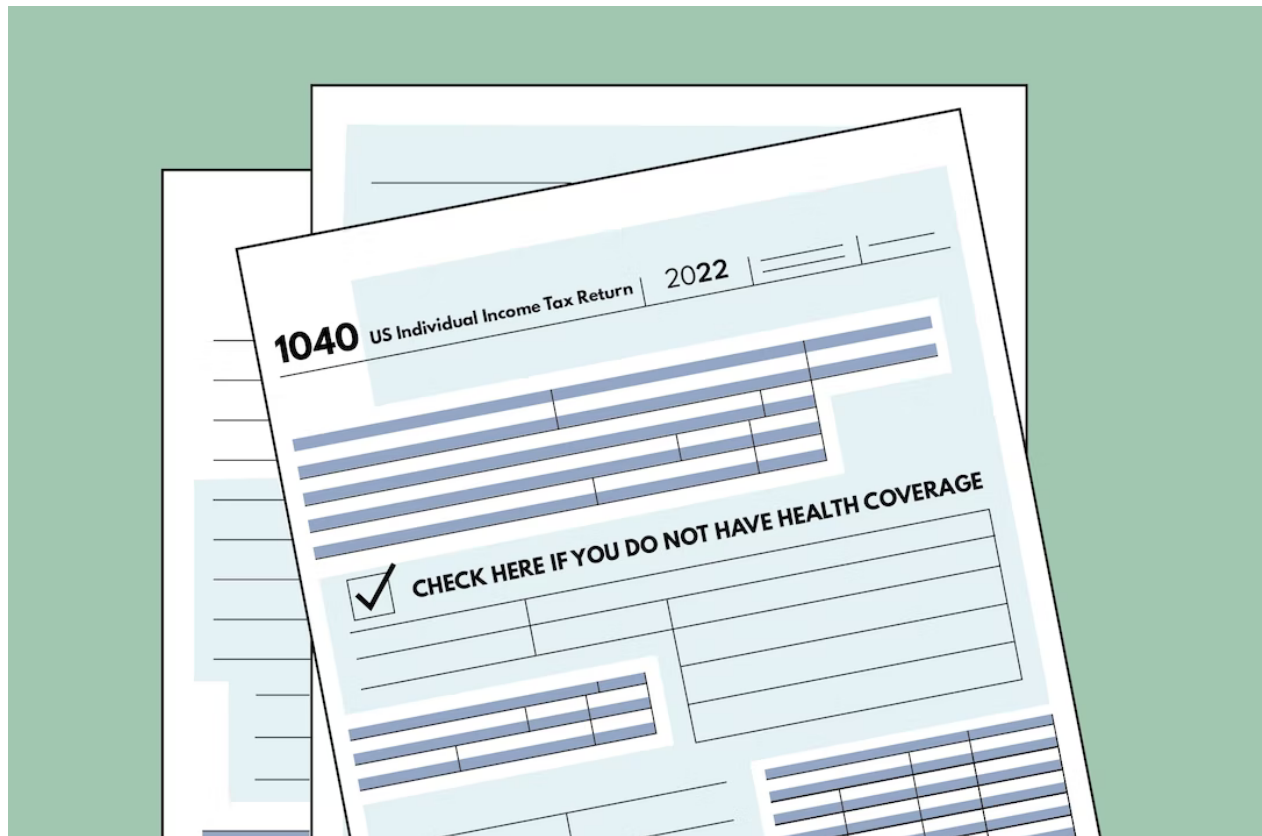


# Gaining Equity with Automatic Health Coverage

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## Takeaways

Despite historic gains in coverage from the Affordable Care Act, millions of Americans still find themselves uninsured, a disproportionate number of which are people of color. For some, the health insurance landscape is difficult to navigate, especially for working families whose employer does not provide coverage and those not proficient in English. The Easy Enrollment in Health Care Act introduced by Senator Chris Van Hollen and Representative Ami Bera provides an efficient solution—automatic coverage. Using their tax returns, millions of Americans would be able to opt into free or affordable health insurance for which they already

qualify. And we could reach even more Americans by including a similar option on federal assistance program applications, like Women Infants and Children (WIC).

Getting health care coverage should be easy and automatic for everyone. Automatic coverage would help address the inequities in our health care system by:

1. Increasing insurance rates among people of color
2. Improving health outcomes
3. Decreasing medical debt
4. Increasing accessibility for non-English speakers
5. And increasing resources for underserved facilities.

Throughout the 2010s, the number of people without health insurance was virtually cut in half. The Affordable Care Act was the clear driver of this, bringing the uninsured population down from 48 million to 28 million, before creeping up to 30 million under the Trump Administration.<sup>1</sup> The success of the ACA should be heralded, but the fact remains that too many people don't have the protection they need from health care costs. To put the number in perspective, 30 million people is the entire population of Texas.

When people don't have health insurance, they often don't receive preventative care, are usually sicker by the time they do seek care, suffer worse outcomes, and are far more likely to end up with crushing medical debt. And in the United States, the color of your skin has an outsized impact on whether or not you have insurance. While 7.8% of white people lack coverage, people of color have even higher rates—11.4% of Black people, 20% of Hispanic people, and 21.7% of American Indian Alaska Native people.<sup>2</sup>

Getting health care coverage should be easy and automatic for everyone. In this report, we explain how millions of Americans are left out of health coverage under existing programs, how to build on the ACA to make enrollment easy, and how that would help bring more equity to the health care system.

## **Getting Health Insurance has Many Obstacles (not just cost)**

For many uninsured people, health insurance is inaccessible, whether that is due to perceived high costs, actual high costs, or the complicated process of enrolling. For busy working families whose employer doesn't provide coverage, getting coverage on one's own is often unfamiliar and hard to

navigate. A 2021 survey found that only 6% of people without health insurance felt completely confident navigating health care.<sup>3</sup> Further, many may not know they qualify for affordable coverage through the ACA. In fact, about 58% of people without coverage qualify for free or low-cost coverage.<sup>4</sup>

## **A 2021 survey found that only 6% of people without health insurance felt completely confident navigating health care.**



In addition to cost, there are numerous other barriers to securing health coverage. For families with limited English proficiency, health care in the United States can be intimidating and confusing.<sup>5</sup> Health literacy—the ability for people to understand health care terms and processes—also continues to be an obstacle to gaining coverage. In the United States, only 12% of people have “proficient” health literacy. And those who lack this skill are typically poorer, less educated, face cultural barriers, and have learning difficulties.<sup>6</sup> In addition to this, the process of attaining insurance itself can be overly cumbersome and confusing. The challenges of the enrollment process include different forms assessing financial need, using different measures for income (monthly vs. yearly), and hard-to-predict future income.<sup>7</sup>

## **What is Automatic Coverage, and How Can It Address the Insurance Gap?**

The ACA laid the foundation for affordable health care, and the American Rescue Plan built on that by increasing eligibility and capping health care costs for those who buy their own insurance. Democrats should continue to build on the ACA and ensure coverage in states that have not expanded Medicaid. But how do we help the millions of uninsured Americans, disproportionately people of color, who don’t know how or choose not to navigate our health care system? The answer: Automatic coverage.

The Easy Enrollment in Health Care Act, introduced by Senator Chris Van Hollen and Representative Ami Bera and championed by Families USA, provides an effective model for implementing **automatic coverage through federal tax returns**. They would do this in two steps:

1. When filing federal income tax returns, taxpayers could check a box to notify their state health exchange that they are in need of coverage.
2. If they qualify for a \$0 premium health plan and don’t opt out, they’d be automatically enrolled in one. If they don’t qualify for a free insurance plan, their state health exchange would send them a choice of insurance options in the mail so they could easily select one.

This model is based on a program that was successfully implemented in Maryland in 2020. In its first year, more than 60,000 people elected to share their information with the marketplace via their tax forms. Nearly 53,000 were deemed eligible for coverage.<sup>8</sup> Since then, Colorado and Virginia have enacted similar legislation, and several other states are currently considering legislation.<sup>9</sup>

Using federal tax returns to enroll people in health insurance can help millions, but some Americans aren't required to file income tax returns. In 2020, around 32 million households didn't have to file a federal tax return because they made below a certain income threshold, which is typically around \$28,000 for a married couple.<sup>10</sup> About half of uninsured people make below 200% of the Federal Poverty Level, which is around \$36,600 for a married couple.<sup>11</sup> This means a large portion of uninsured people aren't required to file a tax return.

We can reach this population by **expanding automatic coverage to safety net programs**. Similar to enrollment through federal tax returns, applications for programs such as WIC, the Supplemental Nutrition Assistance Program (SNAP), the National School Lunch Program, and Pell grants could include a similar box that people can check to connect them with health care programs in their state.

Including these other government assistance programs in this automatic coverage effort would expand access to millions more disproportionately minority and low-social economic communities. For example, 30 million children participated in the National School Lunch Program in 2016 and 14 million Americans participated in WIC in 2017, all disproportionately people of color. Reaching these people who are already participating in some form of public assistance that they trust and are comfortable with could greatly expand access.

Federal tax credits and payments to states through Medicaid would increase under automatic coverage. To offset the federal costs, Congress should stop the many ways health care nickel and dimes patients under a fee-for-service payment system. These wasted expenditures come from patients receiving multiple bills for one episode of care. For example, a heart attack victim should receive a single bill instead of dozens from different providers. Congress can end the nickel and diming by adopting comprehensive payments for a whole episode of care or a whole year of care for each patient.

Another source of waste is from excessive prices. In many areas of the country, hospitals have consolidated to the point where competition no longer exists, which has led to high prices. Congress should limit excessive prices when competition has failed to hold them down. Eliminating waste and excessive prices is part of a comprehensive Third Way proposal to cap costs for all.<sup>12</sup>

## **Automatic Coverage Will Decrease Health Inequities**

People of color face numerous barriers in our health care system, including access, cost, and discrimination, among others. Automatic coverage could help break down some of these obstacles by ensuring access to health insurance coverage is “automatic” and less burdensome. From an equity standpoint, this would:

1. **Increase insurance rates for people of color:** Access to care continues to be one of the biggest obstacles facing people of color. A disproportionate share of people of color lack health insurance. Despite making up 43% of the US population, people of color account for nearly 60% of the uninsured population.<sup>13</sup> Many uninsured people of color qualify for government programs like Medicaid but are more likely to be unaware they do. Automatic coverage would help connect Americans to these programs and help millions more sign up for affordable health insurance on the ACA exchanges. About 80% of uninsured people file federal taxes, and many who don’t file taxes are enrolled in another federal program like SNAP.<sup>14</sup> Automatic coverage is a more comprehensive way to reach most uninsured Americans.
2. **Improve health outcomes:** For many reasons, including access and cost, people of color are less likely to seek out preventive or necessary medical care. Missing yearly check-ups could mean a chronic illness goes undiagnosed or untreated, resulting in worse health, lower quality of life, and larger bills down the line. People of color have higher rates of chronic illnesses, including diabetes, obesity, stroke, heart disease, and cancer than white people.<sup>15</sup> These higher incidence rates coupled with a lack of health insurance have contributed to racial health disparities. By increasing insurance rates through automatic coverage, people of color would have better access to medical care, which means healthier, happier lives.
3. **Decrease medical debt:** Many uninsured Americans are saddled with medical debt when they can’t afford to pay for care. Forty percent of people of color said they would need to borrow money to pay a medical expense that cost more than \$500.<sup>16</sup> In 2019, 16% of Black Americans, almost twice the national average, reported having significant medical debt.<sup>17</sup> Automatic coverage would ensure more Americans are insured and shielded from debilitating medical debt.
4. **Increase accessibility for non-English speakers:** Another barrier to health care access is language. Sixty-seven million US residents speak a different language at home and nearly 26 million don’t speak English well or at all, which can make applying for health insurance confusing and difficult.<sup>18</sup> Filing your taxes and established programs like SNAP already offer comprehensive language and support services that they’ve been improving for decades. The Internal Revenue Service website offers basic tax information in 20 languages and over-the-phone interpreter services in more than 350 languages.<sup>19</sup> Navigating health insurance enrollment as a non-native English speaker can be hard. Expanding automatic access to help non-English speakers would make a confusing and difficult process far easier.

5. **Increase resources for medical facilities in underserved areas:** Automatic coverage would also help medical facilities in underserved areas. Safety net hospitals are required to treat patients, regardless of their insurance status, meaning they're often uncompensated for the care they provide.<sup>20</sup> They rely on government funding and operate on thin profit margins, and even then, some are forced to close due to a lack of resources. For those that do manage to stay afloat, they are severely under-resourced and often can't handle the patient demand. Automatic coverage would allow these hospitals and facilities to be reimbursed by insurance companies for the care they provide to low-income communities. More financial resources would allow these facilities to stay open and provide better quality care to patients.

## Conclusion

Millions of Americans still lack health insurance, a disproportionate number of which are people of color. The Easy Enrollment in Health Care Act introduced by Senator Van Hollen and Representative Bera would scale a successful state-level automatic coverage program to the federal level.

Enrollment through tax returns will make health insurance more accessible for many uninsured Americans. And including similar enrollment options on safety net program applications would help enroll those who don't file a tax return. Automatic coverage would have big implications for equity in health care, addressing one of the biggest barriers—access.

Finding and enrolling in health insurance can be confusing and difficult. Automatic coverage would remove that barrier for the millions of uninsured people in America.

### TOPICS

<b>HEALTH CARE COSTS</b> 72
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