



The Daily Dish

Medicaid and the Goldilocks Test

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Eakinomics: Medicaid and the Goldilocks Test

Americans are a generous people, with an altruistic concern for the financial and physical well-being of their fellow citizens. So, there is no way they will support not having social safety net programs such as Medicaid. Zero people being helped is too small. But Chris Holt nailed it in his most recent [Weekly Checkup](#): “there is something wrong when safety net programs designed to cover the poorest and most vulnerable grow to cover 80 million people, or nearly 25 percent of the U.S. population.” One-quarter of the people is simply too big.

How did this happen? First, the passage of the Affordable Care Act (ACA) changed the focus to covering people – seemingly any people at any cost – instead of a philosophy of providing access to coverage for targeted populations in need. In some sense, the presumption became that one should be covered, instead of the presumption that one had to demonstrate need in order to get covered. Put differently, conservatives retain the image of Medicaid as a limited program, while the progressive wing considers it simply another lane on the “any route to universal coverage” highway.

The pandemic exacerbated this trend toward universal coverage because in “[the Families First Coronavirus Response Act](#)—enacted in March 2020—Congress authorized a 6.2 percent bump in the federal share of Medicaid costs, but in exchange states had to suspend eligibility determinations for the duration of the public health emergency.” In short, here’s the money, cover people, and ask no questions. The result, as [reported by The Washington Post](#), is “Between February 2020 through this past January, enrollment climbed by 9.7 million to reach nearly 75 million nationwide, according to [a report](#) released yesterday by [the Centers for Medicare and Medicaid Services]. That’s an aggressive growth curve, which now means Medicaid insures more Americans than any other health-care program or insurer.”

More than any other insurer cannot be the right size for a safety net program. The good news is that at some point the public health emergency will be over and states will be able to go back to checking their rolls to ensure that only the eligible remain on Medicaid. This will be a big deal; bigger than I had imagined. The *Post* notes, “It’s not uncommon during eligibility determinations for states to lose up to 25 percent of their enrollees, said Eliot Fishman, a Medicaid expert at the advocacy group Families USA. ‘If this goes poorly you could see at least 20 million or maybe more people lose coverage because of administrative problems,’ Fishman told me.”

You read that right. Medicaid could go back to covering 60 million Americans instead of 80. But is 60 million just right? You can count on the Biden Administration’s answer being “no.” It will likely use every administrative route at its disposal to keep individuals on Medicaid.