EDITOR'S NOTE: As our state and nation continue to confront the COVID-19 pandemic, state fiscal and federal policies will play key roles in ensuring the physical and economic health of Nebraska and its residents. OpenSky Policy Institute staff will be continuously analyzing state and federal policies that impact Nebraskans during this national emergency. This analysis is part of that effort. You can access more of our pandemic-response policy analysis here. We also remind you that OpenSky staff are working remotely during the pandemic response. Remote contact information for staff members can be found here.

Record numbers of Nebraskans are losing their jobs due to the COVID-19 crisis, which means that record numbers of Nebraskans are also losing access to health insurance. While some will be able to afford insurance through the marketplace or COBRA, those who can't may be left without coverage because they aren't otherwise eligible for Medicaid and the state has yet to implement Medicaid expansion.

Job loss claims spiked significantly

The number of unemployment insurance claims in Nebraska has spiked with 26,788 new claims being filed for the week ending April 4, which pushes the total of claims made in Nebraska over the past three weeks to nearly 70,000. By comparison, less than 42,000 claims were made in Nebraska all of last year.[1] These numbers will continue to rise in the coming weeks and months, as the Economic Policy Institute estimates 127,103 jobs will be lost in Nebraska alone by July.[2]

Most who lose their jobs will also lose their health coverage, as the majority of working aged adults in Nebraska -- 67% of those 19-64, or nearly 60% of the state's population[3] -- were enrolled in employer-sponsored plans in 2018.[4] Many will have to either turn elsewhere for coverage or go without, which could contribute to more people delaying needed medical care or incurring significant medical debt due to the virus.

COBRA, short-term insurance available, but may not be feasible or comprehensive

Some will be able to access continued coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Federal law requires COBRA be offered to

[1] Lincoln Journal Star, "Unemployment claims continue to soar," accessed at https://journalstar.com/business/local/unemployment-claims-continue-to-soar/article_aeba758c-b14e-564e-a34c-368be155e518.html#tracking-source=home-the-latest on April 9, 2020.
[2] Economic Policy Institute, "Nearly 20 million workers will likely be laid off or furloughed by July," accessed at https://www.epi.org/blog/nearly-20-million-jobs-lost-by-july-due-to-the-coronavirus/ on April 1, 2020.
[3] U.S. Census Bureau, "QuickFacts: Nebraska -- Population estimates July 2, 2018," accessed at https://www.census.gov/quickfacts/fact/table/NE# on April 2, 2020.
[4] Kaiser Family Foundation, "Health Insurance Coverage of Adults 19-64," 2018, accessed at https://www.kff.org/other/state-indicator/adults-19-64/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22nebraska%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D on April 9, 2020.

employees, spouses, former spouses and dependent children when coverage would otherwise be lost due to certain events, like job loss. However, it's only available for up to 18 months and can be prohibitively expensive, since enrollees are responsible for the total premium amount -- both what they would have paid normally and what their employer would have contributed. Short term, limited duration insurance is also widely available, although coverage is limited to a year. These plans tend to be more affordable than COBRA but provide limited coverage.

ACA Marketplace coverage may help some, but not all

The Affordable Care Act (ACA) established Marketplaces where those not eligible for job-based insurance or Medicaid can buy private coverage and possibly receive financial assistance to do so.[5] While there's a set enrollment period each year, a loss of other health coverage opens a special enrollment period. Enrollees can apply up to 60 days before they expect to lose coverage or within 60 days after coverage was lost. The federal government hasn't yet invoked its authority to call for a special enrollment period,[6] so those previously uninsured will have to wait until November to enroll and until January for coverage to begin unless they have had another change in circumstances like getting married or having a baby.[7]

Marketplace coverage is available to anyone, although not all will receive financial assistance, which comes in the form of a premium subsidy on a sliding scale for those with projected annual incomes between 100-400% of the Federal Poverty Level (FPL), maxing out at $49,960 for individuals and $103,000 for families of four. Those with projected incomes below 100% of the FPL are eligible to buy Marketplace plans but aren't eligible for financial assistance.

Costs for most newly unemployed may be substantial

The above alternatives will likely cost Nebraskans more than they were paying under their employer-sponsored plans. The recent boost in unemployment insurance will help offset some, if not all, of the increase for many, but that means it isn't serving its intended purpose. (For more information on recent changes to unemployment insurance, see our policy brief on unemployment insurance in Nebraska.)

The increase in cash flow to laid off workers isn't meant as an insurance subsidy but rather a way to offset lost income, helping affected families afford necessities like food. Such direct support benefits local economies: a temporary boost in unemployment

[5] Kaiser Family Foundation, "What People (and Policymakers) Can Do About Losing Coverage During the COVID-19 Crisis," accessed at https://www.kff.org/coronavirus-policy-watch/what-people-and-policymakers-can-do-about-losing-coverage-during-the-covid-19-crisis/ on March 27, 2020.
[6] Politico, "Trump rejects Obamacare special enrollment period amid pandemic," accessed at https://www.politico.com/news/2020/03/31/trump-obamacare-coronavirus-157788 on March 31, 2020,.
[7] HealthCare.gov, "Qualifying Life Event (QLE)," accessed at https://www.healthcare.gov/glossary/qualifying-life-event/ on April 9, 2020

benefits produced $1.61 of economic activity for every $1 spent during the Great Recession.[8] If the spending doesn't stay local -- and doesn't support local businesses because it's being diverted to insurers -- the multiplier effect will be dulled. (For more on the multiplier effect, see our recent SNAP mini-primer.) Additionally, those who opt for expensive coverage and rely on the boost in unemployment insurance to afford it may struggle come August, when the temporary federal boost expires.

Many low-income Nebraskans will fall in a coverage gap

Medicaid offers free or low-cost coverage for those with incomes up to 100% of the FPL who are elderly, blind or disabled or adult caretakers. The federal government had paid 54.72% of this population's benefits, but the Families First Coronavirus Response Act added 6.2% to the match, retroactive from January 1 until the emergency declaration is lifted.[9] To get the new rate, states must, among other things, cover testing and treatment for COVID-19 without any cost-sharing.[10] The match increased similarly during the Great Recession and states used the funds for many purposes, including addressing Medicaid or budget shortfalls, supporting increases in enrollment or mitigating reductions in provider rates and benefits.[11]

Medicaid expansion would broaden eligibility to include nearly 90,000 childless adults with incomes up to 138% of the FPL, or $17,609 for an individual.[12] The boost in unemployment insurance won't be considered as income for Medicaid purposes, helping more people qualify. The state would receive a 90% match for this population -- much higher than the match received under traditional Medicaid, even with the recent increase.

Nebraska has, however, delayed implementation by seeking a complicated and costly demonstration waiver, so many who would otherwise be eligible won't be able to enroll until August and can't access benefits until October. While those with incomes between 100-138% of the FPL may be eligible for Marketplace subsidies, those with incomes below 100% would not and are left choosing between expensive plans they likely can't afford, relatively cheap but short-term plans with limited coverage, or going uninsured, as 10% of the state's non-elderly population did in 2018.[13]

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[8] Economy, "How the Great Recession Was Brought to an End," accessed at https://www.economy.com/mark-zandi/documents/End-of-Great-Recession.pdf on April 9, 2020.
[9] Medicaid.gov, "Families First Coronavirus Response Act -- Increased FMAP FAQs," accessed at https://www.medicaid.gov/state-resource-center/downloads/covid-19-section-6008-faqs.pdf on April 9, 2020.
[10] For more information on Medicaid's role in responding to the COVID-19 crisis and state options for expanding access, see Samantha Artiga, Robin Rudowitz and MaryBeth Musumeci, "How Can Medicaid Enhance State Capacity to Respond to COVID-19?" Kaiser Family Foundation, March 17, 2020, https://www.kff.org/medicaid/issue-brief/how-can-medicaid-enhance-state-capacity-to-respond-to-covid-19/.
[11] Kaiser Family Foundation, "Impact of the Medicaid Fiscal Relief Provisions in the American Reinvestment Act (ARRA)," accessed at https://www.kff.org/wp-content/uploads/2013/01/8252.pdf on April 9, 2020.
[12] Nebraska Department of Health and Human Services, "Medicaid Expansion Briefing," accessed at http://dhhs.ne.gov/Documents/ExpansionBriefingSlideshow.pdf on Sept. 13, 2019.
[13] Kaiser Family Foundation, "Uninsured Rates for the Nonelderly by Race/Ethnicity (2018)," accessed at https://www.kff.org/uninsured/state-indicator/rate-by-

The demonstration waiver would require enrollees to participate in certain community engagement activities, like searching for a job or volunteering for 20 hours a week.[14] Nonparticipation would result in enrollees temporarily losing access to dental and vision services and over-the-counter drugs. The job search requirements are similar to those recently suspended by federal and state governments as conditions for participation in programs like SNAP and unemployment insurance. If job search requirements are considered unnecessary for those programs during the health crisis, it's unclear why the state still considers them necessary for Medicaid expansion.

Costs of waiver could be better spent elsewhere

The demonstration waiver is likely going to cost the state more than if it allowed the expansion population to enroll in traditional Medicaid. DHHS estimates the waiver will cost more than three times to administer than a straight expansion in FY 2020, with anticipated costs jumping from around $1.8 million[15] to $6 million.[16]

The federal government only pays 50% of administrative costs but 90% of benefits costs for the expansion population, so the more the state shifts away from providing health care in favor of increased bureaucracy -- and the longer it waits to implement -- the less it will receive from the federal government.[17] The high match rate has led a number of studies to find that Medicaid expansion hasn't adversely affected state budgets, even in those years the federal match began phasing down from 100% to 90%.[18]

Outside of administrative costs, DHHS's estimates for providing benefits for the expansion population are also much higher with the waiver than without. In its waiver application, DHHS projects spending $1.5 billion more over the five-year demonstration period with the waiver, excluding administrative costs, than it had previously estimated the first five years of expansion without the waiver would cost, including administrative expenses.[19]

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raceethnicity/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D on April 9, 2020.

[14] For more information on the consequences of eliminating retroactive coverage, see Harris Meyer, "New Medicaid barrier: Waivers ending retrospective eligibility shift costs to providers, patients," Modern Healthcare, February 9, 2019 at https://www.modernhealthcare.com/article/20190209/NEWS/190209936/new-medicaid-barrier-waivers-ending-retrospective-eligibility-shift-costs-to-providers-patients.

[15] Nebraska Legislature, "LB 441, Fiscal Note," accessed at https://nebraskalegislature.gov/FloorDocs/105/PDF/FN/LB441_20170308-103020.pdf on Sept. 19, 2019.

[16] Nebraska Department of Health and Human Services, "Medicaid Expansion Briefing," accessed at http://dhhs.ne.gov/Documents/ExpansionBriefingSlideshow.pdf on Sept. 13, 2019.

[17] Kaiser Family Foundation, "Medicaid Financing: The Basics," accessed at https://www.kff.org/medicaid/issue-brief/medicaid-financing-the-basics/view/print/ on March 21, 2019.

[18] New England Journal of Medicine, "Paying for Medicaid -- State Budgets and the Case for Expansion in the Time of Coronavirus," accessed at https://www.nejm.org/doi/full/10.1056/NEJMp2007124?query=TOC on March 31, 2020.

[19] Nebraska Department of Health and Human Services, "Final Waiver Application (December 12, 2019)," accessed at https://www.nejm.org/doi/full/10.1056/NEJMp2007124?query=TOC; Nebraska Department of Health and Human Services, "Medicaid Expansion Briefing, (April 11, 2019), accessed at http://dhhs.ne.gov/Documents/ExpansionBriefingSlideshow.pdf on Sept. 13, 2019.

Federal government could help providers cover some, but not all, costs of treating uninsured COVID-19 patients

Recently-passed federal legislation provides additional funding for hospitals and free coronavirus testing for the uninsured through Medicaid.[20] No money was allocated specifically for treatment or coverage for the uninsured, but the executive office has stated an intention to reimburse hospitals for treatment through a $100 billion fund for hospitals included in the CARES Act. There is, however, little detail or guidance as to how that funding will be distributed or allocated to states, other than administration officials stating hospitals would get reimbursed at Medicare rates.

Even if this money is used to cover hospital bills for uninsured, it will nonetheless fall short of replacing more comprehensive coverage like that provided by Medicaid. For example, if people don't know for sure they have COVID-19, they won't know whether their bills will be covered and so they may delay care. Further, physician bills wouldn't be covered and so people may go to the emergency room when they don't need to, which is discouraged during the crisis.

Conclusion

People are losing jobs and health insurance at a breakneck pace during this health crisis. While some may be able to afford more costly options for coverage through the marketplace or COBRA, many are going to be left without coverage because they aren't otherwise eligible for Medicaid and the state has delayed Medicaid expansion unnecessarily through a complicated demonstration waiver. While some federal funds will be available to offset the cost of treating those who go without insurance, it won't be enough. Expanding Medicaid as quickly as possible would bring in needed federal money and ensure people can seek the care they need quickly and without incurring crippling debt.

[20] Kaiser Family Foundation, "Estimated Cost of Treating the Uninsured Hospitalized with COVID-19," accessed at https://www.kff.org/uninsured/issue-brief/estimated-cost-of-treating-the-uninsured-hospitalized-with-covid-19/ on April 7, 2020.