



Weekly Checkup

Churn, Baby, Churn

JACKSON HAMMOND | SEPTEMBER 23, 2022

Despite President Biden's announcement that the "pandemic is over," the federal government has continued its public health emergency (PHE) declaration, and thus retained all related authorities (i.e. expanded powers). This means a continuation (for now) of the enrollment provision in Medicaid preventing states from removing ineligible beneficiaries from Medicaid rolls. **On Monday, the Assistant Secretary for Planning and Evaluation (ASPE) released a [new report](#) estimating that ending the PHE would result in 17.4 percent of Medicaid beneficiaries losing their coverage – or around 15 million individuals.** Naturally, folks on the left see this prospect as an incentive to keep the PHE in place for as long as possible. **Let's dive into the ASPE report a bit, and what it means for policymakers.**

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data as a guide, the ASPE report estimates that 8.2 million of the 15 million who would lose coverage if the PHE were withdrawn are those who, for income or other reasons, would no longer be eligible for Medicaid coverage.** Of those deemed ineligible, ASPE estimates that 2.7 million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 of falling into a coverage gap in non-expansion states. **Where the alarms start sounding is the estimated 6.8 million who would lose Medicaid coverage despite being eligible through a process called "administrative churning."** Administrative churning happens for several reasons, including difficulty navigating the re-enrollment process, states being unable to contact enrollees due to address changes, or bureaucratic bungling.

A few things to note: First, it is not true that 15 million people are going to lose coverage. Around 8 million are going to switch from Medicaid to ESI or the ACA Marketplace. As for the remaining 6.8 million, it is not clear from the report's methodology section how ASPE determined who was disenrolled due to churn. **Further, to make the time period analogous to our current PHE, ASPE counted anyone enrolled in Medicaid in March 2015 as enrolled through November 2016, while in reality enrollment changed month to month.** Additionally, the labor market in 2015–2016 was nowhere near as hot as it is now, so individuals who lost coverage to churn in 2016 may not have had the same issues finding gainful employment (and thus insurance) in 2021. Also, there doesn't appear to be any accounting for states having changed their enrollment systems to make them more efficient. **In short, 2016 looked nothing like the pandemic years, and it is absurd to suggest the two are comparable.**

Still, the ASPE report does highlight some things policymakers need to consider. When the PHE ends, states will have 14 months to make coverage redeterminations and finalizations. In that time, they will have to sift through historically high volumes of beneficiaries. ASPE's questionable estimation methods aside, administrative churn is a real thing, and the massive amount of paperwork involved will stress state bureaucracies to their limits. **If states want to avoid a paperwork nightmare, and a health policy (and political) nightmare of tens of thousands of individuals losing coverage at once, they need to start preparing now to ensure as little churn as possible.**