds for states to reduce the financial burden of their response. The [Families First Act](#) (COVID2) increases the federal medical assistance percentage paid to states for Medicaid by 6.2 percent. To receive this increase, states are prohibited from purging people from their Medicaid rolls or reducing covered services.

The [CARES Act](#) (COVID3) provided \$150 billion for a coronavirus relief fund for state governments. The Act only speaks broadly that the monies must be used for coronavirus relief and states might elect to use funds to support health coverage. Note that the law stipulates that funds cannot be used to assist most immigrant populations, only a very narrow category of lawfully present immigrants will be eligible for any support using these funds.

State Medicaid Policy Options

A policy option to expand coverage is for the 14 non-expansion states to expand Medicaid coverage to childless adults. Given the urgency and the fact that the childless adult coverage category has been held to be optional, these states could temporarily expand their plans to include childless adults below 138% of FPL. The Families First Act requires states to expand their plans to include all [services related to testing](#) for coronavirus.

States may also take steps to make Medicaid coverage easier to get and keep such as [presumptive eligibility](#), [suspension of redeterminations](#), and re-enrollment for recently removed persons. Additionally, making coverage easier to use by allowing more providers into the network through 1135 waivers and covering services via [telemedicine](#) would allow for continuity of care at lower risk to providers and patients.

Policy Options for the Private Market

With the rise of unemployment, states could also use their power to regulate the insurance market. For example, states that operate their own exchanges may facilitate enrollment by creating or extending the [special enrollment](#) period following job loss and a general open enrollment period for the state market. This enrollment period could focus on lower income people and those recently unemployed and states could increase targeted financial assistance in the marketplace.

Some labor unions who have seen large numbers of their members laid off have lobbied their state governments to provide a [COBRA](#) fund to allow them to retain their employer-based coverage. COBRA coverage is very expensive. An employee is responsible for 102% of the entire premium (including the employee and employer contributions). While funds from the Families First Act may be used to defray COBRA premiums, creating this fund would not likely be the most constructive use of state funds given other priorities and alternative routes to coverage available to those who have lost their employer based insurance.

Job loss is a qualifying event that triggers a special enrollment period on ACA exchanges (both state and the federal exchange). In the absence of federal government outreach, states should widely publicize this option and support navigators to assist applicants, including to determining whether subsidies are available.

States also have the power to prohibit plan cancellation due to non-payment of premiums, to waive cost sharing obligations, and other patient protecting actions. [Federal law](#) now requires insurers to provide COVID-19 testing free from cost sharing. State can go farther to require coverage of treatment be free of or at reduced cost sharing. Finally, states could require short-term plans to cover COVID-19 related service or require these plans to send information to all enrollees notifying them that they may not be covered for certain services.

In addition to increasing opportunity for enrollment, states should provide greater assistance to people now trying to navigate the marketplace or Medicaid enrollment. This begins by publicizing options for people to gain coverage. Beyond that, states must provide enrollment assistance through hotlines and other navigational tools to help people find the coverage they are best qualified for.