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COVID-19 and Massive Job Losses Will Test the US Health Insurance Safety Net

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With massive and rapid job losses during the current economic crisis related to the coronavirus disease 2019 (COVID-19) pandemic, the US is at risk of a historic decrease in job-based health insurance.

The Kaiser Family Foundation recently did an [analysis](#) based on people who had filed for unemployment benefits as of early May and found that 26.8 million people in households with a job loss are at risk of losing their health insurance. If that happened, it would almost double the number of people uninsured.

Now, fortunately, there are reasons why that is unlikely to happen. In some cases, employers may be maintaining benefits for furloughed workers, at least for a period of time. And some unemployed workers may go back to work as state orders requiring business closures loosen.

Most importantly, for the first time during an economic downturn, the Affordable Care Act (ACA) is in place as a safety net for people who lose employer-based insurance. People with low or modest income qualify for premium subsidies on the ACA marketplace, and Medicaid has been expanded to cover those up to just over the poverty level (except in the 14 states that have [not expanded](#) Medicaid under the ACA).

The current economic crisis could be the ACA's test of how well it can catch people who fall out of the employer health insurance system. The ACA has the potential to cover a large share of people who lose job-based health insurance, but this crisis may also expose weaknesses in the law's design, how it has been implemented, and how it has been weakened by the Trump administration.

The Kaiser Family Foundation analysis estimates that 79% of the 26.8 million people potentially losing health insurance because of unemployment will qualify for government help to pay for health care—12.7 million eligible for Medicaid and 8.4 million eligible for ACA premium subsidies.



One challenge will be making sure that people know about their coverage options and follow through on the application process, which can be complex. The Trump administration [reduced](#) outreach for the ACA by 90% and grants to navigators that help people enroll by 84%. Although people losing health insurance due to unemployment qualify for a special enrollment period, the Trump administration [declined](#) in March to reopen enrollment for people who were already uninsured. However, many states that operate their own health insurance marketplaces have [done so](#).

Although Medicaid has no or modest premiums and patient cost sharing, ACA marketplace coverage can be expensive even with subsidies, and that cost may prove to be a barrier for some.

Because not all states have expanded Medicaid under the ACA, protections and costs for people losing their employer insurance will vary significantly based on where they live. In California—which has expanded Medicaid—[60% of the 3.4 million people](#) at risk of losing coverage are projected to be eligible for Medicaid. In Texas—which has not expanded Medicaid—just

20% of the 1.6 million at risk of losing coverage are eligible for Medicaid, with many more people eligible for ACA premium subsidies instead. In Texas, adults without children are ineligible for Medicaid entirely and [parents](#) must have incomes below 17% of the poverty level.

With increases in Medicaid enrollment and declining revenues, states are likely facing [big budget shortfalls](#). Without additional federal aid, substantial budget cuts are inevitable.

A broad coalition of business and health care industry groups have [pushed](#) for a temporary 100% subsidy for COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation of insurance coverage as an option for people losing their employer health insurance. The House, with support primarily from Democrats, has passed [a bill](#) that would implement that plan. Subsidizing COBRA would be a quick and easy way to help people maintain coverage, and it would provide continuity in relationships with health professionals in the midst of the pandemic. However, it is also quite [expensive](#), which would lead to substantial federal costs. Also, deductibles under employer plans that would continue

with COBRA can be quite high, [averaging \\$1396 per person](#)—a barrier to getting care while working, and potentially an insurmountable barrier when unemployed.

A group of progressive senators—including former presidential candidates Bernie Sanders, Elizabeth Warren, Kirsten Gillibrand, Cory Booker, and Kamala Harris—have instead [proposed a plan](#) to temporarily expand Medicare to cover all the medical bills of people who are uninsured or underinsured. Given the significant opposition this plan faces, it is unlikely to advance.

This debate between building on private insurance and the ACA or replacing private insurance with Medicare was central in the Democratic presidential primary, but as the country moves into the general election cycle, a very different health care debate will emerge.

Former Vice President Joe Biden has [proposed](#) expanding ACA subsidies to

make coverage more affordable and creating a Medicare-like public option plan available to anyone. People with low incomes in states that have not expanded Medicaid could enroll in the public option with the coverage paid for by the federal government. Recently, Biden also [proposed](#) lowering the age at which people can enroll in Medicare to 60 years.

President Trump continues to support a [lawsuit](#) that would overturn the ACA entirely, including the Medicaid expansion, premium subsidies, and protections for people with preexisting conditions. The Supreme Court has accepted the case, and is expected to hear arguments this fall, with a decision likely next spring, after the election. The president has not put forth a plan to replace the ACA.

The ACA is not perfect, but along with the underlying Medicaid program, it will be a safety net in the current crisis that

potentially prevents a meltdown of insurance coverage. Without it, [19 million more people would be uninsured](#) and many millions more would become uninsured as they lose jobs. People with preexisting conditions would no longer be guaranteed coverage, potentially including those who have been seriously ill with COVID-19. Health care without the ACA would look very different in the midst of the double whammy of a public health crisis and an economic crisis. ■

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