THE NATIONAL CENTER FOR COVERAGE INNOVATION AT FAMILIESUSA

TESTIMONY BEFORE THE

SENATE FINANCE COMMITTEE

BY

STAN DORN, DIRECTOR OF THE NATIONAL CENTER FOR COVERAGE INNOVATION AT FAMILIES USA,

IN SUPPORT OF SB 893 WITH AMENDMENT

MARCH 2, 2021

Thank you, Madame Chair and Mr. Vice-Chairman, for allowing me to testify today. On behalf of Families USA, a national consumer advocacy group with a mission to ensure that everyone in this country obtains the health and health care they need to thrive, I am proud to express our strong support of Senator Jim Rosapepe's SB 893, legislation to strengthen the state's unemployment insurance (UI) program. My particular focus is on subsection (b) of proposed new Section 8-109 of the Labor and Employment article, which would let UI claimants check a box on the weekly claim certification form to initiate an application for free or low-cost health insurance. In addition to supporting the underlying legislation, we also support the amendment that would create a special enrollment period letting UI claimants enroll into comprehensive health insurance offered by the Maryland Health Benefits Exchange.

With this bill, Maryland is once again charging to the forefront of states working to help their residents obtain essential health care. Less than a month after introduction, the legislation is already the subject of intense conversation among leading national groups and members of Congress.

The reason is simple. With this legislation, Maryland is pioneering a promising approach to solving a longstanding and fundamental public policy problem: making sure that when people lose a job, they nevertheless retain health insurance.

Repeatedly, our country has failed to accomplish this goal. In 2002, the Trade Act's Health Coverage Tax Credit program provided 65% premium subsidies for workers displaced by international trade. Between 10% and 20% of eligible uninsured signed up for this assistance and obtained coverage.

A few years later, the 2009 Recovery Act provided similar, 65% subsidies to help laid-off workers purchase coverage offered by their former employers through the COBRA health insurance program. The official evaluation of this legislation found that it yielded no statistically significant increase in health coverage.

A key weakness of these two pieces of legislation was that many laid-off workers could not afford the remaining 35% share of premiums, which often ran to hundreds of dollars a month.

When Congress passed the Affordable Care Act (ACA), many laid-off workers qualified for substantially more generous assistance. Even so, only a minority of eligible workers enrolled. One study found that roughly 5% of unemployed, uninsured workers eligible for a special enrollment period under the ACA took advantage of the opportunity to enroll into coverage.

The root cause of this problem? Simple human nature. Whether we talk about publicly administered health coverage programs that provide assistance scaled to need or privately administered retirement savings programs offered to corporate employees, adding even modest amounts paperwork has a powerful impact limiting participation levels. When cognitive "bandwidth" is already stretched, by

background life stresses, by difficulties in understanding benefit programs, or by multiple steps required to apply, participation levels are affected especially deeply.

There are not many situations in life where people are more cognitively stretched than with unemployment. Job loss is often traumatizing, and health insurance rarely reaches the top of the priority list. Most laid-off workers are focused intensely on such core, survival needs as obtaining UI benefits, finding a new job, paying the rent or mortgage, and feeding their families. Very few laid-off workers have the bandwidth to master new and complex health care programs, then complete all the necessary paperwork.

The good news is that, in some times and places, smart leaders have overcome this challenge, and Maryland is poised to join their ranks. When overwhelmed, laid-off workers receive significant individual assistance, they can finally receive the health care that they and their families need.

With the Health Coverage Tax Credit program, in some parts of the country unions or state agencies played a strong hands-on role, completing paperwork for beneficiaries and proactively spotting and solving problems. Participation levels more than doubled in such cases, reaching 50% or even 90%.

A more recent example comes from Kentucky. Last Spring, that state's UI agency gave Kentucky's Medicaid program contact information for all UI claimants. Medicaid sent the claimants email messages explaining potential availability of free or low-cost health insurance and urging claimants to submit an application by clicking a link and completing a simple, five-question form.

As you would expect, given the circumstances facing most laid-off workers, few completed the form. But many opened their email messages, indicating potential interest in health coverage. Medicaid agency staff called each and every person who opened the email message but failed to complete an application for health coverage. More than 130,000 people received Medicaid in less than four months. This was the most successful Medicaid enrollment effort in the country.

SB 893 would let Maryland build on these past, one-time efforts and make them an ongoing feature of the state's approach to safeguarding health security for residents going through tough times. Precisely such an approach was recommended by Christen Linke Young last year, then of the Brookings Institution and now leading the Biden administration's health care team on the Domestic Policy Council.

For this bill to achieve its potential, two challenges must be mastered. First, policymakers should avoid placing financial or significant operational burdens on the Department of Labor. Maryland can borrow a page from other states' interagency efforts focused on health care, where the health agency provided the funding and did the heavy lifting.

The Kentucky example I mentioned earlier, for example, asked the UI agency to do nothing more than provide Medicaid with contact information for UI claimants. All the remaining work – communicating with claimants and helping them enroll into coverage – was shouldered by the Medicaid program. Officials report that the administrative burden was surprisingly modest, not requiring the Medicaid agency to hire addition staff or increase its contracting capacity.

Along similar lines, when Louisiana provided uninsured children with health coverage based on their participation in the Supplemental Nutrition Assistance Program (SNAP), the SNAP agency wanted to send out the initial communication to its program beneficiaries. The Medicaid program drafted the notice and covered all the mailing costs. We can take a similar approach here in Maryland.

The second issue is follow-up. When claimants check a box asking to have their information shared with the Exchange to determine their eligibility for free or low-cost health insurance, it will not be enough to send them a standard notice that urges them to go on line and submit an application. Unfortunately,

only a minority will receive coverage under that traditional approach. Long experience teaches that, to enroll laid-off workers who want health coverage but are overwhelmed by the challenging circumstances they face, the Exchange will need to have someone contact those workers directly and takes their applications over the phone. This can be done by call-center staff, navigators, brokers, or others – but a proactive, person-to-person enrollment effort will prove essential for this legislation to accomplish its goals.

According to the U.S. Census Bureau, during the last half of January 2021, nearly 150,000 Maryland adults who relied on UI had no health insurance at all.[1] The UI program has found that these laid-off workers are unemployed, for no fault of their own, and they are actively looking for work. Recent national survey data about uninsured, UI recipients shows that:[2]

- Half are people of color;
- 75% are working-class people, with neither a 2-year nor a 4-year college degree;
- A third report not having enough food to eat the week before the survey; and
- Nearly half have no confidence or only slight confidence in their ability to pay the next month's rent or mortgage.

Census Bureau data before the pandemic showed that UI claimants in rural America were 21% more likely to be uninsured than UI claimants in urban and rural areas.

Simply put, SB 892 would assist Marylanders who need and deserve your help.

The problem addressed by the bill is fundamental. High-quality, affordable health insurance is a necessity at any time. It lets people seek care before their medical conditions degenerate to the point where costly hospitalization may be necessary and treatment may become less effective, often with grim results. Good health insurance also prevents unaffordable health care bills from triggering medical bankruptcy.

And today – while a deadly pandemic continues sweeping through our state, and families struggle through the worst economic downturn since the 1930s – making sure that everyone eligible for health coverage receives must be a top state priority. We Marylanders are fortunate that leaders, across party lines, have come together again and again to make that aspiration a reality. This bill is one more important step in that direction, furnishing Maryland's hard-pressed families with the health care they need to thrive while giving the rest of the country an example of what common-sense, pragmatic policymaking can accomplish.

I would be delighted to answer any questions you may have.

---

[1] U.S. Census Bureau, Household Pulse Survey data tables for January 20 – February 1, "Health Table 3. Current Health Insurance Status, by Select Characteristics: Maryland," February 10, 2021. https://www2.census.gov/programs-surveys/demo/tables/hhp/2021/wk23/health3_week23.xlsx

[2] Stan Dorn and Rebecca Dorn. Congress Can Provide Millions Of Uninsured Workers With Health Care By Connecting Unemployment Insurance Beneficiaries With Health Insurance Premium Tax Credits. (Families USA, February 2021) https://www.familiesusa.org/wp-content/uploads/2021/02/COV2021-32-Congress-Health-Care-Insurance-Beneficiaries-Tax-Credits_Analysis_LayoutB.pdf