



Executive Summary

Closing the Medicaid Coverage Gap: Preventing a Separate and Unequal Result

[Madeline T. Morcelle](#)

A myriad of studies show that Medicaid expansion strengthens health care access and improves health outcomes for Black, Indigenous, and other people of color (BIPOC); lesbian, gay, bisexual, transgender, queer, or gender-nonconforming (LGBTQ-GNC) people; pregnant and postpartum people; and people with chronic health conditions or disabilities.¹

Unfortunately, policymakers in twelve states refuse to expand Medicaid—a discriminatory political choice intertwined with racism in policymaking. The result is the Medicaid coverage gap: an estimated 4.4 million people with low incomes—nearly all of whom live in Southern states and a majority of whom are Black, Latinx, or other people of color—were uninsured because of non-expansion in 2020. Emerging proposals to close the Medicaid coverage gap center on establishing a federally administered Medicaid program or fully subsidizing Marketplace coverage in lieu of Medicaid coverage. NHeLP’s new paper, [“Closing the Medicaid Coverage Gap: Preventing a Separate and Unequal Result,”](#) provides federal policymakers and advocates with a framework of foundational principles for equitably solving the Medicaid coverage gap. This executive summary offers an overview.

Ensuring Access to Medicaid’s Vital Protections

Unlike private health insurance, Medicaid provides a range of benefit, enrollment, affordability, and due process protections specially designed to meet the expansion population’s complex health needs. **Any federal coverage gap fix must guarantee access to Medicaid’s robust protections as the ACA intended. Otherwise, it could enshrine in federal law a separate and unequal system of health coverage for millions of Black, Latinx, and other people of color in the South, furthering structural racism in U.S. health policy.**

Benefits. Comprehensive benefits are a defining component of the Medicaid entitlement. State plans cover a variety of mandatory (*e.g.*, home health services, nursing facility services for enrollees 21 or over, Early and Periodic Screening, Diagnostic, and Treatment (EPSDT), non-emergency medical transportation (NEMT)) and optional (*e.g.*, Patient Centered Medical

Homes, Medicaid Health Homes, Assertive Community Treatment, and supportive housing services) services that address complex health needs and are not traditionally covered by private Marketplace health plans. Most expansion states align their Medicaid expansion benefits with their State plans, and all—whether or not they align their benefits—must cover the ACA’s Essential Health Benefits for the Marketplace **plus** additional Medicaid requirements.

RECOMMENDATION: Ensure a coverage gap solution covers the full scope of mandatory and “gold standard” optional Medicaid services covered by State plans (*e.g.*, Assertive Community Treatment, dental, vision, medication-assisted treatment).

Enrollment. Medicaid provides critical enrollment protections, such as the right to apply and enroll any time and retroactive eligibility, which ensure that eligible people navigating emergencies and societal barriers to health can access the care they need when they need it. Current Marketplace enrollment is not responsive to the needs of underserved people with low incomes. Applicants must wait for open enrollment, which happens once a year, or qualify for a special enrollment period based on a narrow set of life changes. Eligible individuals may have to wait one to two months for coverage to begin. People with low incomes cannot afford to pay out of pocket until their coverage starts, and delaying care often results in worse or tragic health outcomes as well as utilization of costlier health services. The Marketplace’s current enrollment policies are not as responsive to the needs of the expansion population. To enroll in a Marketplace plan, eligible individuals must wait for open enrollment, which happens once a year, or qualify for a special enrollment period based on a narrow set of life changes. If a Marketplace determines that a person qualifies for Marketplace coverage, that person may have to wait one to two months for coverage to begin.

RECOMMENDATION: Ensure a coverage gap solution’s enrollment structure incorporates Medicaid’s protections.

Affordability for enrollees. The Medicaid Act sets out strict limitations on and extensive protections against cost-sharing, such as annual caps and unenforceable cost-sharing for people below the FPL who cannot afford to pay. Unfortunately, affordability is currently a significant barrier to Marketplace enrollment. These challenges would be even greater for the Medicaid expansion population, for whom even small cost increases could lead to large coverage failures.

RECOMMENDATION: Maintain Medicaid’s strict limits on premiums, copayments, deductibles, and balance billing, and provide specific outreach and education.

Due process. Any proposed solution to the Medicaid coverage gap should guarantee access to Medicaid’s robust due process and consumer protections. Marketplace policies are often

confusing to enrollees, requiring eligibility appeals to go to the Marketplace and service-related appeals made to QHPs or state departments of insurance.

RECOMMENDATION: Ensure applicants and enrollees have the same procedural due process protections that they would receive if applying for or enrolled in Medicaid.

Additional Considerations

Safeguarding the Medicaid Entitlement. Congress should examine how proposals to close the Medicaid coverage gap could preserve or destabilize the Medicaid entitlement nationwide. If Congress pursues a Marketplace approach, it will be politically difficult to prevent some current Medicaid expansion states from seeking to reverse expansion, even with significant incentives to discourage this from happening. If this happens, potentially more people would end up in the Marketplace and, without significant adaptations to incorporate all of Medicaid's protections, without coverage designed to meet their complex health needs. We are also concerned that a Marketplace approach could lay the foundation for a future Congress to move additional Medicaid enrollees, including traditional eligibility categories, to the Marketplace. Ultimately, this approach could serve as an incremental step toward dismantling the Medicaid entitlement altogether.

U.S. health care spending. Currently, subsidized Marketplace coverage is substantially more costly to society than Medicaid coverage. Today, this means that expanding subsidized Marketplace coverage to the millions of people in the coverage gap would be more costly than providing Medicaid coverage as the ACA intended. Moreover, given concerns about Medicaid expansion state backsliding, the federal government's total spending on such a solution may reach beyond the current twelve non-expansion states either through incentive payments to keep states from reversing expansion or by enrolling more people in marketplace coverage.

Conclusion

To prevent a separate and unequal system of health coverage for the millions of underserved people in the Medicaid coverage gap—primarily Black, Latinx, and other people of color in the South—Congress' solution must ensure access to all of Medicaid's benefit, enrollment, affordability, and due process protections. For more information on these principles, access the [article](http://www.healthlaw.org) at www.healthlaw.org.

¹ Access the [article](http://www.healthlaw.org) for references.