

TO: Professor Cardinal
FROM: Emily Eckert
SUBJECT: Access to affordable health care during COVID-19

Define the Problem:

Employer-based coverage is the largest source of health coverage for nonelderly Americans.

Before COVID-19, 160 million Americans received medical insurance through their job¹.

Unemployment from COVID-19 has caused 25 to 43 million Americans to either lose their employer-based health insurance or be able to maintain their health insurance coverage because of costs².

Current options for health insurance after a job loss are:

(1) Unaffordable

COBRA and the Affordable Care Act(ACA) are too expensive for those newly unemployed. COBRA becomes unsubsidized by the employers, and costs can run up an average of \$1,700 a month for a family plan³. Meanwhile, the lowest ACA plan costs \$442 per month, 80% of the income for those in the lowest income range⁴.

(2) Inaccessible

Government-subsidized marketplace options are only available in a state that has expanded Medicaid or created a special ACA enrollment period for COVID-19⁵.

Enrollment has further been blocked by a lack of awareness of options available.

Health insurance protects against catastrophic health costs and makes people more likely to access care for chronic illnesses.⁶ Without a plan that is affordable and accessible to those who

¹ Garrett, Bowen, and Anuj Gangopadhyaya. "How the COVID-19 Recession Could Affect Health Insurance Coverage." Robert Wood Johnson Foundation. Urban Institute, May 4, 2020. <https://www.rwjf.org/en/library/research/2020/05/how-the-covid-19-recession-could-affect-health-insurance-coverage.html>.

² King, Jaime S. "Covid-19 and the Need for Health Care Reform." *New England Journal of Medicine*, April 17, 2020. <https://doi.org/10.1056/nejmp2000821>.

³ Garfield, Rachel, Gary Claxton, Anthony Damico, and Larry Levitt. "Eligibility for ACA Health Coverage Following Job Loss." The Henry J. Kaiser Family Foundation, May 12, 2020. <https://www.kff.org/coronavirus-covid-19/issue-brief/eligibility-for-aca-health-coverage-following-job-loss/>.

⁴ Garfield, Rachel, et al. "Eligibility for ACA Health Coverage Following Job Loss."

⁵ Garfield, Rachel, et al. "Eligibility for ACA Health Coverage Following Job Loss."

⁶ "People Who Are at Higher Risk for Severe Illness." Centers for Disease Control and Prevention. Centers for Disease Control and Prevention, May 12, 2020. <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/groups-at-higher-risk.html>.

have lost their employer-sponsored health insurance as a result of COVID-19 an estimated 7 million Americans will remain uninsured⁷.

Policy Recommendation:

A four-part policy approach is recommended to provide accessible and affordable health coverage.

(1) Provide subsidies to support access to COBRA coverage

Subsidize costs to former employers so individuals can maintain their plans⁸.

(2) Open a special enrollment period for the ACA

Create a COVID-19 special enrollment period in the federally facilitated marketplace and allow up to 90 days to apply for plans after job loss⁹.

(3) Increase eligibility for marketplace federal subsidies

Raise eligibility thresholds, excluding asset tests, and using short-form applications. Some families earned too much to qualify for subsidies but don't make enough to afford premiums from their insurance¹⁰.

(4) Nationwide public information campaign

Raising awareness of health insurance options for those newly unemployed by COVID-19. Information will be distributed through social media sites, flyers in the mail, newspapers, and other targeted engagement activities.

⁷ King, Jaime S. "Covid-19 and the Need for Health Care Reform."

⁸ Gorenstein, Dan, and Leslie Walker. "Coronavirus Conundrum: How To Cover Millions Who Lost Their Jobs And Health Insurance." NHPR. NPR, May 4, 2020. <https://www.npr.org/sections/health-shots/2020/05/04/848002626/coronavirus-conundrum-how-to-cover-millions-who-lost-their-jobs-and-health-insur>.

⁹ King, Jamie S. "Covid-19 and the Need for Health Care Reform."

¹⁰ Robeznieks, Andis. "COVID-19 Coverage for Uninsured Is Underway, but More Is Needed." American Medical Association. American Medical Association, May 11, 2020. <https://www.ama-assn.org/delivering-care/patient-support-advocacy/covid-19-coverage-uninsured-underway-more-needed>.

This policy will be funded as part of the next coronavirus relief package. \$10 billion is needed to cover the costs of this plan. The end date will be June 31, 2021 contingent upon a vaccine being readily available to the public.

Expected Obstacles:

Two political and systematic obstacles obstruct the viability of this proposal

(1) Opposition by Elected Officials

The feasibility of this proposal will be hinged on previous debates over health care reform. Congressional Republicans have opposed previous plans for expanding Medicaid eligibility, and President Trump previously denied a special enrollment period proposed in late March 2020¹¹.

(2) Resistance from the Insurance Industry

In 2017, healthcare spending reached \$3.5 trillion, which accounts for 18 percent of the gross domestic product¹². Private insurance companies accounted for \$1.2 trillion of that spending¹³. The average family of four under employer-sponsored health insurance spends on average \$12,000 into this¹⁴. Stakeholder objection will arise from a plan that increases enrollment in the federally funded marketplace rather than in the private insurance industry.

Strategy to Deal with Expected Obstacles and Pass Into Law:

Overcoming opposition through an emphasis on the economic and public health benefits of adopting this solution

(1) Cost-effectiveness

¹¹ Gaba, Charles, and Emily Gee. "How Trump's Policies Have Hurt ACA Marketplace Enrollment." Center for American Progress, April 16, 2020. <https://www.americanprogress.org/issues/healthcare/news/2020/04/16/483362/trumps-policies-hurt-aca-marketplace-enrollment/>.

¹² "National Health Spending Growth Increases In 2018 Driven By Private Insurance And Medicare Spending." Health Affairs. Project HOPE, December 5, 2019. <https://www.healthaffairs.org/doi/10.1377/hblog20191205.472512/full/>.

¹³ "National Health Spending Growth Increases In 2018 Driven By Private Insurance And Medicare Spending."

¹⁴ "National Health Spending Growth Increases In 2018 Driven By Private Insurance And Medicare Spending."

Payments on behalf of the uninsured will cost between \$13.9 billion and \$41.8 billion¹⁵ as a result of COVID-19. Subsidizing COBRA, increasing access to the ACA, and decreasing the eligibility requirements for Medicaid will cost \$8.57 billion.

(2) Increased public health risks of uninsured individuals

In 2018, 20% of uninsured adults did not seek out medical treatment due to cost¹⁶. People are less likely to receive services for conditions such as diabetes and high blood pressure without insurance¹⁷. Without proper treatment for chronic conditions, there are exacerbated health risks from COVID-19¹⁸.

Implementation of this policy into law will create crucial safety nets needed as the economic downturn from COVID-19 continues. This policy maximizes health care coverage while minimizing costs to effectively provide coverage to individuals after loss of employer-based coverage during this pandemic.

¹⁵ Levitt, Larry, Karyn Schwartz, and Eric Lopez. "Estimated Cost of Treating the Uninsured Hospitalized with COVID-19." The Henry J. Kaiser Family Foundation, April 7, 2020. <https://www.kff.org/uninsured/issue-brief/estimated-cost-of-treating-the-uninsured-hospitalized-with-covid-19/>.

¹⁶ Tolbert, Jennifer, et al. "Key Facts about the Uninsured Population." *The Henry J. Kaiser Family Foundation*, 10 Feb. 2020, www.kff.org/uninsured/issue-brief/key-facts-about-the-uninsured-population/.

¹⁷ Tolbert, Jennifer, et al. "Key Facts about the Uninsured Population."

¹⁸ Lowrey, Annie. "As Usual, Americans Must Go It Alone." *The Atlantic*. Atlantic Media Company, March 24, 2020. <https://www.theatlantic.com/ideas/archive/2020/03/america-woefully-underinsured/608035/>.