



Community
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Analysis of Alabama Health Care Coverage Gaps Among Working People

Acknowledgements

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Health care in the United States is woefully expensive, inadequate, and out of reach for millions, especially workers with low-wages. People without health coverage across the country are making difficult decisions to forgo health care or take on tens or hundreds of thousands of dollars of medical debt due to out-of-pocket health care costs. To make matters worse, in Alabama and 9 other states, policymakers are actively standing between workers with low wages and their access to health by refusing to expand Medicaid, a successful and popular health coverage program that allows over 80 million people nationwide to get the health care they want and need without going into medical debt.¹

In March 2023, Community Catalyst and United for Respect took a look at this issue and the lack of health coverage options for working people in 4 of those states who have not expanded their Medicaid program – Georgia, North Carolina, South Carolina, and Texas. We published a report, [Health Care Coverage Gaps Among the Working Poor: Low-Wage Workers, Medicaid Eligibility and Employer Subsidized Plans](#), that found:

- Over 2 million people, 60 % of whom are Black, Latinx/a/o/e and people of color,² live without affordable health coverage options in states where their elected leaders have not expanded Medicaid. They make too much to qualify for Medicaid, but too little to afford Affordable Care Act (ACA) marketplace plans.
- Many people without affordable health coverage options are adults working at large corporations like Walmart and Amazon, which also have a responsibility to provide comprehensive, quality health coverage for their workers.

In this addendum, we analyze the lack of health care options for working people in Alabama, another state where policymakers have not expanded access to Medicaid.

In March 2020, as part of a COVID-19 relief package,³ Congress provided increased Medicaid funding to states, and prohibited states from terminating most Medicaid enrollees' coverage until after the end of the COVID-19 Public Health Emergency (PHE). In

¹ Status of State Medicaid Expansion Decisions: Interactive Map, July 2023, <https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/> As of July 2023, 41 states including DC have expanded Medicaid. North Carolina has adopted Medicaid expansion, but it is contingent on passage of a state budget in 2023.

² Gideon Lukens & Breana Sharer, "Closing Medicaid Coverage Gap Would Help Diverse Group and Narrow Racial Disparities," Center on Budget & Policy Priorities (CBPP), June 14, 2021, <https://www.cbpp.org/research/health/closing-medicaid-coverage-gap-would-help-diverse-group-and-narrow-racial> CBPP analysis of 2019 American Community Survey. Estimates exclude the population lacking legal documentation and the institutionalized population.

³ The Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136, March 27, 2020, <https://www.congress.gov/bill/116th-congress/house-bill/748>.

December 2022, Congress passed an omnibus spending bill that ended the continuous coverage protection, allowing states to resume Medicaid coverage terminations effective April 1, 2023.⁴

Since publishing the first report, Alabama and other states have started these Medicaid redeterminations and eligibility reviews, which for the past few years has helped some workers with low-wages get or keep their Medicaid coverage. This process could potentially kick working Alabamians off Medicaid and put them in the difficult situation of having no realistic health coverage options.

Key Findings

- Approximately 300,000 Alabamians are in the coverage gap⁵ - they have no affordable health coverage options because policymakers will not expand Medicaid. An additional 61,000 people in Alabama are at risk of ending up in the coverage gap because of the unwinding of COVID-19 pandemic-era Medicaid policies.⁶
- Because of centuries of systemic racism and classism, nearly half of those who would gain coverage if Alabama expanded Medicaid are people of color and nearly 60% live below the poverty line.
- Over half a million workers in the coverage gap were employed in front-line or essential industries, and about 15 percent of adults had a disability.⁷
- Medicaid expansion is a proven solution to help people join and stay in the workforce. States that have expanded Medicaid have seen a greater increase in labor force participation among people with incomes below 138% of the poverty line than states that have not expanded.⁸

⁴ Consolidated Appropriations Act, Public Law 117-328, December 29, 2022, <https://www.congress.gov/bill/117th-congress/house-bill/2617/text>.

⁵ Debbie Smith, "Expand Medicaid and close Alabama's health coverage gap," March 14, 2023, Alabama Arise, <https://www.alarise.org/resources/expand-medicaid-and-close-alabamas-health-coverage-gap/> Ryan Hankins, "The Economic Impact of Expanding Medicaid in Alabama," Public Affairs Research Council of Alabama, January 12, 2022, <https://parcalabama.org/wp-content/uploads/2022/01/Economic-Analysis-of-Alabama-Medicaid-Expansion.pdf>.

⁶ Laura Guerra-Cardus and Gideon Lukens, "Last 11 States Should Expand Medicaid to Maximize Coverage and Protect Against Funding Drop as Continuous Coverage Ends," Center on Budget & Policy Priorities (CBPP), January 24, 2023, <https://www.cbpp.org/research/health/last-11-states-should-expand-medicaid-to-maximize-coverage-and-protect-against>

⁷ Lukens & Sharer, "Closing Medicaid Coverage Gap Would Help Diverse Group and Narrow Racial Disparities," Center on Budget & Policy Priorities, June 14, 2021, <https://www.cbpp.org/research/health/closing-medicaid-coverage-gap-would-help-diverse-group-and-narrow-racial> CBPP analysis of 2019 American Community Survey. Estimates exclude the population lacking legal documentation and the institutionalized population.

⁸ Karina Wagnerman, "Research Update: How Has Medicaid Expansion Impacted Workers?" July 2018, Center for Children & Families (CCF) of the Georgetown University Health Policy Institute <https://ccf.georgetown.edu/2018/07/05/research-update-how-has-medicaid-expansion-impacted-workers/>

- Closing the coverage gap in Alabama could create an average of 20,083 new jobs per year and an estimated positive economic impact of \$11.36 billion over the next 6 years.⁹

The Coverage Crisis for Alabama Low-Wage Workers

Medicaid is a state and federal health coverage program that serves more than 80 million people, including adults and families with low-incomes, people with complex health needs and disabilities, and people over the age of 65. In Alabama, about 1.2 million people, approximately 19% of the Alabama population, were covered by Medicaid/Children's Health Insurance Program (CHIP) as of March 2023.¹⁰

The Affordable Care Act (ACA)¹¹, passed in 2010, expanded Medicaid to nonelderly adults with income up to 138% of the Federal Poverty Level (FPL) (\$14,580 annually for an individual in 2023) with enhanced federal matching funds (now at 90%).¹² However, the US Supreme Court decided in 2012 that states are not required to expand Medicaid, making coverage expansion of the program optional.¹³ In states that chose to expand Medicaid eligibility, coverage is generally accessible for people up to the point of qualifying for subsidies for exchange plans. However, Alabama state policymakers have chosen not to expand Medicaid, leaving nearly 300,000 adults in the coverage gap. In addition, the continuous coverage protection that barred children and adults insured by Medicaid from being disenrolled during the COVID-19 Public Health Emergency (PHE) helped stabilize Alabama's uninsured population rate between 2019 and 2021. But now that the PHE has ended and Medicaid disenrollments have resumed, 61,000 non-elderly Alabamians are at risk of losing coverage, causing the state's uninsured rate to rise 16.6

⁹ Ryan Hankins, "The Economic Impact of Expanding Medicaid in Alabama," Public Affairs Research Council of Alabama, January 12, 2022, <https://parcalabama.org/wp-content/uploads/2022/01/Economic-Analysis-of-Alabama-Medicaid-Expansion.pdf>.

¹⁰ April 2023 Medicaid & CHIP Enrollment Data Highlights <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>

¹¹ The Patient Protection and Affordable Care Act, Public Law 111-148, March 23, 2010, <https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>

¹² Rudowitz, Drake, Tolbert & Damico, "How Many Uninsured Are in the Coverage Gap and How Many Could be Eligible if All States Adopted the Medicaid Expansion?," March 31, 2023, <https://www.kff.org/medicaid/issue-brief/how-many-uninsured-are-in-the-coverage-gap-and-how-many-could-be-eligible-if-all-states-adopted-the-medicaid-expansion/>

¹³ National Federation of Independent Business (NFIB) v. Sebelius, 1 567 U.S. ___ (2012), available at <https://healthlaw.org/resource/fact-sheet-the-supreme-courts-aca-decision-its-implications-for-medicaid/>

percent.¹⁴ Since August 15, 2023, at least 4,777,000 have been disenrolled from Medicaid nationally, according to an analysis by the Kaiser Family Foundation (KFF).¹⁵

In Alabama, adults that fall in the coverage gap are typically working low-wage jobs that don't offer health insurance; however, they either earn too much to qualify for Medicaid and too little to afford private insurance. Alabama has an extremely low Medicaid eligibility limit for parents. For example, parents must earn less than 18% of the federal poverty line (or less than \$4,475 for a family of three annually).¹⁶ But unless that family makes at least \$24,860 a year¹⁷, they will not qualify for subsidies to buy a private plan on the marketplace created under the Affordable Care Act. Adults without dependent children are not eligible for Medicaid at all in Alabama.

The current income level for pregnant people, parents, and caretakers, as a percentage of federal poverty level (FPL) to qualify for Medicaid in Alabama are as follows:

State	Pregnant People	Parent/Caretaker
Alabama*	146% FPL ¹⁸	18% FPL ¹⁹

**Alabama also has a pilot program in 3 counties that provides coverage during pregnancy for people up to 317% FPL*

¹⁴ Guerra-Cardus & Lukens, "Last 11 States Should Expand Medicaid to Maximize Coverage and Protect Against Funding Drop as Continuous Coverage Ends," Tab 1, <https://www.cbpp.org/research/health/last-11-states-should-expand-medicare-to-maximize-coverage-and-protect-against> Citing Matthew Buettgens and Andrew Green, "The Impact of the COVID-19 Public Health Emergency Expiration on All Types of Health Coverage," Urban Institute, December 5, 2022, <https://www.urban.org/research/publication/impact-covid-19-public-health-emergency-expiration-all-types-health-coverage>.

¹⁵ Medicaid Enrollment and Unwinding Tracker, KFF, August 2023, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/>

¹⁶ As of 2023, an Alabama family of three that makes \$24,860 is considered to be 100% under the Federal Poverty Line. So, that is the minimum amount a family of 3 must make to qualify for Marketplace subsidies. Under Alabama's current Medicaid eligibility criteria, the parent/caretaker relative category allows an income of up to 18% of the Federal Poverty Line. Because $\$24,860 \times 0.18 = \$4,474.80$ per year, an Alabama family of three must make below that amount to qualify for Medicaid.

<https://www.federalregister.gov/documents/2023/01/19/2023-00885/annual-update-of-the-hhs-poverty-guidelines>

¹⁷ Id.

¹⁸ Medicaid and CHIP Income Eligibility Limits for Pregnant Women as a Percent of the Federal Poverty Level, January 1, 2023, <https://www.kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-pregnant-women-as-a-percent-of-the-federal-poverty-level/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D#note-2>

¹⁹ Rudowitz, Drake, Tolbert & Damico, March 31, 2023, <https://www.kff.org/medicaid/issue-brief/how-many-uninsured-are-in-the-coverage-gap-and-how-many-could-be-eligible-if-all-states-adopted-the-medicare-expansion/>

We know some people are caught in the coverage gap because they are family caregivers, waiting for a disability determination, or are working part-time. A part-time worker earning \$15 an hour, working approximately 23 hours a week would likely not qualify for coverage in Alabama. Based on an analysis of the Center on Budget and Policy Priorities (CBPP), over half a million workers in the coverage gap were employed in front-line or essential industries, and about 15 percent of adults had a disability.²⁰

The most common jobs among adults in the coverage gap nationally are:

- Cashier,
- Cook,
- Server
- Construction Laborer,
- Cleaner,
- Retail Salesperson, and
- Janitor.

In Alabama, the most common industries for people in the coverage gap are restaurants and other food services and construction.²¹ These workers often do not get employer-provided healthcare and the jobs typically come with shifting schedules at companies who can cut workers' hours unexpectedly.²² In addition, even workers working full-time hours can fall in the coverage gap.

Like Katie Franklin who is a mother of two that works as a nail technician and front office manager at a salon outside Birmingham. She works full time but cannot afford health insurance. Katie is a single mom, working to take care of two teenagers as well as her parents. Both of her children are eligible for health care through ALL Kids, the Children's Health Insurance Program (CHIP) in Alabama. But since she earns about \$2,000 a month, she's left in a lurch. When Katie needs medical care, she puts off doctor's visits and treats at home. But sometimes, it's not enough. That's when she goes where many other uninsured folks around Birmingham end up: UAB's emergency room.

²⁰ Lukens & Sharer, "Closing Medicaid Coverage Gap Would Help Diverse Group and Narrow Racial Disparities," June 14, 2021, <https://www.cbpp.org/research/health/closing-medicaid-coverage-gap-would-help-diverse-group-and-narrow-racial> Based on CBPP analysis of the 2019 American Community Survey.

²¹ The Medicaid Coverage Gap in Alabama, CBPP, July 2021, <https://www.cbpp.org/sites/default/files/7-8-21tax-factsheets-al.pdf>

²² Rudowitz, Drake, Tolbert & Damico, "How Many Uninsured Are in the Coverage Gap and How Many Could be Eligible if All States Adopted the Medicaid Expansion?" March 31, 2023, https://www.kff.org/medicaid/issue-brief/how-many-uninsured-are-in-the-coverage-gap-and-how-many-could-be-eligible-if-all-states-adopted-the-medicaid-expansion/#endnote_link_508791-1

Katie is not alone. Recent studies show nearly half of Alabama workers do not get employer-sponsored health insurance.²³ Like Katie, those that fall in the coverage gap typically either forgo care altogether or accrue substantial medical debt after being forced to rely on emergency room (ER) care for basic health care needs.²⁴ Many people struggle to keep their work while dealing with health problems that hinder their productivity, adding stress to their households and worsening their health over time. Fortunately, Medicaid expansion is a proven solution to help people join and stay in the workforce. States that have expanded Medicaid have seen a greater increase in labor force participation among people with incomes below 138% of the poverty line than states that have not expanded.²⁵ A 2022 analysis by the Public Affairs Research Council of Alabama finds that over the next six years, closing the coverage gap by expanding Medicaid in Alabama could create an average of 20,083 new jobs per year and an estimated positive economic impact of \$11.36 billion.²⁶

Addressing the Low-Wage Worker Coverage Crisis Requires Action

When it comes to affordable health coverage, there are simply no good options for the working poor in Alabama and in many communities across the country. Given the inequitable health outcomes outlined above, it is imperative that our nation's public and private leaders take immediate steps to close these gaps.

An effective multi-pronged approach to mitigate these gaps would, at minimum, include:

1. Lawmakers expanding Medicaid eligibility in the states that have not yet done so.
2. Policymakers working with insurance companies to lower the cost of insurance premiums, co-pays, and deductibles.

²³ Employer-Sponsored Health Insurance 50-state Comparison Tables, State Health Access Data Assistance Center, Table 1, 2018-2019, https://www.shadac.org/sites/default/files/ESIRReport2020/All-State%20Data%20Tables_2020.pdf

²⁴ Fredric Blavin, Breno Braga, & Anuj Gangopadhyaya, "Which County Characteristics Predict Medical Debt?" Urban Institute, June 2022 <https://www.urban.org/sites/default/files/2022-06/Which%20County%20Characteristics%20Predict%20Medical%20Debt.pdf>

²⁵ Karina Wagnerman, "Research Update: How Has Medicaid Expansion Impacted Workers?" July 2018, Center for Children & Families (CCF) of the Georgetown University Health Policy Institute <https://ccf.georgetown.edu/2018/07/05/research-update-how-has-medicaid-expansion-impacted-workers/>

²⁶ Ryan Hankins, "The Economic Impact of Expanding Medicaid in Alabama," Public Affairs Research Council of Alabama, January 12, 2022, <https://parcalabama.org/wp-content/uploads/2022/01/Economic-Analysis-of-Alabama-Medicaid-Expansion.pdf>.

In the 10²⁷ remaining states that have not acted to expand Medicaid, policymakers can immediately take action to address some of the concerns that workers who fall into the coverage gap face by expanding Medicaid. Expanding Medicaid is even more critical now given the end of the COVID-19 Public Health Emergency. Alabama policymakers should prioritize expanding Medicaid to protect people's coverage and take advantage of the much-needed federal incentive funding available to states that expand. This policy, which 40 states and the District of Columbia have enacted, will also improve health care access for people in the coverage gap due to their employment challenges and caregiving responsibilities while avoiding crippling medical debt.

Expanding Medicaid is a necessary step to take for low wage workers to access the care they need. Another critical step for policymakers is to use whatever power they have to lower the out-of-pockets costs associated with the ACA marketplace plans. As these costs can be substantial and present a burden to low-wage workers already struggling to make ends meet.

²⁷ Status of State Medicaid Expansion Decisions: Interactive Map, July 2023, <https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/>. As of July 2023, 41 states including DC have expanded Medicaid. On March 27, 2023, Governor Roy Cooper signed into law legislation that would direct the state to expand Medicaid; per the legislation, implementation is contingent upon enactment of the State Fiscal Year (SFY) 2023-2024 budget.