

Changes in Coverage: Managing the Loss of Employer Sponsored Insurance (ESI) in the Midst of COVID-19

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Strategies, GMMB,
and Urban Institute
Thursday, May 14, 2020

STATE
Health & Value
STRATEGIES
COVID-19

A grantee of the Robert Wood Johnson Foundation

About State Health and Value Strategies

State Health and Value Strategies (SHVS) assists states in their efforts to transform health and health care by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's Woodrow Wilson School of Public and International Affairs. The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at www.shvs.org.

Questions? Email Heather Howard at heatherh@Princeton.edu.

*Support for this webinar was provided by the Robert Wood Johnson Foundation.
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Housekeeping Details

All participant lines are muted. If at any time you would like to submit a question, please use the Q&A box at the bottom right of your screen.

After the webinar, the slides and a recording will be available at **www.shvs.org**.

COVID-19 Resources for States

State Health and Value Strategies has created an accessible one-stop source of COVID-19 information for states at www.shvs.org/covid19/. The webpage is designed to support states seeking to make coverage and essential services available to all of their residents, especially high-risk and vulnerable people, during the COVID-19 pandemic.

About Manatt Health

Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated legal and consulting practice with over 90 professionals in nine locations across the country. Manatt Health supports states, providers, and insurers with understanding and navigating the complex and rapidly evolving health care policy and regulatory landscape. Manatt Health brings deep subject matter expertise to its clients, helping them expand coverage, increase access, and create new ways of organizing, paying for, and delivering care. For more information, visit www.manatt.com/ManattHealth.aspx

About Jason Levitis

Jason Levitis is principal at Levitis Strategies LLC, a healthcare consultancy focusing on the Affordable Care Act's tax provisions and state innovation waivers. He provides technical assistance to states in partnership with State Health and Value Strategies. He's also a nonresident fellow at the Brookings Institution and a senior fellow at Yale Law School's Solomon Center for Health Law and Policy. He served as Counselor and ACA Implementation Lead at the U.S. Treasury Department until January 2017.

About GMMB

GMMB is a full-service communications firm dedicated to creating real and lasting positive change in the world. We work on behalf of foundations, federal and state government agencies, nonprofit organizations, major associations and corporations. For more than 25 years, we have been on the front line of issue-based communications, earning a reputation for creating highly effective communication strategies, campaigns and research-based messaging that achieve results. For more information, visit www.gmmb.com

About Urban Institute

The nonprofit Urban Institute is dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector. For more information specific to the Urban Institute's Health Policy Center, its staff, and its recent research, visit <http://www.urban.org/policy-centers/health-policy-center>.

Webinar Objectives



- **Explore strategies to ensure individuals have access to and enroll in coverage for which they are eligible and that is most appropriate for their situation.**
- **Discuss the potential impact on Medicaid and Marketplaces as unemployment increases.**
- **Describe what states can do to enhance access to Medicaid and Marketplace coverage.**
- **Highlight communications opportunities for states to support enrollment.**



Agenda

- Coverage Impacts of the Pandemic and Economic Downturn
- State Considerations for Facilitating Coverage Transitions
- Communication Strategies and Working Across State Agency Partners
- Questions



Coverage Impacts of the Pandemic and Economic Downturn

Level-Setting: the Recession's Impact on Coverage

The impact of unemployment is uncertain but expected to reduce ESI. Depending on how Congress responds, there are likely to be significant increases in Medicaid and Marketplace coverage, as well as more people uninsured.



Since mid-March, over 30 million Americans filed initial unemployment claims.



Forecasts suggest the unemployment rate could peak at 20% or more.



A major shift from ESI to Medicaid and Marketplace coverage could take place and result in more uninsured individuals.

Congress could change the expected outcome by subsidizing employers/ESI. Coordinated federal and state action will be critical in any scenario.

Source: The United States Department of Labor.

National Estimates of Changes in Health Insurance Coverage with 15%, 20%, and 25% Unemployment Rates, Base Scenarios

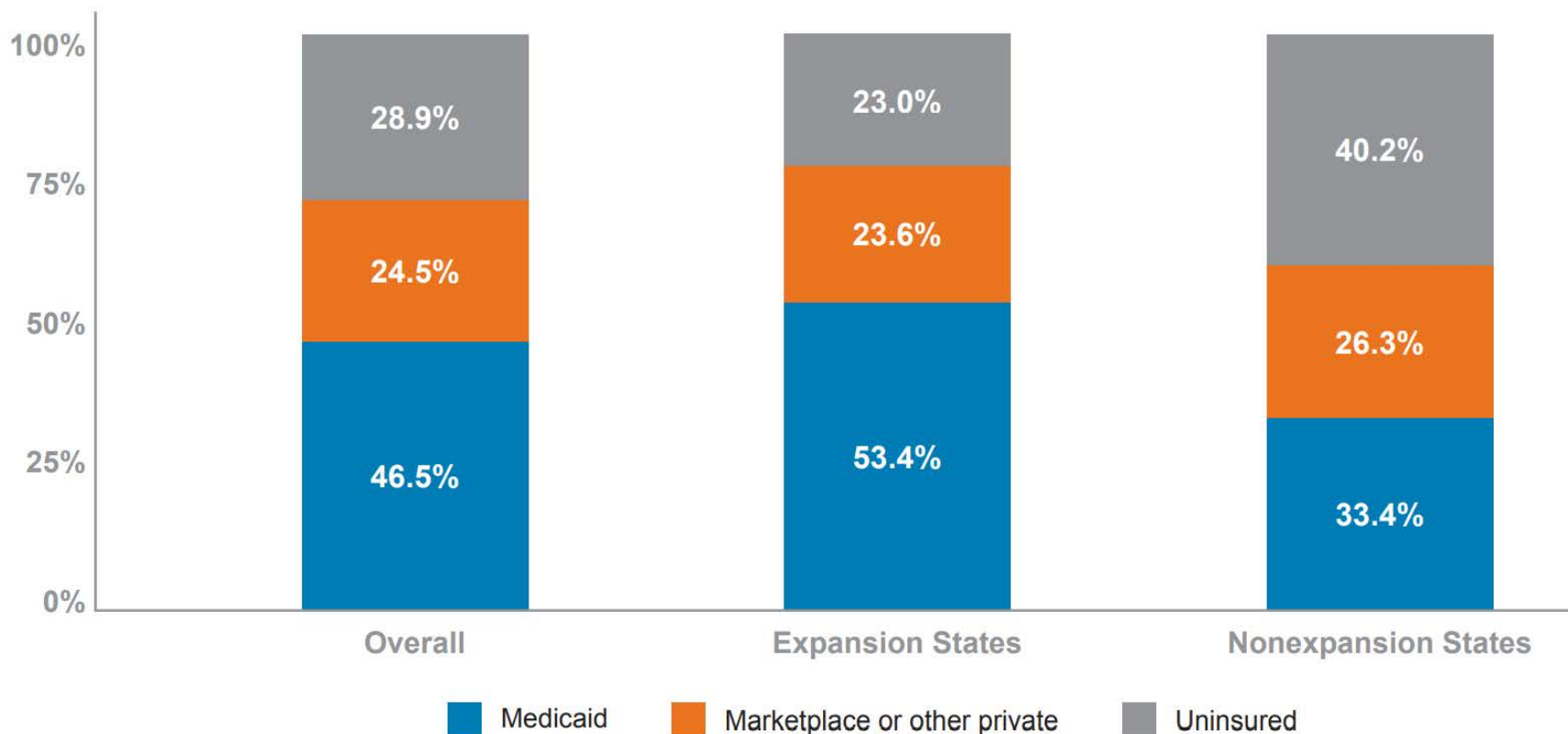
Coverage type	3.5% (precrisis) Precrisis levels (# of people)	Unemployment rate scenario		
		15% Change	20% Change	25% Change
US TOTALS				
Employer-sponsored insurance	160,282,000	-17,689,000	-25,363,000	-33,037,000
Medicaid	50,339,000	8,225,000	11,798,000	15,371,000
Marketplace or other private insurance	24,538,000	4,348,000	6,229,000	8,109,000
Medicare or other public insurance	7,474,000	0	0	0
Uninsured	28,415,000	5,116,000	7,336,000	9,557,000

National Estimates of Changes in Health Insurance Coverage with 15%, 20%, and 25% Unemployment Rates, Base Scenarios

Coverage type	3.5% (precrisis) Precrisis levels (# of people)	Unemployment rate scenario		
		15% Change	20% Change	25% Change
EXPANSION STATES				
Employer-sponsored insurance	108,114,000	-11,606,000	-16,653,000	-21,699,000
Medicaid	35,737,000	6,191,000	8,887,000	11,583,000
Marketplace or other private insurance	15,129,000	2,745,000	3,934,000	5,123,000
Medicare or other public insurance	4,599,000	0	0	0
Uninsured	14,246,000	2,670,000	3,832,000	4,993,000
NONEXPANSION STATES				
Employer-sponsored insurance	52,169,000	-6,084,000	-8,711,000	-11,337,000
Medicaid	14,602,000	2,034,000	2,911,000	3,788,000
Marketplace or other private insurance	9,409,000	1,604,000	2,295,000	2,986,000
Medicare or other public insurance	2,876,000	0	0	0
Uninsured	14,168,000	2,446,000	3,505,000	4,563,000

Estimated Coverage Types of People Losing ESI

Figure 1. Estimated Coverage Types of People Losing Employer-Sponsored Health Insurance



Composition of National Changes in Coverage under 20% Unemployment Rate, by Age Group

Age Group	ESI	Share	Medicaid	Share	Marketplace or other private	Share	Uninsured	Share
COMPOSITION OF CHANGES IN BASE SCENARIO								
Nonelderly adults ages 19 to 64	-18,722,000	73.8%	6,801,000	57.6%	5,278,000	84.7%	6,643,000	90.6%
Children from birth to age 18	-6,641,000	26.2%	4,997,000	42.4%	951,000	15.3%	693,000	9.4%
Total change	-25,363,000		11,798,000		6,229,000		7,336,000	
COMPOSITION OF CHANGES IN HIGH SCENARIO								
Nonelderly adults ages 19 to 64	-30,495,000	70.7%	11,078,000	53.8%	8,596,000	82.6%	10,821,000	89.1%
Children from birth to age 18	-12,629,000	29.3%	9,502,000	46.2%	1,809,000	17.4%	1,318,000	10.9%
Total change	-43,123,000		20,579,000		10,405,000		12,139,000	

Estimates of the Effect of the Unemployment Rate on ESI Coverage Rates

Appendix Table 2. Estimates of the Effect of the Unemployment Rate on ESI Coverage Rates

Data source/study	Data years	Method	Population	Parameter estimate	Estimated number losing ESI under 20% unemployment rate
American Community Survey (this study)	2008–18	Individual-year regression	Adults (nonelderly)	-0.61	-18,722,000
			Children	-0.52	-6,641,000
			All nonelderly		-25,363,000
Current Population Survey (Holahan and Garrett 2009)	1990–2003	State-year regression	Adults (nonelderly)	-0.92	-28,338,000
			Children	-0.95	-12,118,000
			All nonelderly		-40,457,000
National Health Interview Survey (this study)	1998–2018	National time series regression	All nonelderly	-0.99	-43,123,000
	2008–18	National time series regression	All nonelderly	-0.74	-32,234,000
	2007–18	National time series regression	All nonelderly	-0.80	-34,847,000
	2007–10	Change in ESI rate / change in unemployment rate	All nonelderly	-0.88	-38,332,000

Congress Could Take Action to Change the Coverage Landscape

While the various stimulus bills have endeavored to preserve jobs, unemployment continues to surge. Congressional strategies could entail:

Subsidizing the Consolidated Omnibus Budget Reconciliation Act (COBRA) to Preserve ESI

- House Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act includes 100% COBRA subsidies
 - 65% COBRA subsidization had low take up in 2009.
 - COBRA solution would not work for everyone (e.g., businesses that go out of business).

Bolstering Medicaid and Marketplaces to Handle Increased Enrollment

- Medicaid – HEROES includes Federal Medical Assistance Percentages (FMAP) increases, temporary Disproportionate Share Hospital (DSH) funding increases, funding for COVID-19 treatment of the uninsured, and other federal assistance.
- Marketplaces – HEROES includes a special enrollment period (SEP), \$25 M in outreach funding and requirements for COVID-19 treatment; other options: enhanced subsidies below 400% of the federal poverty level (FPL) and extending above 400% FPL, reconciliation relief, reinsurance, and risk corridors.

Medicaid: Current Landscape

In The Short-Term...

- Surge in Medicaid enrollment due to the Families First Coronavirus Response Act continuous coverage requirements and streamlined enrollment processes.
- Increased focus on supporting Medicaid providers – of the \$175 B in provider funds, little has gone to providers who primarily serve lower-income populations.

In The Longer-Term...

- Increase in Medicaid enrollment and looming demand for services (e.g., testing, pent up demand).
- State budget crisis related to recession.
- Provider network fragility.
- Need to address health inequities exacerbated by COVID-19.

Medicaid and Marketplace Interactions: Addressing Coverage Gaps

Given the gravity of the economic downturn, it is critical – now more than ever – that states take action to address gaps in coverage. To ensure individuals get access to comprehensive care, states can consider the following strategies:



Expand Medicaid.



Increase Outreach and Education About Enrollment in Coverage Throughout the Year.



Enroll Eligible Uninsured in Comprehensive Coverage.



Educate Assisters About Navigating Complex Income Counting Rules.



Tighten Oversight of Non-ACA Compliant Products



Tailor Messages to Different Audiences to Address Health Inequities.

Source: SHVS and Manatt Health, Medicaid and Marketplace Interactions.

States Have More Levers to Strengthen the ACA Than to Preserve ESI



State Strategies To Protect ESI

- If Congress subsidizes COBRA, states can help extend subsidies to smaller employers through any needed changes to mini-COBRA laws.
- Without Congress, states can protect ESI by extending grace periods, but this is likely to be only a short-term solution.



States Strategies To Enhance ACA Coverage

- Expand consumer outreach and ensure coordination between state programs, especially unemployment insurance, and ACA coverage (Medicaid and Marketplace).
- State actions would be more effective if the federal government was an active partner in bolstering Medicaid financing and Marketplace subsidies.

Marketplace: Current Landscape

State-based Marketplaces (SBMs) have been more active than Healthcare.gov in addressing coverage gaps caused by COVID-19.

- 12 of 13 SBMs opened SEPs for the uninsured and expanded outreach efforts to the broader group of consumers eligible for increased subsidies or a SEP because of coverage loss.
- Healthcare.gov did not open a SEP for the uninsured or ramp up outreach efforts; the Administration has relied on other federal programs to address COVID-19 coverage issues.

The 2021 open enrollment period (OEP) is rapidly approaching in a fluid rating environment.

- Insurers saving on short-term claims costs because of deferred care.
- COVID-19 costs and pent-up demand likely to increase insurer costs, but net impact on rates is uncertain.
- Enrollment could increase substantially depending on what happens with ESI, with potential risk pool improvement.
- States regulate rates in 47 states and are likely to delay final decisions to August/September.

Marketplaces face complex environment between now and the November OEP.

- SEPs will remain in play depending on coverage losses and SBM extensions of SEPs for the uninsured.
- Eligibility and enrollment is increasingly complex with overlapping SEPs and fluctuating incomes affecting Medicaid and Marketplace eligibility.



State Considerations for Facilitating Coverage Transitions

Key Coverage Transitions

- Employer coverage
- Marketplace
 - With subsidies
 - Without subsidies
- Off-Marketplace
- Uninsured



- COBRA

- Medicaid/Children's Health Insurance Program (CHIP)
- Marketplace with subsidies – advance premium tax credit (APTC) and sometimes cost-sharing reductions (CSRs)

Current Policy Landscape

The Coronavirus Aid, Relief, and Economic Security (CARES) ACT

- Provided stimulus payment (\$1,200 per adult, \$500 per dependent); it is excluded from income for both Medicaid and APTC.
- Provided unemployment insurance (UI) supplement (\$600/week through July 31); it is included for APTC but not Medicaid.
- Increases UI scope and duration.

Families First Coronavirus Response Act

- Requires continuous eligibility under Medicaid in order for states to access enhanced FMAP.

Medicaid/CHIP

Provides key advantages, especially right now:

- Enrollment always open.
- Little or no premium and cost-sharing.
- Currently far more generous than APTC at similar incomes due to UI supplement rule and ignoring early-year income.
- Families First Coronavirus Response Act continuous coverage requirement avoids risks of churn and APTC repayment.

But note state fiscal cost, only partially mitigated by FMAP increase.

Marketplace Coverage

Often most affordable option for those not eligible for Medicaid.

- Requires enrollment during OEP or SEP (see next slide).
- APTC is based on expected annual income:
 - Includes early-year income; UI supplement through July 31.
 - Elevated claw-back risk given prediction challenges.
- CARES Act UI expansions and early-year income may shift unemployed individuals in non-expansion states from coverage gap to APTC range.
- Many Marketplaces are applying more flexible verification procedures given COVID-19 emergency, limited staffing to process influx, challenges of acquiring documentation.

SEP and APTC/CSR Considerations

Switching From	Key Considerations
Terminated Employer Coverage	<ul style="list-style-type: none">▪ Loss-of-coverage SEP applies.▪ Eligible for APTC/CSR despite COBRA offer.
Marketplace	<ul style="list-style-type: none">▪ Limited SEPs for APTC/CSR eligibility change.▪ Can add/update APTC/CSR without SEP.
Off-Marketplace Individual Market	<ul style="list-style-type: none">▪ Loss-of-coverage SEP generally does <i>not</i> apply.▪ COVID-specific SEP (certain SBMs).▪ Income-change SEP (certain SBMs).▪ Consider other SEPs like birth, marriage, residence change, leaving coverage gap, and Federal Emergency Management Agency (FEMA) extension.
Uninsured	<ul style="list-style-type: none">▪ COVID-specific SEP (certain SBMs).▪ Consider other SEPs like birth, marriage, residence change, leaving coverage gap, and FEMA extension.

SBMs have authority to designate additional SEPs.

COBRA

May be best option for those ineligible for Medicaid and APTC.

- Provides continuity of coverage; avoids deductible reset, loss of providers.
- Generally unsubsidized, less affordable than other options.
- Consumers who enroll and then cannot pay premiums are ineligible for loss-of-coverage SEP.

Grace Periods

May be useful stop-gap, but not a long-term solution.

- Many states are requiring or encouraging, but few requiring claims to be paid.
- Doesn't address ongoing cost to employers, consumers, issuers, and providers.
- ESI grace period generally prevents APTC eligibility.
- For APTC recipients, CMS guidance allows – and states may require – issuers to delay onset of 90-day ACA grace period while continuing to receive APTC.

Other Coverage Options

- Non-ACA-compliant coverage (short-term, fixed indemnity, etc.).
 - Often exclude COVID-19 services and/or come with problematic coverage limits.
 - Currently subject of heavy and misleading marketing, which is especially problematic given difficulty of discerning from ACA plans.
- Unsubsidized individual market coverage.
 - Often unaffordable but may be only option for comprehensive coverage.
 - SEP rules apply.

Potential State Actions to Facilitate Coverage Transitions

- Update coverage applications and other materials to:
 - Reflect CARES Act rules.
 - Clearly address monthly vs. annual income.
 - Help APTC applicants accurately project annual income.
- Educate consumers and enrollment assisters about current rules and options.
- Encourage state UI agencies to clearly itemize payments and note special rule.
 - Use consistent terminology to increase clarity.
- Consider encouraging consumers who are likely Medicaid-eligible to enroll through Medicaid agency to minimize confusion and delay.
- Establish SEPs for COVID, income change, or job loss (SBMs only).
- Provide flexibility in SEP and APTC eligibility verification (SBMs only).
- Be cautious about extended ESI grace periods, especially if claims are pended and providers may deny services.
- Consider delaying onset of ACA grace period for APTC recipients.



Communication Strategies and Working with State Agency Partners

Communicating with New and Existing Customers



Raise brand awareness and availability of coverage.



Educate current customers and drive to best plan.



Message as broadly as possible.

– Low-cost and free coverage is available.

Adapting Marketing Efforts



Partnership
Promotion



Agency
Coordination



Navigator
Education/
Outreach



Integrated Effort



Consumer
Resources



Paid
Advertising



Earned Media



Social Media

Partnering with State Agencies to Spread the Word

Look for and leverage consumer touchpoints across agencies:

- Medicaid/Marketplace.
- Department of Labor.
- Department of Health.
- Governor’s office.

Massachusetts Health Connector

Find affordable, high-quality health insurance if you lost coverage through your job



The Health Connector is a state agency and health insurance marketplace that makes coverage available to people who recently lost their insurance from their employer. Most people who apply through the Health Connector can get a plan for a low monthly cost, and some people even qualify for a **\$0 monthly payment**.

All Health Connector plans cover services like doctor visits, emergency care, physical therapy, and prescription drugs.

Learn more and apply

Learn more and sign up today at www.MAhealthconnector.org. When you fill out an application online, you'll find out right away if you qualify for a health plan from the Health Connector or coverage through MassHealth.

➔ If you've lost health insurance that you had through a job, make sure to apply within **60 days** of losing that coverage. However, the sooner you apply, the sooner your new health insurance can start.

Losing your employer coverage is considered a qualifying life event, which gives you a special enrollment period for enrolling through the Health Connector. Once your special enrollment period is over, you may not be able to enroll through the Health Connector again until the next Open Enrollment period.

Steps to enroll or change plans

1. Apply or update your account
2. Choose a plan
3. Pay your first monthly bill (if you have one)

Deadlines

April 23

Last date to enroll or change plans for May 1

May 23

Last date to enroll or change plans for June 1

Educating and Equipping Your Enrollment Network

- Establish frequent communications with navigators/assistsors.
 - Sharing out and collecting feedback.
- Create toolkits and social press kits.
- Develop and translate fact sheets, frequently asked questions (FAQs), etc.

Conducting Outreach in a Virtual Environment

- Bring in-person outreach online.
- Engage and raise awareness through social media.
- Experiment with virtual enrollment events.

BeWellnm
2 hrs · 🌐

Small business owners are the key to getting New Mexicans insured during COVID-19. It's easier than ever to enroll your business in group coverage through beWellnm. You can even give your employees the option to enroll at no out-of-pocket cost to you! We're hosting a tele-town hall on May 12 at 3 pm to discuss all of your options and the ins and outs of group health insurance. Help us get your employees insured. #BecauseYouJustNeverKnow #beWellnm

<https://bewellnm.com/small-business/Event-RSVP>

Join us!
For a small business tele-town hall.

May 12
3:00-4:00 p.m.

 Dial-in Number: 877-228-2184
Pin: 113868 

Questions

The slides and a recording of the webinar will be available at www.shvs.org after the webinar

Thank You

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Appendix

Resources

- [COVID-19 Resources for States](#) – SHVS
- [CARES Act Unemployment Insurance Expansion and Stimulus Payments – Considerations for States](#) – SHVS Expert Perspective
- [Grace Periods: A Good Start But Not Sufficient](#) – SHVS Expert Perspective
- [COVID-19 Communication Best Practices for States](#) – SHVS Expert Perspective
- [Misleading marketing of short-term health plans amid COVID-19](#) – Brookings Report
- [SEP Reference Chart](#) – Center on Budget and Policy Priorities/ Health Reform Beyond the Basics
- [How the COVID-19 Recession Could Affect Health Insurance Coverage](#) – Urban Institute Report