

Strengthen Medicaid and Protect Health Coverage for New Yorkers

May 2020

THIS TIME LAST YEAR, NEW YORK CELEBRATED ITS LOWEST RATE OF RESIDENTS without health insurance to date at 5 percent.¹ A historic low that is a continuation of nearly a decade of decline in people who lack health insurance, this record-breaking success set New York apart from the national trend of rising uninsured rates. (See Figure 1)

Although we have won hard-fought battles to ensure that 95 percent of New Yorkers have access to health insurance, there still remains deep inequity among access to health coverage based on race and ethnicity. Figures 2 and 3 in the appendix reveal that immigrants, blacks, and Hispanics are overrepresented among the uninsured in New York. In 2018, the latest year for which data is available, and the year when New York’s economy was much stronger than it is today, disparities in health insurance coverage existed and people of color were more likely to be uninsured.

Now, we are faced with the coronavirus (COVID-19) pandemic. Governor Cuomo has rightly put New York State on PAUSE—a set of guidelines for social distancing to slow the spread of COVID-19 by reducing economic activity and restricting gatherings of people.² Although critical to public health, these actions have led to the loss of nearly 2 million jobs in New York.³

The public health and economic crisis caused by the COVID-19 pandemic threatens past success in reducing the rate of the uninsured in New York State. We must strengthen and protect the Medicaid program because the pandemic and recession will cause an unprecedented increase in the need for Medicaid coverage and services.

New York’s uninsured rate has steadily declined over the past decade

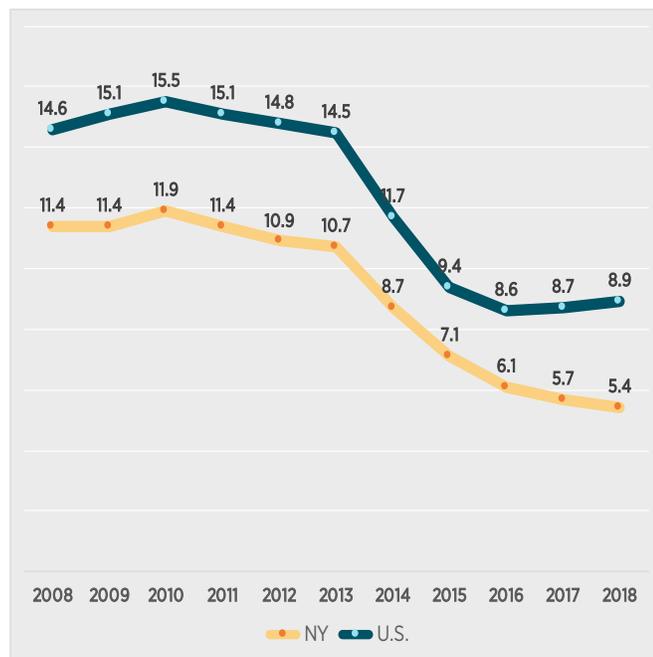


FIG. 1 Source: Fiscal Policy Institute analysis of U.S. Census Bureau, 1- year American Community Survey Data

In the coming months two things will happen: 1. uninsured rates will go up 2. Medicaid will also go up, which will put added stress on that system. But Medicaid will not increase enough to keep the uninsured rates from creeping upward. As New Yorkers lose their jobs or experience a decline in income, many will also lose their employer-sponsored health insurance. Medicaid will grow to meet rising demand which will prevent many New Yorkers from becoming uninsured. This surge in Medicaid enrollment will coincide with plummeting revenues as the state faces greater budget shortfalls. Cuts to this essential program in the midst of the global pandemic would disproportionately and negatively impact New York's most vulnerable populations and undermine the state's response to the COVID-19 crisis.

Medicaid and the Children's Health Insurance Program (CHIP) provide health and long-term care coverage to more than 6 million low-income New Yorkers, including children, pregnant women, adults, seniors, and people with disabilities.⁴ Medicaid is also a significant source of funding for hospitals, community health centers, physicians, and nursing homes.

As of January 2020, 3 in 10 New Yorkers were covered by Medicaid, a program that plays a significant role for certain populations covering:

- Nearly half (47 percent) of all births in New York state⁵
- 2 in 9 adults, ages 19-64⁶
- 5 in 8 nursing home residents⁷
- 4 in 9 individuals with disabilities⁸

Strengthening Medicaid is a crucial part of responding to the COVID-19 public health crisis and preserving health coverage

People must have health coverage that lets them access the care they need without worrying if they can afford it. An increase in uninsured rates would be detrimental to public health at any time and especially now. An increase in the number of uninsured New Yorkers would undermine the state's thorough response to the COVID-19 outbreak.

The Families First Act passed by the House of Representatives gave states a 6.2 percentage boost in the federal matching rate (known as the federal medical assistance percentage, or FMAP). In New York State, the FMAP increase from 50 percent to 56.2 percent is helping to support our economy and residents by providing access to care for immediate public health needs.⁹ In exchange for this boost, the Families First Act required "maintenance of effort" (MOE) protections preventing New York, or any state, from imposing new Medicaid eligibility restrictions or taking away people's coverage during the public health emergency.

However, the new Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, which House Democratic leaders introduced and passed on May 15th, 2020, proposes a partial MOE exception for New York. This exception would allow the governor to impose concerning eligibility restrictions during this pandemic and cause even more New

Yorkers to become uninsured. This exception comes after months of pushing from Governor Cuomo.¹⁰ The potentially positive news here is the inclusion of an additional FMAP increase of 7.8 percentage points, which would last until at least June 30th, 2021. New York would receive an estimated \$6 billion over 18 months from the 6.2 percentage-point FMAP increase provided by the Families First Act and another \$5 billion for the additional 7.8 percentage-point FMAP increase in the HEROES Act, according to preliminary estimates.¹¹

The FMAP increase should be used to avoid cuts to a range of services, especially home and community-based services. This funding is intended to preserve and protect health care coverage and access to care by reducing the state's cost per dollar of Medicaid spending.

Governor Cuomo should strengthen Medicaid as it is crucial to the COVID-19 public health response and preserving health coverage for New Yorkers. To avoid cuts to this program and others, the state must be creative and find solutions that will help New Yorkers stay insured, which would protect our historic achievements over the past decade. Fiscal strategy that involves a combination of federal aid, short term borrowing, and raising new revenues is the only responsible way to balance the budget and preserve vital programs that New Yorkers depend on, especially now.

Recommendations

- 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.
- To avert large coverage losses, the next COVID-19 response bill must include “maintenance of effort” requirements for New York in exchange for FMAP boost.

By Shamier Settle and Jonas J.N. Shaende, PhD

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Appendix:

People of color in New York are overrepresented amongst the uninsured highlighting disparities in access to health insurance

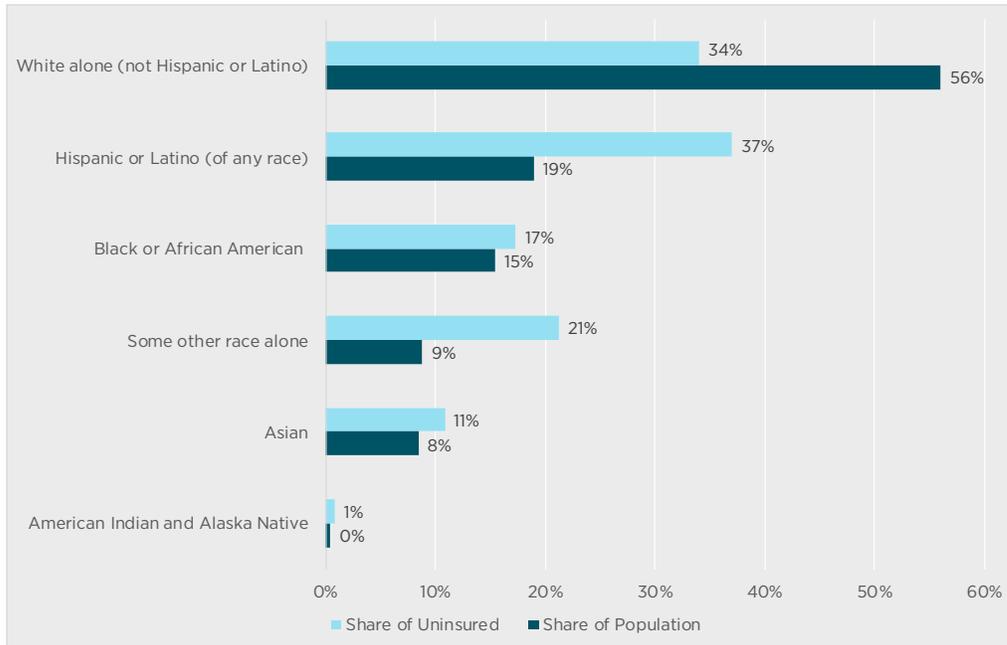


FIG. 2 Source: Fiscal Policy Institute Analysis of American Community Survey Microdata, 2018, 5-year estimate

Immigrants are more likely to lack health insurance in New York

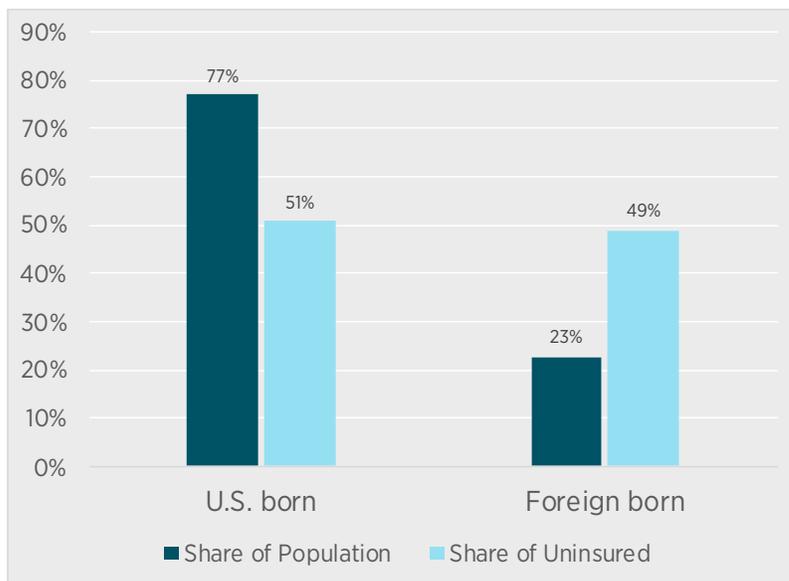


FIG. 3 Source: Fiscal Policy Institute Analysis of American Community Survey Microdata, 2018, 5-year estimate

The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.

¹New York State Department of Health, May 2019,

https://www.health.ny.gov/press/releases/2019/2019-05-15_historically_low_uninsurance.htm

²New York State on Pause: 10 Point Plan, <https://coronavirus.health.ny.gov/new-york-state-pause>

³The Fiscal Policy Institute, New York's Unemployment System Depends on Continued Federal Assistance, May 2020, <http://fiscalpolicy.org/wp-content/uploads/2020/05/May-2020-UI-Brief-Final.pdf>

⁴Medicaid & Chip in New York, Centers for Medicare & Medicaid Services,

<https://www.medicaid.gov/state-overviews/stateprofile.html?state=new-york>

⁵Kaiser Family Foundation, Births Financed by Medicaid, <https://www.kff.org/medicaid/state-indicator/births-financed-by-medicaid/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22new-york%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Time%20Period%20Reported%22,%22sort%22:%22desc%22%7D>

⁶Kaiser Family Foundation, October 2019, Medicaid in New York fact sheet, <http://files.kff.org/attachment/fact-sheet-medicaid-state-NY>

⁷Ibid.,

⁸Ibid.,

⁹New York needs more support and relief from the federal government. In response to the Great Recession, the 2009 Recovery Act saw that states' FMAP increased by an average of nearly 10 percentage points. The Center on Budget and Policy Priorities, March 2020, *Medicaid Funding Boost for States Can't Wait*, <https://www.cbpp.org/blog/medicaid-funding-boost-for-states-cant-wait>

¹⁰The Buffalo News, March 26, 2020, Medicaid change dropped from federal stimulus, irking Cuomo, <https://buffalonews.com/2020/03/26/medicaid-change-dropped-from-stimulus-irking-cuomo/>

¹¹Pelosi Bill Includes Much-Needed Medicaid Funding for States, May 2020, The Center on Budget and Policy Priorities, <https://www.cbpp.org/blog/pelosi-bill-includes-much-needed-medicaid-funding-for-states>