

Medicaid Cuts would put 554,000 Essential Workers in New York at Risk

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MANY OF NEW YORK’S “ESSENTIAL WORKERS,” PEOPLE WORKING IN JOBS deemed necessary throughout the COVID pandemic, rely on Medicaid for their own health care. They risk severe hardship if federal policymakers fail to provide appropriate increases in Medicaid funding or weaken protections for program enrollees, according to a new analysis from the Center on Budget and Policy Priorities. In New York State over half a million, 554,000, essential workers rely on Medicaid.

The economic fallout from the COVID-19 pandemic led to a growing need for Medicaid health coverage while state revenues declined sharply. Some states have cut Medicaid and other health programs. Others, including New York, are likely to follow suit unless federal policymakers provide additional funds. Among those at risk from Medicaid cuts are hundreds of thousands of New Yorkers working as home health aides, grocery store workers, food production workers, or in other “essential” jobs. Medicaid is a vital source of health coverage for these essential workers with jobs that require them to continue traveling and going into work, irrespective of stay-at-home orders or other restrictions. Roughly half of all New York’s low-income essential workers rely on health coverage through Medicaid.

As Congress and the administration debate whether to move forward with another COVID-19 response bill, the stakes are high for Medicaid. States are already proposing and making cuts. Here in New York, severe cuts in Medicaid eligibility and access to home care services were enacted in the state budget enacted in April 2020. The continued delay in federal aid will ultimately hurt New Yorkers. In past recessions, especially when federal aid was insufficient and strong beneficiary protections were not in place, many states cut Medicaid eligibility, made it harder for people to get or stay covered, dropped coverage of certain benefits, or cut payment rates for providers serving Medicaid enrollees.

Unfortunately, Congress hasn’t been able to agree to additional increases in the federal share of Medicaid costs (the federal medical assistance percentage, or FMAP), which are needed to prevent harmful cuts. It has also been unable to agree to any other new fiscal aid to states to help them make up for enormous revenue shortfalls, which is estimated to be at least \$14 billion in New York. New fiscal aid to states is critical to preventing cuts to a wide range of public services, potentially including Medicaid and other health coverage. Equally troubling is the push to weaken the necessary maintenance of effort protections enacted in March. These protections prevent states from cutting Medicaid eligibility or taking away people’s coverage during the public health crisis. A final relief bill that weakens these

protections or does not provide additional Medicaid funding would hurt over half of a million essential workers in New York who are sacrificing to help our state stay afloat amid the COVID-19 pandemic.

Recommendations

- The next federal recovery plan must include additional federal Medicaid funding and maintain strong beneficiary protections.
- To avoid large coverage losses, the next COVID-19 response bill must include "maintenance of effort" requirements for New York in exchange for FMAP boost.
- New York should re-imagine fiscal policy that includes raising new revenues, federal aid, and short term borrowing to shift focus from budget cuts to preserving vital state programs like Medicaid.

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