A Surge in Medicaid Enrollment is Coming

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The U.S. economy shed over 38 million jobs since COVID-19 was declared a public health emergency in March 2020. Many of the newly unemployed will turn to Medicaid for health care coverage. The Kaiser Family Foundation estimates nearly half of those who lost their jobs so far are eligible for Medicaid.\(^1\) Another national analysis estimates Medicaid rolls will grow by 11-23 million people over the course of the economic downturn.\(^2\) As a counter-cyclical program, Medicaid is designed to serve more people who need it when the economy contracts.

So far, enrollment growth is only happening in pockets of the country and is relatively modest. It is mainly resulting from the maintenance of effort requirement in the Families First Coronavirus Response Act.\(^3\) States reported monthly enrollment was up 4-5 percent in April above monthly enrollment last year. This has left many policymakers scratching their heads, wondering if and when a Medicaid enrollment surge is coming.

Here are six reasons why the enrollment surge has not happened yet (but is still coming):

1. **Social distancing and safety concerns are keeping individuals from going to the doctors.** Individuals who are uninsured are generally hesitant to go to the doctors. But when they do seek care, doctors’ offices (specifically, federally-qualified health centers) often inform them about coverage options and help them apply for Medicaid. With social distancing measures in place, as well as fear for their safety, many uninsured individuals may be avoiding doctors’ offices more than normal. When those measures are lifted and if/when fears start to subside, enrollment may increase significantly.

2. **Unemployment insurance and food assistance come first.** Individuals who lose their jobs are applying for unemployment first and then signing up for supplemental assistance for needy families (SNAP). States are seeing major growth in those two programs. Health coverage is likely lower on the list of priorities for individuals who lose their jobs, especially if they are relatively healthy.

3. **Social distancing is keeping individuals from Medicaid eligibility offices.** In-person eligibility services may be limited because of social distancing. Similarly, individuals may be avoiding eligibility offices for safety reasons. This may be slowing the surge of applications, particularly among those who do not want to apply online.

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\(^3\) The MOE requires states to provide continuous coverage during the public health emergency. This means individuals stay on the Medicaid even if they have a change in circumstances. This causes enrollment to grow.
4. *Employer-sponsored coverage typically runs through the end of the month.* Newly unemployed individuals may not start exploring coverage options until their employer sponsored insurance ends. That means individuals who lost their jobs in April may not start thinking about coverage options until May.

5. *Some of the newly-unemployed may be on their parents’ insurance.* The sectors that were hardest hit by COVID in the early weeks of the crisis were those that typically employ young people. As a result, individuals who were laid off initially may still be on their parents’ health insurance and may not qualify for Medicaid.

6. *History tell us Medicaid enrollment growth takes time.* In the Great Recession of 2008, it took more than a year for Medicaid enrollment to hit its high point (CY 2010) after the recession started.

Although it may take weeks or months, Medicaid enrollment is going to increase due to the economic downturn. State and federal policymakers should ensure Medicaid is prepared to serve the hundreds of thousands, if not millions, more Americans who will turn to the program for coverage.

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