

Prioritizing Health Equity & Racial Justice: Now is the Moment to Close the Coverage Gap for All

The original intent of the Affordable Care Act (ACA) was to close a big hole in the coverage safety net by requiring states to expand Medicaid to adults under 133 percent of the federal poverty line – or about [\\$26,500 for a family of four](#). In June 2012, the Supreme Court ruled that the Medicaid expansion had to be optional for states. This created a “coverage gap” in states because assistance to purchase health insurance on the ACA Marketplace is not available for people with incomes below the poverty line.

As of May 2021, 38 states have closed the coverage gap. Research on the effects of expansion in these states has demonstrated the benefits of closing the gap. The [Kaiser Family Foundation](#) (KFF) has compiled a library of recent studies showing the value of Medicaid expansion for beneficiaries, states, and various economic sectors (e.g., the health sector and small businesses). Furthermore, the benefits of Medicaid expansion extend beyond the improved access to health care and better health outcomes for beneficiaries – it is also associated with the improvement of social determinants of health including reduced debt, reduced stress and better housing and economic stability.

Medicaid also makes health care more affordable and accessible, particularly to groups that have historically faced barriers to care.

- The states that have expanded Medicaid have made the greatest progress in narrowing the gaps in both uninsured rates and health outcomes between Black and Hispanic people and white people. The gap in uninsured rates between white and Black adults shrunk by [51 percent](#) in expansion states (versus 33 percent in non-expansion states) and the gap between white and Hispanic adults shrunk by [45 percent](#) in expansion states. This means that Black and brown people in expansion states have less barriers to the health care they may require, resulting in [improved health outcomes](#) for both groups.
- Medicaid is both popular and critical among rural residents and their providers. Rural residents are [more likely](#) to be covered by Medicaid than urban residents with approximately a quarter of rural residents and more than half of all rural births covered by Medicaid. Medicaid has helped sustain [struggling rural hospitals](#) in areas that already experience sparse access to health care facilities. Medicaid expansion has also meant that [3.4 million veterans and military families](#) have greater access to affordable health care when combined with their TRICARE coverage.

Due to the exhaustive list of benefits associated with Medicaid, there is broad support for expansion among the public. In the most recent [KFF Health Tracking Poll](#) that assesses public views on the Medicaid program, it was found that a large majority of the public has a favorable view of the program and believes it works well for low-income people covered by the program. Further, the poll found that a majority of residents in non-expansion states want to see their state expand, meaning that legislators in these states are actively governing against the will of the people when they vote not to expand Medicaid in their states.

Despite these benefits, more than [4 million uninsured](#) poor adults, most of whom are [working](#), remain un- or underinsured in the 12 states that have not yet expanded Medicaid. The population in the gap is comprised [disproportionately of Black and brown people](#) (29 percent of people in the coverage gap are Hispanic and 23 percent are Black). The resulting lack of access to care and financial stress are associated with disparities in health outcomes for these specific groups. Notably, during the COVID-19 pandemic, Medicaid enrollees have been [more likely](#) to work in essential jobs, placing them at greater risk for infection. For states that have yet to close the coverage gap, these workers have few if any options to access health coverage when it is needed most.

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Recently, the American Rescue Plan Act (ARPA) added additional incentives in the form of a [temporary increased federal match rate](#) for the remaining 12 non-expansion states to encourage them to expand. But despite the economic, fiscal and humanitarian case for Medicaid expansion, many states still refuse to expand coverage. Therefore, **Congress must do more to close the coverage gap as a part of negotiations on President Biden's Build Back Better infrastructure package; millions of people in non-expansion states deserve a coverage safety net if state elected officials continue to put politics over people's health and refuse Medicaid expansion.**

A federal direct health coverage option for the poorest consumers in non-expansion states who would otherwise be eligible for Medicaid through Medicaid expansion is needed. This coverage opportunity would be available to all eligible consumers in non-expansion states, effectively bypassing intrastate political tension and providing federal resources directly to the consumer.

While there are many policy details to work out any plan to close the gap should be guided by these five principles:

1. **Act now.** People have waited long enough. Coverage should begin immediately and remain as long as state refuses to expand Medicaid.
2. **Provide good coverage.** Provide the same low out-of-pocket costs and broad scope of benefits as Medicaid.
3. **Retain financial incentives to expand.** States should still be encouraged to expand rather than rely on federal option.
4. **Prioritize equity.** Ensure equitable treatment across states and don't undermine existing coverage expansions.
5. **Center community voices.** The design of any direct coverage option must be based on input and feedback from community-based organizations and health advocates in the target states.

Conclusion

The failure of a handful of state governments to make coverage available to low-income people as originally expected under the ACA should no longer be tolerated. For the first time since the Supreme Court made Medicaid expansion a state option, there is a pro-coverage majority in Congress, and they should act. While the policy is complex, the imperative to close the coverage gap, especially in the context of the COVID-19 pandemic, and what it revealed about the persistent inequities in our health care system, is greater than ever.