

Expanding Access to Medicaid Insurance Coverage for Rural Populations

Medicaid is the nation's largest public insurance provider and plays a central role in helping to fill gaps in private insurance in rural areas. The program is a vital source of coverage for rural populations and payer for rural providers. Additional coverage access to Medicaid is needed to keep rural residents insured and rural hospitals supported. At present, 12 states have not expanded Medicaid, leaving the 2.2 million adults who would be eligible for Medicaid under expansion uninsured and vulnerable. Further, the Public Health Emergency (§319 PHE) has allowed for continuous Medicaid enrollment. When it expires millions of people living in rural areas could lose coverage or face higher costs in accessing care.

Policy Recommendations

Policy makers must take steps to expand access to Medicaid insurance coverage. To increase coverage, policy makers could explore different routes for expanded access under Medicaid:

- Extend the continuous Medicaid enrollment from the §319 PHE to allow for 12-month continuous eligibility.
- Provide continuous coverage eligibility for children enrolled in Medicaid and Children's Health Insurance Program (CHIP).
- Create a federal level Medicaid look-alike program to eliminate the coverage gap in states that did not expand Medicaid.
- Permanently ensure that all pregnant individuals on Medicaid and CHIP retain health coverage during the first critical year postpartum.
- Provide permanent authorization of CHIP.
- Maintain disproportionate share hospital (DSH) payments for all safety-net providers that care for high volumes of low-income Medicaid and uninsured patients.
- Invest in and improve access to Medicaid home and community-based services (HCBS).

Recommended Action

Solutions to expand Medicaid at the federal level include <u>S. 2315 Medicaid Saves Lives Act</u> which proposes a federal level Medicaid look-alike program. Further, <u>H.R.340 - Incentivizing Medicaid Expansion Act of 2021</u> and would provide states with an increased federal matching rate. As for continuous coverage, <u>S.646 - Stabilize Medicaid and CHIP Coverage Act of 2021</u> proposes 12-month continuous enrollment under CHIP and Medicaid. Support of proposals to expand Medicaid access and coverage is essential at both the state and federal level.

Overview

In rural areas, nonelderly individuals have a lower rate of private coverage compared to those in urban and other areas, reflecting greater employment in jobs that do not offer employer-sponsored health insurance and the lower labor force participation rate in rural areas. Medicaid helps fill this gap in private coverage for rural populations. Twelve states have not yet expanded Medicaid, leaving some rural area hospitals and residents vulnerable. Between 2013 and 2015, Medicaid coverage rate in rural expansion states increased from 21% to 26%, while those states that did not expand rose from 20% to 21%.





NOTES: Current status for each state is based on KFF tracking and analysis of state activity. See link below for additional state-specific notes. SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated April 26, 2022. <a href="https://www.kff.org/health-correctates-activity-activi The expansion of Medicaid and gains in coverage help to improve the viability of rural hospitals and health care providers, and work to strengthen access to care in rural communities. We Medicaid provides economic stability for hospitals and other rural health care providers, which have unique challenges delivering

care in sparsely populated areas. The Medicaid expansion substantially reduced hospital uncompensated care costs: such costs as a share of hospital operating budgets fell by about half between 2013 and 2015 in expansion states. Securing financial viability and sustainability for rural hospitals is essential. Since 2010, 140 rural hospitals across America have closed, with more than 450 more vulnerable to closure, leaving communities with limited access to healthcare services. When breaking these closures down by state, of the states with the highest rates of closures none have expanded Medicaid. Vi

Adopted (39 States including DC)

Not Adopting At This Time (12 States)

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DSH payments for hospitals treating a large share of low income or uninsured patients are also vital to maintaining financial stability for rural hospitals. Many of these hospitals will likely face uncompensated care costs and shortfalls even with the coverage gap proposal. Reductions in DSH payments set a dangerous precedent for directly punishing safety net providers for policy decisions made by states, beyond these providers' control. Cuts to DSH payments are scheduled to resume in 2024, leaving vulnerable rural hospitals with potentially uncompensated care costs.

Continuous Medicaid enrollment provides stability for individuals who may have income fluctuations. VIII Currently the §319 PHE has allowed for expanded access to Medicaid coverage for the duration of the public health emergency. This provision has required continuous enrollment coverage, and between February of 2020 and November of 2021 contributed to Medicaid enrollment growth of 20.5%. When the continuous enrollment requirement ends, it is estimated that 13% of current Medicaid enrollees will lose coverage. At present, pregnant individuals with Medicaid must be covered through pregnancy until 60-days postpartum. After birth, infants are continuously covered for one year under Medicaid. Through a section 1115 waiver, states can also opt to provide continuous coverage for up to a year for children and postpartum individuals under CHIP and Medicaid. Secause of this, continuous coverage requirements for children and postpartum varies from state to state.

Medicaid is one of the primary payers for home and community based services (HCBS).* State-level requirements and eligibility for HCBS varies, with waivers being one of the ways that states can expand the eligibility for HCBS.* The American Rescue Plan Act (ARPA) offered a temporary increase for federal funding in support of HCBS, but a more permanent funding solution is needed to sustain this important service.*



- i. https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/
- ii. https://www.kff.org/coronavirus-covid-19/issue-brief/what-happens-when-covid-19-emergency-declarations-end-implications-for-coverage-costs-and
 - $access/\#: \sim : text = Millions\%20 of \%20 people\%20 could\%20 lose, the \%20 continuous\%20 enrollment\%20 requirement\%20 ends.$
- iii. https://www.kff.org/medicaid/issue-brief/the-role-of-medicaid-in-rural-america/
- iv. The Impact of COVID-19 on the Rural Health Care Landscape, May 2022, Bipartisan Policy Center
- v. https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/
- vi. https://www.chartis.com/sites/default/files/documents/Rural%20Hospital%20Vulnerability-The%20Chartis%20Group.pdf
- vii. https://ccf.georgetown.edu/wp-content/uploads/2021/07/Continuous-Coverage-Medicaid-CHIP-final.pdf
- viii. https://www.kff.org/health-reform/state-indicator/state-adoption-of-12-month-continuous-eligibility-for-childrens-medicaid-and-chip/?currentTimeframe=0&selectedDistributions=medicaid--chip&sortModel=%7B%22coIId%22:%22Location%22,%22sort%22:%22asc%22%7D
- ix. https://www.kff.org/medicaid/issue-brief/medicaid-postpartum-coverage-extension-tracker/
- x. https://www.kff.org/medicaid/issue-brief/state-policy-choices-about-medicaid-home-and-community-based-services-amid-the-pandemic/