

Viohl and Associates Highlights: University of Pennsylvania Virtual Seminar: Health Insurance Coverage in the Aftermath of COVID-19

Overview

On June 12, 2020, the University of Pennsylvania's Leonard Davis Institute of Health Economics hosted an online seminar with **Larry Levitt**, executive vice president for health policy at the Kaiser Family Foundation, **Dr. Mark Pauly**, professor of business economics and public policy at the Wharton School at the University of Pennsylvania, **Dr. Jamila Taylor**, director of health care reform and senior fellow at the Century Foundation, and **Hemi Tewarson**, director of the health division of the National Governors Association's Center for Best Practices. Guest speakers responded to questions about how the American health insurance landscape is changing as a result of the COVID-19 pandemic. They discussed the economics of the ongoing health crisis, healthcare equity concerns, state government budgetary challenges, and other related topics. The virtual seminar was moderated by **David Grande**, director of policy at the Leonard Davis Institute.

Highlights

Policy Changes to the American Healthcare Insurance System

Mr. Levitt explained how the economic impacts of the COVID-19 pandemic are generating challenges for the American health insurance system. For instance, a large spike in joblessness correlates with a spike in the number of uninsured Americans since individuals who are laid off will lose their employer-provided health insurance. In practice, the number of uninsured Americans is not as high as normally would be expected because many laid-off individuals are having their coverage extended by their former employers and the government, but that may change as the pandemic progresses. Additionally, suspension of non-essential medical services in many states have amounted to substantial revenue losses for providers and hospitals that depend on those revenue streams to function. These economic factors, **Mr. Levitt** suggested, may set the stage for policy changes to the American health insurance system.

Dr. Pauly acknowledged that the economic impacts of the global pandemic create challenges for the health insurance system, but expressed his belief that most Americans will likely continue to rely on employer-provided health insurance in the long-run. Although he felt the current economic situation might be dire, he did not believe that there was enough of a political appetite to overhaul the American healthcare insurance system by adopting a policy like Medicare for All. However, **Dr. Pauly** did state that more moderate changes to the healthcare safety net, including a reintroduction of certain policies to strengthen the Affordable Care Act (ACA), might be politically possible.

Healthcare Equity

Dr. Taylor discussed how to better mitigate the health impacts of COVID-19 on communities of color. She noted that unaddressed inequalities in the healthcare system before the COVID-19 pandemic were mostly responsible for poor COVID-19-related healthcare outcomes in communities of color, and suggested lawmakers focus their efforts on addressing those inequalities. For example, **Dr. Taylor** suggested introducing policies guaranteeing free COVID-19 testing to essential workers, raising the minimum wage, and improving access to child care. **Mr. Levitt** also urged lawmakers to focus on vulnerable populations, including aging adults, people of color, and rural Americans.

Medicaid Expansion

Guest speakers were asked how the COVID-19 pandemic was changing discussions about Medicaid expansion in the states considering it. **Ms. Tewarson** felt that states like Oklahoma and Kansas were pulling away from Medicaid expansion as a consequence of their state budget crises. Even though more Americans need healthcare coverage now, **Ms. Tewarson** explained, a drastic decrease in healthcare spending and economic activity is making expansion more politically difficult. However, she said she believed additional federal stimulus for state

governments and an enhanced Federal Medical Assistance Percentage (FMAP) could help restart expansion efforts.

Dr. Taylor expressed her support for Medicaid expansion as a way to improve health equity. She urged states to continue pursuing expansion, and suggested the federal government should assist expansion efforts by offering a 100% FMAP for expansion populations in newly-adopting states, and potentially introducing a new economic automatic stabilizer mechanism for the Medicaid program; for example, Congress could change the statute to automatically increase the FMAP when the economy enters a recession and Medicaid enrollment swells.

State Budgetary Challenges

Ms. Tewarson highlighted some of the extraordinary budgetary challenges states are facing as a result of COVID-19. She said that states that previously had budget surpluses are now facing millions in deficits, and without additional stimulus money, those states could experience serious financial crises. She advocated for the NGA's request for states to receive \$500 billion in federal stimulus money and an enhanced FMAP to help states avoid financial crises, and to support any states that are pursuing Medicaid expansion.

Solidifying the Affordable Care Act

After noting the considerable turmoil occurring in commercial insurance markets, **Mr. Levitt** expressed his support for strengthening the ACA as way to fill gaps in coverage resulting from the COVID-19 pandemic and any future economic crises. **Mr. Levitt** suggested allocating more resources to educational outreach that can help individuals better navigate the complex American health insurance system. **Dr. Pauly** agreed, and suggested lawmakers should consider bringing back the individual mandate under the ACA to help make insurance premiums more affordable.

The Leonard Davis Institute publishes blog posts, articles, and webinars related to the changing health insurance industry on an ongoing basis. Click [here](#) to view the Leonard Davis Institute's health insurance webpage.

Viohl & Associates will continue to track and report on relevant and thought-provoking discussions. Please let us know if you have any questions.