



Strengthening our Response: Leverage Medicaid to Save Lives

Summary

COVID-19 has created an interlocking health and economic crisis that is affecting millions of people in every corner of our country. State Medicaid programs are essential tools to help states weather the storm of financial fallout while also scaling to meet the health care needs of those who are most susceptible to COVID-19. State revenues are declining precipitously, while the human demand for coverage is going up—and this will continue as people move [in and out of unemployment](#) during a volatile economic recovery. Unless Congress acts to further shore up the Medicaid program, more people will be unable to access or afford health care, providers' financial position will deteriorate, other non-health social services will be curtailed and unemployment will rise.

Congress should **enhance the Federal Medical Assistance Percentage (FMAP) by a net 14 percentage points** and **sustain the match for the duration of the economic downturn. This should be coupled with a maintenance of effort (MOE) provision to ensure that people do not lose coverage.** Enhanced matching funds should also be available to the "Medicaid expansion" population (not to exceed 100% FMAP). Congress should also **restore matching funds to close the coverage gap**, providing states with necessary support to cover the growing number of uninsured people during the pandemic and as the country economically recovers.

The Problem

The COVID-19 pandemic has spurred a health and economic crisis that affects everyone, but not equally. People of color—who are already bearing the brunt of this dual health and economic crisis—will be hit hardest if states are forced to cut Medicaid. Workers of color, particularly Black Americans, have long been [overrepresented](#) in the lowest-paying occupations due to unfair and discriminatory barriers to economic security. With now [over one million cases](#), mid-April data from the [CDC reports](#) that Black people account for 34% of confirmed cases with known race/ethnicity compared to 13% of the total population – revealing a disproportionate impact that is certain to grow. [Projections](#) from Moody's suggest that tax collections will remain depressed throughout most of 2020. The COVID-19 pandemic is already causing a rise in the unemployment rate; more than 30 million Americans have [lost](#) their jobs amid the economic crisis.

Medicaid is a lifeline for those affected by COVID-19.

Medicaid is vital for so many – especially during the pandemic as unemployment rises and people are left with few choices to access care. Consider this story from Idaho Voices for Children and Centro de Comunidad y Justicia in Idaho:

Gabriela lives in Boise and works in the food service industry. As her business closed to slow the spread of the virus, she was one of many who were laid off. "I make most of my money from tips throughout the week. Now that those are gone, I'm worried that I won't be able to afford rent or pay all of my bills on

time. Qualifying for Medicaid Expansion has relieved a lot of my stress and now with everything happening with COVID-19 I am even more grateful to be able to go to the doctor.” She is particularly grateful for preventative care access because diabetes runs in her family. She hopes to get through this hard time and that her employer will hire her back once it’s able to reopen.

If fiscally strapped states do not get additional federal support, they may be forced to cut coverage for people like Gabriela.

The Solution

Medicaid is the program best positioned to respond to COVID-19. Additional federal support for Medicaid serves multiple purposes:

- Medicaid sustains health and economic security for children, people with disabilities, low-income families and seniors;
- Medicaid frees up declining state revenue to maintain other vital services and jobs; and
- Medicaid keeps vital funding flowing into health care providers.

Although Congress has taken steps to shore up the program in the Families First Coronavirus Response Act (FFCRA), it is not enough to meet the perfect storm of historic inequity, rising unemployment, increasing health care demand and falling or absent tax revenue. Medicaid is a key tool that Congress can leverage. Congressional leaders should:

- **Increase the Medicaid match.** The HEROES Act includes a provision to enhance FMAP by a net 14 percentage points and should be part of any final legislative package. Congress should also provide states a countercyclical funding mechanism to ease financial stress over the long term.
- **Sustain the match during the economic downturn.** The enhanced match and the FFCRA maintenance of effort (MOE) provision should last for the *duration of the economic contraction* and phase back down gradually as state revenues recover and people are able to get back to work. The MOE is vital to protecting consumers from coverage loss and should remain intact.
- **Restore funding to help states close the coverage gap.** Excluded from the HEROES Act is an extension of the enhanced match to the expansion population (up to a cap of 100%). The match for non-expansion states (and the equivalent for late-expanders) should last for several years to help states cope with the surge in enrollment that will come from laid off low-wage workers, many of whom fall into the expansion group.
- **Suspend the public charge rule.** The rule's "public charge" test should exempt not only COVID-19 testing and treatment, but all emergency assistance received during this crisis, including cash and food assistance provided via federal, state, or local programs. This glaring omission in the HEROES Act continues to risk public health.
- **Repeal the Medicaid Fiscal Accountability (MFAR) proposed rule.** As written into the HEROES Act, the MFAR proposed rule must be suspended. The rule would take billions of funding away from states at a time when our public health system needs resources most. The current proposal extremely limits existing state Medicaid financing arrangements such as provider taxes and intergovernmental transfers. This means that states will have even fewer resources available to draw down federal funds and would exacerbate the state fiscal crisis.

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