



ELIGIBILITY FOR AFFORDABLE HEALTH INSURANCE OPTIONS FOR TEXANS FOLLOWING JOB LOSS DUE TO COVID-19

A Discussion of Opportunities

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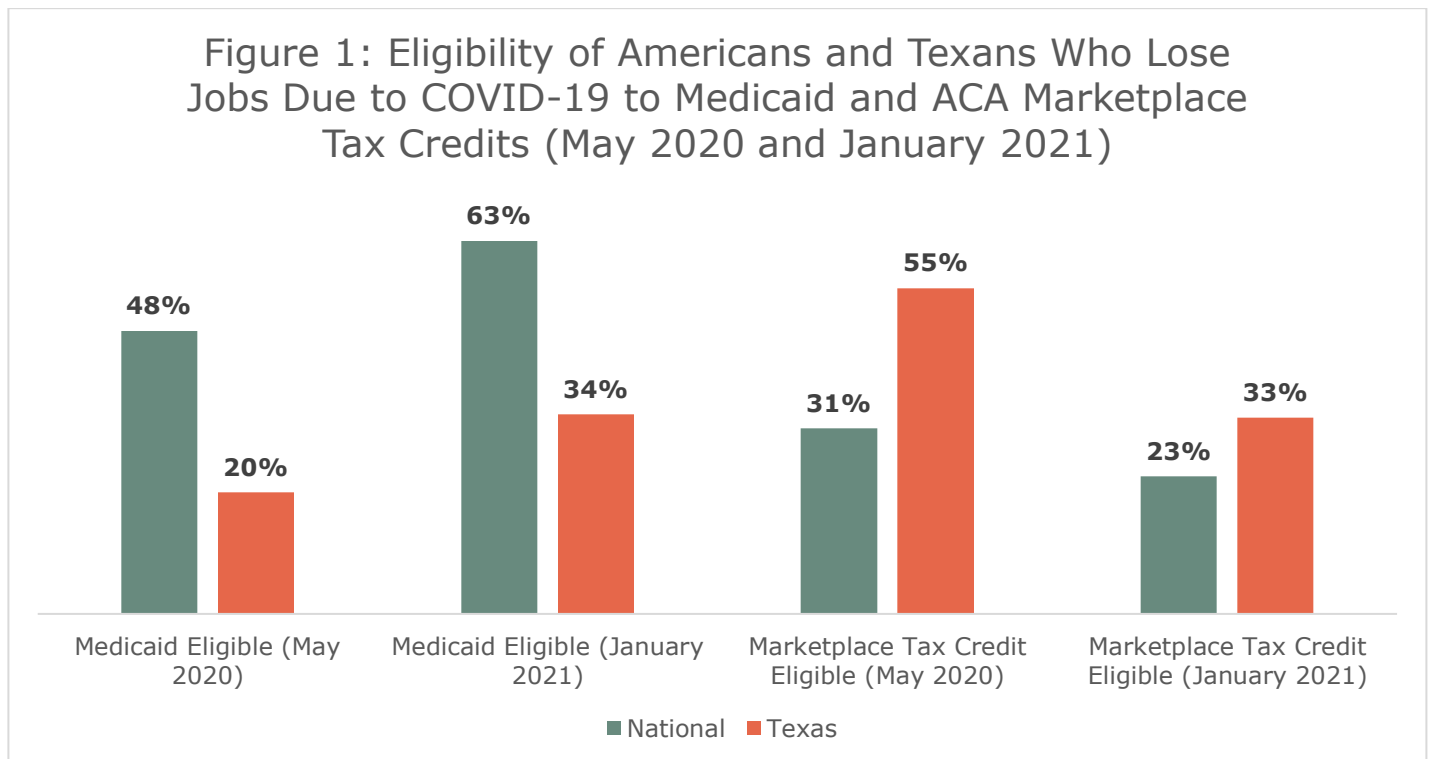
More Americans, including Texans, access affordable health insurance through their employers than through any other source. For the millions of people who have lost their jobs during the pandemic, the loss of health insurance is an additional blow. Drawing from the [recent report](#) released by Kaiser Family Foundation (KFF), this issue brief discusses the options available for affordable health insurance for Texans following job losses due to COVID-19. We highlight the estimated number of Texans who have lost their employer-sponsored insurance between March 1 and May 2, 2020 who are eligible for Medicaid or subsidized Affordable Care Act (ACA) Marketplace coverage now and in 2021. We also examine the projected number of Texans that fall into the coverage gap – not eligible for either Medicaid or subsidized ACA Marketplace coverage—now and in 2021. We offer recommendations to support access to affordable health insurance coverage including increasing resources to enroll eligible Texans in existing programs and the growing need to consider Medicaid expansion and/or other alternatives to expand coverage for low-income Texans.

Three-quarters of the 1.6 million Texans who lose employer-sponsored health insurance may be eligible for affordable coverage through Medicaid or subsidized plans in the ACA Marketplace.

KFF estimates that between March 1 and May 2, 2020, nearly 78 million Americans lived in a household in which someone lost their job. Of those 78 million, KFF estimates that 34% or 26.8 million people may lose their employer-sponsored insurance (ESI). This includes people who lost their own ESI and those who lost dependent coverage when a family member lost a job and ESIⁱⁱ. Nationally, 79% or 21 million are eligible for affordable coverage through Medicaid (48% or 12.7 million) or subsidized health plans through the ACA Marketplace (31% or 8.4 million), according to KFF’s analysis.

In Texas, the second most populous state, the KFF report estimates that 1.6 million Texans could become uninsured following job losses. Like the national data, 75% or 1.2 million Texans are eligible for Medicaid or subsidized Marketplace coverage in May 2020. Because of Texas’ restrictive Medicaid eligibility, a small share of this population (20% or 328,000) are eligible for Medicaid. An additional 55% or 881,000 Texans are eligible for subsidized plans in the ACA Marketplace.

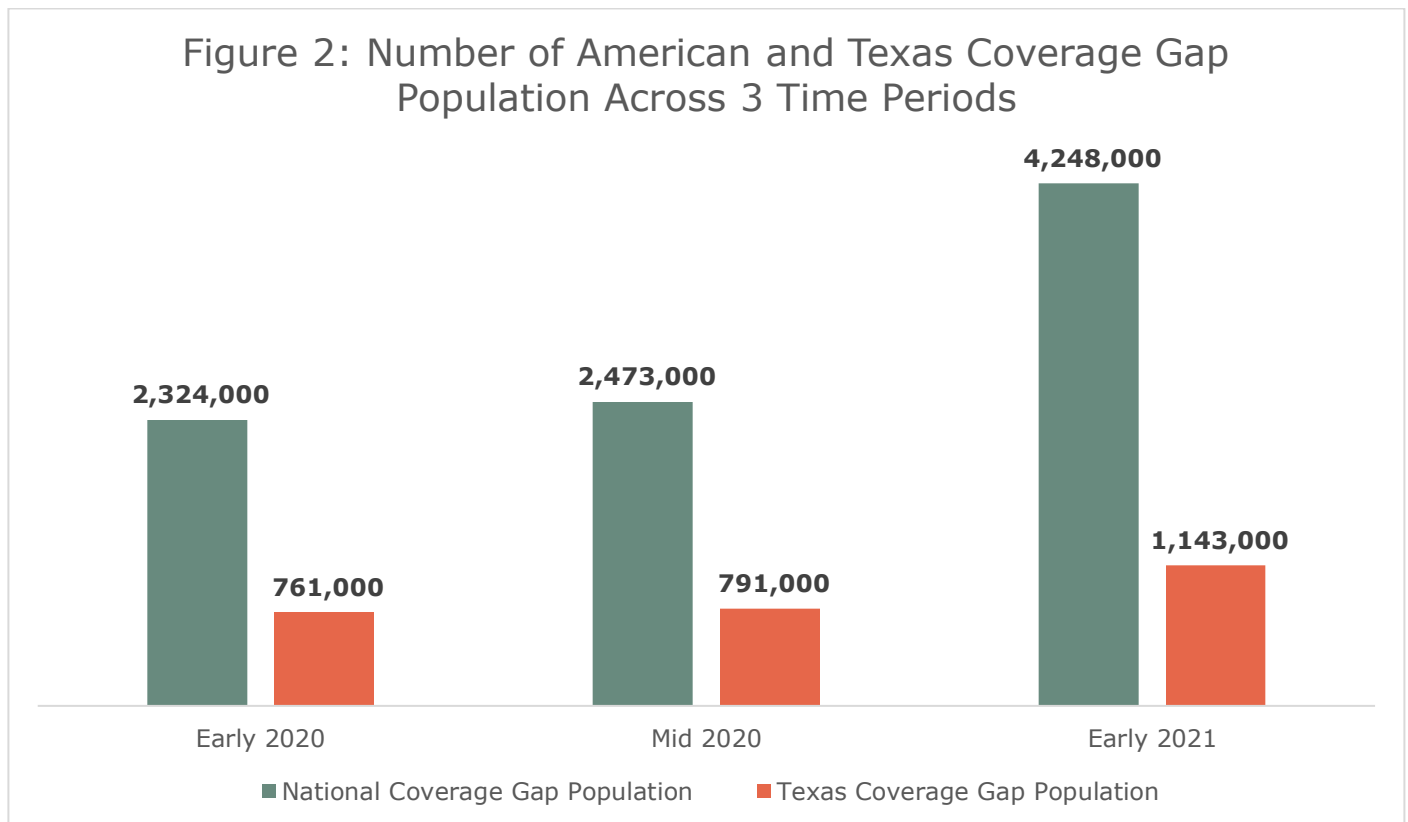
In January 2021, when unemployment benefits are exhausted for these 26.8 million Americans and 1.6 million Texans, the percentage of people eligible for Medicaid increases to 63% or 16.8 million Americans and to 34% or 540,000 Texans. The number of Americans and Texans eligible for subsidized coverage in the Marketplace will decline in January 2021. Only 23% or 6.2 million Americans and 33% or 530,000 Texans will be eligible for subsidized plans in the Marketplace (see Figure 1 below).



The number of Texans without access to affordable coverage—those in the coverage gap—will grow slightly in 2020 and significantly in 2021.

Texas is among 14 states that have not expanded Medicaid under the ACA. A [prior KFF report](#) estimated that 2.3 million uninsured adults across the U.S. fall into the “coverage gap” that results from state decisions not to expand Medicaid. These 2.3 million Americans fall into the coverage gap because they earn too much to qualify for Medicaid and too little to qualify for subsidized ACA Marketplace coverage. Prior to COVID-19, one-third of the people in the coverage gap, or 761,000, resided in Texas.

As the most recent KFF analysis shows, the job losses sustained between March 1 and May 2, 2020 will increase the number of people who fall into the coverage gap. For Medicaid non-expansion states like Texas, the coverage gap will increase substantially in 2021, as people who were once eligible for subsidized Marketplace plans due to 2020 income, including unemployment benefits, lose their subsidies but do not qualify for non-expanded Medicaid. As shown in Figure 2 below, the coverage gap will grow by 82% nationally and 50% in Texas over the course of one year. Notwithstanding larger growth in the coverage gap population in other non-expansion states, Texas will still have the largest number and percentage of coverage gap residents.



The estimates of coverage losses in this brief pertain only to those who lost jobs through May 2, 2020. As the COVID-19 pandemic continues, we anticipate that the economic disruptions and job losses will increase. As the eligibility for affordable coverage is likely to be similar, we should expect that the number and percentage of Texans in the coverage gap will grow.

Recommendations

The unprecedented disruption in employer-sponsored health insurance coverage presents new opportunities for the state of Texas to help its residents gain access to affordable care. As shown above, 1.2 million Texans who have lost ESI are eligible, right now, for Medicaid or subsidized ACA Marketplace plans. Affordable coverage means that people can access care when needed; doctors and hospitals can get paid for providing care; and state and local governments will not be burdened with additional uncompensated care. **For these reasons, Texas must expand efforts to enroll eligible people in Texas Medicaid and to promote the enrollment of eligible Texans in subsidized Marketplace plans.** A small investment in outreach and enrollment efforts can bring significant resources to governments and providers and enable more than one million Texans to obtain coverage.

Texas must also reconsider its refusal to expand Medicaid. As noted earlier, the coverage gap population in Texas will grow by 50% to 1.1 million people by January 2021 in the absence of Medicaid expansion. With Medicaid expansion, the state can draw down billions in federal dollars that can be used to cover Texans who fall into the coverage gap, benefiting the individuals, providers, and state and local government budgets. Medicaid expansion is popular among Texans: [In EHF's latest statewide health policy poll](#), we found that almost two-thirds of Texans support Medicaid expansion. Policymakers should consider Medicaid expansion and/or other policy options to extend health coverage so that more vulnerable Texans have access to health care during this challenging time.

i The authors would like to acknowledge the assistance of Rachel Garfield of the Kaiser Family Foundation in providing guidance and comments in the development of this issue brief.

ii See [Methods section](#) of KFF report for more detail.