Insight

Medicaid Disenrollment After the Public Health Emergency

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Executive Summary

- The Families First Coronavirus Response Act created a continuous enrollment provision in Medicaid that supplied states with an enhanced federal medical assistance percentage if states kept individuals on their Medicaid roles regardless of eligibility.
- The continuous enrollment provision began winding down on April 1, 2023, and between 15–18 million individuals are likely to be disenrolled in Medicaid over the coming months.
- Almost all of those disenrolled will be eligible for some sort of insurance coverage through employers, public programs, or the Affordable Care Act Marketplace.

Introduction

With the end of the COVID-19 public health emergency (PHE) on May 11, many of the authorities and special programs and policies created as a result of the PHE will also end. Among these is the continuous enrollment provision in Medicaid, which required states to maintain individuals on their Medicaid roles even if they were no longer eligible for Medicaid. As individuals leaving Medicaid will need to choose among a variety of insurance options, policymakers should consider ways to encourage more to move toward private insurance, rather than the heavily subsidized Marketplace. To that end, this paper lays the groundwork for future discussions by addressing the basics of the continuous enrollment requirements and the expected impacts in terms of insurance coverage as the PHE, and the continuous coverage requirements, end.

Continuous Enrollment Provision

Congress passed the Families First Coronavirus Response Act (FFCRA) in March 2020 in response to the expected economy-wide shutdowns and corresponding rise in unemployment. The continuous enrollment provision of the FFCRA increased the federal medical assistance percentage (FMAP) – the share of spending by the federal government in state Medicaid programs – by 6.2 percentage points for states that kept individuals on state Medicaid rolls through the end of the PHE, regardless of their eligibility for Medicaid.[1] In the first two months of the pandemic, unemployment rates jumped from 3.5 percent to 14.7 percent, but by December 2020 had dropped down to 6.7 percent, and by December 2021 had recovered almost entirely to 3.9 percent.[2] The Biden Administration continually renewed the PHE, and with it, the continuous enrollment provision until announcing in January 2023 that the PHE would officially end on May 11, 2023.[3] The Consolidated Appropriations Act of 2023 decoupled the continuous enrollment provision from the PHE, however, and since April 1, 2023, states could begin removing individuals from their roles, and quarterly FMAP increases will begin taking place (see figure 1).[4]

Figure 1[5]

2023 Calendar Overview	Temporary FMAP Increase Available

Q1: January 1-March 31, 2023	6.2 percentage points
Q2: April 1-June 30, 2023	5.0 percentage points
Q3: July 1-September 30, 2023	2.5 percentage points
Q4: October 1-December 31, 2023	1.5 percentage points

Expected Disenrollment After May 11

Estimates vary, but a report from the assistant secretary for Planning and Evaluation (ASPE) issued in August 2022 estimated that approximately 15 million individuals, or 17.4 percent of those enrolled in Medicaid or the Children's Health Insurance Program (CHIP) at the time, will be disenrolled from Medicaid at the end of the PHE.[6] The report used data from the Survey for Income and Program Participation (SIPP) from March 2015–November 2016, treating those 21 months as analogous to a PHE lasting from March 2020–December 2021. Using the SIPP coverage data as a guide, the ASPE report estimates that 8.2 million of the 15 million who would lose coverage if the PHE were withdrawn are those who, for income or other reasons, would no longer be eligible for Medicaid coverage. Of those deemed ineligible, ASPE estimates that 2.7 million would qualify for Affordable Care Act (ACA) Marketplace premium tax credits and 5 million would be able to obtain coverage through employer-sponsored insurance (ESI) or other means, with the remainder falling into a coverage gap in non-expansion states. ASPE predicted a further 6.8 million would be disenrolled despite still being eligible due to "administrative churn" – essentially, bureaucratic missteps – derived from historical patterns observed in the SIPP data. It is unclear from the ASPE report how many individuals are expected to reapply to Medicaid and how many would seek insurance elsewhere, given that nearly all the individuals who were eligible based on income would qualify for ACA subsidies.

A December 2022 report by the Urban Institute came to somewhat different conclusions.[7] It estimated that roughly 18 million people will leave Medicaid coverage in the 14 months following the end of the PHE. 9.5 million of those individuals will either newly enroll in ESI or transition to ESI as their sole insurance provider after having been dually enrolled in ESI and Medicaid, 3.2 million children will transition to CHIP, around 1 million will enter the ACA Marketplace, 247,000 will receive insurance from other public sources, and 242,000 will receive non-ACA-compliant insurance. The remaining 3.8 million are expected to be uninsured. A previous Urban Institute report estimated that "virtually all" of those projected to be disenrolled from Medicaid would have a health coverage option, including CHIP, the ACA Marketplaces, and ESI through themselves or a family member.[8]

Conclusion

The end of the continuous enrollment provision will lead to significant, but ultimately brief, disruption in the number of insured individuals. Tens of millions will be disenrolled from Medicaid, most of whom were ineligible for the safety net program due to income or having other sources of coverage. States have been preparing for months for this exact event, so levels of churn may be far lower than initially predicted. Still, policymakers at both the state and federal levels should look for ways to ensure the smoothest transition possible. A forthcoming paper will explore ways that policymakers can encourage more individuals to obtain ESI rather than add more individuals to the heavily government-subsidized ACA Marketplaces.

[1] https://www.congress.gov/bill/116th-congress/house-bill/6201/text

[2] https://www.bls.gov/news.release/archives/empsit_01072022.pdf

[3] https://www.whitehouse.gov/wp-content/uploads/2023/01/SAP-H.R.-382-H.J.-Res.-7.pdf

[4] https://www.congress.gov/bill/117th-congress/house-bill/2617/text

[5] https://www.medicaid.gov/federal-policy-guidance/downloads/sho23002.pdf

[6] https://aspe.hhs.gov/sites/default/files/documents/a892859839a80f8c3b9a1df1fcb79844/aspe-end-mcaid-continuous-coverage.pdf

[7] https://www.urban.org/sites/default/files/2022-12/The%20Impact%20of%20the%20COVID-19%20Public%20Health%20Emergency%20Expiration%20on%20All%20Types%20of%20Health%20Coverage_0.pdf

[8] https://www.urban.org/sites/default/files/publication/104785/what-will-happen-to-unprecedented-high-medicaid-enrollment-after-the-public-health-emergency_0.pdf