

Filling the Medicaid Coverage Gap

A Federal Policy Priority for People Living with HIV

Closing the Medicaid Gap is an Urgent Health Care and Public Health Priority

According to national estimates, over two million people currently fall into the Medicaid coverage gap.¹ The Medicaid gap exists in states that have strict Medicaid eligibility criteria and have opted not to expand Medicaid under the Affordable Care Act (ACA).² Low-income, non-disabled individuals living in these states are both denied access to Medicaid and ineligible for subsidies to purchase private insurance on the Marketplace. They are unable to access the Medicaid-based care and treatment that would help them remain healthy and stave off disease progression and disability.

HIV demonstrates the cruelty of this gap and the widening disparities it has wrought across Medicaid and non-Medicaid-expansion states. With access to regular antiretroviral treatment and care, HIV is not only manageable, it is impossible to transmit to others, making increasing access to care and treatment a public health priority and at the center of the federal government's ambitious plan to end new HIV transmissions by 2030.³ But for the 20% of people living with HIV in non-Medicaid-expansion states who remain uninsured, regular access to care and treatment is far more challenging.⁴ Ninety-seven percent of individuals in the Medicaid coverage gap live in the South, a region that is also home to over 50% of new HIV transmissions.⁵

There are multiple ways to close the Medicaid gap and create a federal backstop for the millions of low-income individuals who are shut out of coverage. Congress and the Administration should prioritize solutions that are simple, that can be implemented quickly, and that do not require state action.

THE IMPORTANCE OF CLOSING THE MEDICAID GAP FOR PEOPLE LIVING WITH HIV

Public health programs have stepped up to address barriers to access to care for many of our most vulnerable people living with HIV. Today, many of these programs in non-Medicaid-expansion states are at the breaking point, undermining efforts to end the HIV epidemic.

HIV testing has plummeted during the COVID-19 crisis (one large commercial lab reported a 45% drop in HIV tests from 2019 to 2020)

Southern states (many of which have not expanded Medicaid) have felt the squeeze on HIV services during the pandemic, with two states, Georgia and Texas, announcing significant budget shortfalls

Enrollment in the Ryan White HIV/AIDS Program, a safety-net program for low-income people living with HIV, jumped during the pandemic, straining limited funds in states without Medicaid expansion

Congress Should Build off Existing Infrastructure to Close the Medicaid Gap

There is an array of policy options available to Congress and the Administration to close the Medicaid coverage gap. Leading proposals range from building off of the existing ACA private health insurance Marketplace, to offering a public, government-funded health insurance option in the Marketplace, to establishing a federally-operated Medicaid plan in non-expansion states. A brief consideration of the various options is offered below:

Building off of the Marketplace

Perhaps the simplest way to close the Medicaid gap quickly would be to allow individuals with incomes under 100% of the Federal Poverty Level (FPL) (in 2021 \$12,880 for a single individual and \$26,500 for a family of four) to purchase subsidized Marketplace coverage. For this policy path to work, individuals in this income band must have access to plans without monthly premiums and with cost sharing that mirrors Medicaid. This means removing the 100% FPL threshold for premium tax credits and cost-sharing reductions in the Marketplace, and allowing individuals under 100% FPL who are otherwise eligible for coverage access to heavily subsidized plans. Investment in consumer education and navigation resources specifically for this population would also be critical to ensure uptake.

While Marketplace coverage does not include the same package of benefits as Medicaid, it does include the full complement of Essential Health Benefits (EHBs). Research suggests that as long as premium and cost-sharing assistance is provided to keep consumer costs on par with Medicaid, outcomes for people living with HIV greatly improved with Marketplace qualified health plan coverage.

For instance, multiple state AIDS Drug Assistance Programs (ADAPs) have enrolled low-income people living with HIV who are in the state's Medicaid gap into unsubsidized individual market coverage. These individuals were not eligible for Marketplace subsidies, but the state HIV program provided premium support and cost-sharing assistance for enrollees.

A study published in 2020 evaluated ADAP programs that purchased individual market coverage for people living with HIV in the Medicaid gap in Nebraska, South Carolina, and Virginia. The study found that the viral suppression rate—a measure of successful HIV disease management—was 79.9% for ADAP enrollees in individual market plans with incomes below 100% FPL, far above the national average.⁶ The premium and cost-sharing assistance that the HIV program provided was critical to the success of the program and demonstrates that with appropriate safeguards and support, the individual market can provide highly-effective care and treatment even for very low-income populations.

Offering a Public Option

Congress could also close the Medicaid gap by enacting a public option—a health insurance plan that is funded by the federal government, offered via Marketplaces, and administered by the United States Department of Health and Human Services. This option offers advantages over simply subsidizing individuals under 100% FPL to enroll in an existing Marketplace plan, as it creates a new and perhaps more cost-effective public insurance plan that competes with (and potentially brings

down the prices of) plans in the private health insurance Marketplace. A public option could be structured in multiple ways, with varying degrees of cost controls. See the chart below for examples of leading public option proposals in Congress.

Filling the Medicaid Gap: Public Option Proposals in Congress

	Medicare X Choice Act ⁷	Medicare for America ⁸	Choose Medicare Act (Medicare Part E) ⁹
Available to people in Medicaid gap	✓	✓	✓
Available to employers	✓ (small group)	✓	✓
Available to people with employer coverage		✓	✓
Available to people on Medicaid or Medicare		✓	
Cap on provider payments	✓ (provider reimbursement rates pegged to Medicare)	✓ (no higher than Medicare)	? (possibly; HHS negotiates rates)
Enhanced benefits (beyond EHB)		✓ (EHB plus additional benefits)	✓ (EHB plus Medicare required benefits)
HHS negotiated drug prices	✓	✓	✓

In addition to providing a federal pathway for coverage for those in the Medicaid gap, a public option would have dramatic benefits for people living with HIV and other high-cost health conditions. Policy options that provide a drug pricing negotiation mechanism, enhanced benefits, and a more affordable cost-sharing structure will help to ensure that the individual market is more responsive to the affordability and coverage needs of people living with HIV. In addition, removing the “employer firewall”—the rule that prohibits many individuals who have access to an employer sponsored insurance plan from eligibility for Marketplace subsidies—will allow for increased choice and better options for many people living with HIV who have employer-based coverage that is high-cost and insufficient to meet their health care needs.

Offering a Federal Medicaid Plan

Alternatively, Congress could direct the Centers for Medicare and Medicaid Services (CMS) to develop a federal Medicaid plan for non-Medicaid-expansion states. Such a plan would be administered at the federal level and would allow individuals in the Medicaid coverage gap to access coverage that is more closely aligned with Medicaid structure and benefits. This also may be a more cost-effective option for providing health insurance to those in the Medicaid coverage gap than fully subsidizing Marketplace coverage. This plan could easily be implemented by the federal government contracting with one or more state-based Medicaid managed care companies to offer comprehensive benefits.

Congress and the Administration Should Continue to Incentivize State Medicaid Expansion While Also Developing More Immediate Federal Policy Solutions for Closing the Medicaid Gap

State expansion of Medicaid under the ACA is the most cost-effective and comprehensive solution to the Medicaid coverage gap. Yet, it is a solution that hinges on state action and political will in states that have shown significant opposition to expansion over the past decade.

Simply put, individuals in the Medicaid coverage gap cannot afford to wait for states to do the right thing and expand Medicaid. The quality of life and very survival of those in the Medicaid gap is at risk now. Any ongoing incentives to encourage Medicaid expansion must be considered alongside the federal policy options discussed above.

The American Rescue Plan Act included incentives for two years aimed at encouraging Medicaid expansion in the 12 states that have not yet expanded. While these incentives should be enhanced in subsequent legislation, closing the Medicaid gap must also be a top priority. Closing the gap is a necessary life-saving policy solution for low-income individuals who were intended by Congress to have been covered under the Medicaid expansion. It is not a substitute for the need for more comprehensive health care reform to address the unmet care and treatment needs of all people in the United States.

While there are fiscal and program considerations that must be addressed, there are reasonable policy solutions that can be immediately enacted by Congress and the Administration to close the Medicaid coverage gap.

CONGRESS AND THE ADMINISTRATION SHOULD ACT SWIFTLY TO CLOSE THE GAP.

- ¹ Rachel Garfield, Kendal Orgera, and Anthony Damico, Kaiser Family Foundation, *The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid* (2021), available at <https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/>
- ² The 12 states that have not yet expanded are Alabama, Florida, Georgia, Kansas, Mississippi, North Carolina, South Carolina, South Dakota, Tennessee, Texas, Wisconsin, and Wyoming.
- ³ *About Ending the HIV Epidemic*, Centers for Disease Control and Prevention, available at <https://www.cdc.gov/endhiv/about.html>
- ⁴ Lindsey Dawson, Jennifer Kates, Kaiser Family Foundation, *Insurance Coverage and Viral Suppression Among People with HIV*, available at <https://www.kff.org/hiv/issue-brief/insurance-coverage-and-viral-suppression-among-people-with-hiv-2018/>
- ⁵ Rachel Garfield, Kendal Orgera, and Anthony Damico, Kaiser Family Foundation, *The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid* (2021), available at <https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/>; *HIV in the Southern United States*, Centers for Disease Control and Prevention (September 2019), available at <https://www.cdc.gov/hiv/pdf/policies/cdc-hiv-in-the-south-issue-brief.pdf>
- ⁶ Kathleen A. McManus, et al. *Evidence from a Multistate Cohort: Enrollment in Affordable Care Act Qualified Health Plans' Association with Viral Suppression*, *Clinical Infectious Diseases*, Volume 71, Issue 10 (November 15, 2020), November, 15 2020, available at <https://doi.org/10.1093/cid/ciz1123>
- ⁷ *Medicare-X Choice Act of 2021*, available at https://www.bennet.senate.gov/public/_cache/files/8/a/8a88cecf-679a-40a3-b0f6-c1d693cdfd12/61BDA284F61E76151DD80ACD4C853B04.tam21404.pdf
- ⁸ *Medicare for America Act of 2019*, available at <https://www.congress.gov/116/bills/hr2452/BILLS-116hr2452ih.pdf>
- ⁹ *Choose Medicare Act*, https://www.feinstein.senate.gov/public/_cache/files/7/e/7eb9731e-eeed-4fd4-8c2e-ee64f285681f/5AB6DABD6811F301171C19156C3B5F23.choose-medicare-act-2021.pdf



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