

GAO
HEALTH CARE CAPSULE
MEDICAID IN
TIMES OF CRISIS
 Accessible Version

Medicaid is the federal-state health care financing program serving over 70 million Americans of all ages, often with complex conditions. These Americans are often the most vulnerable when crises hit. Medicaid has been used to increase funding to states and provide services to those affected.





IN TIMES OF CRISIS...

When pandemics, economic recessions, natural disasters, and other crises occur, states and the federal government initiate efforts to mitigate damage and protect vulnerable groups. Some of these efforts have included using Medicaid to ensure eligible individuals continue to have access to essential health services.

For example, states have enrolled individuals into Medicaid who have been affected by a crisis, such as those evacuating their residences due to natural disasters; and the federal government has waived program restrictions to allow states more flexibility, such as expanding telehealth services when in-person visits were not reasonable. Legislation has also provided additional funding and coverage in response to various crises.

This capsule pulls from a number of GAO reports to examine how the federal government and states have used Medicaid in times of crises.

Figure 1: Examples of State and Federal Use of Medicaid during Times of Crisis

Crisis	Examples of legislative action	Examples of state and federal use of Medicaid during crises
 <p>Pandemics and epidemics Widespread diseases can severely disrupt day-to-day life and exacerbate existing health and social problems.</p>	<p>In response to COVID-19, the Families First Coronavirus Response Act increased Medicaid funding and allowed states to cover testing for uninsured individuals.</p>	<ul style="list-style-type: none"> ▶ As of the end of 2020, federal spending under Medicaid for COVID-19 totaled about \$25 billion—7 percent of all federal Medicaid spending in 2020. ▶ 15 states used Medicaid flexibility to cover testing for people who were uninsured.
 <p>Economic recessions When unemployment rises and income declines, demand for Medicaid increases while state budgets become strained.</p>	<p>After the Great Recession began in 2007, the American Recovery and Reinvestment Act of 2009 provided increased funding to address the increased Medicaid enrollment that resulted from job losses.</p>	<ul style="list-style-type: none"> ▶ Medicaid enrollment grew by over 14% nationally between late 2007 and early 2010. ▶ Over 3.5 million children were newly enrolled in Medicaid during the same time period, largely due to the recession.
 <p>Natural disasters Severe weather events threaten health and safety and decrease access to health care.</p>	<p>After Hurricane Katrina, the Deficit Reduction Act of 2005 provided increased funding to ensure individuals who needed health care and were displaced by the hurricane had access to Medicaid coverage for their health care needs.</p>	<ul style="list-style-type: none"> ▶ States extended coverage to an estimated 118,600 individuals from late 2005 through early 2006. ▶ Several states enrolled a large number of evacuees into Medicaid: Texas enrolled nearly 39,000 in January 2006.
 <p>Personal health crises Some health diseases like cancer can be crippling, and not everyone may have access to treatment.</p>	<p>The Breast and Cervical Cancer Prevention and Treatment Act of 2000 (Treatment Act) allowed states to extend Medicaid coverage to certain people needing breast or cervical cancer treatment.</p>	<ul style="list-style-type: none"> ▶ 43,549 people needing these treatments enrolled into Medicaid in 2019. ▶ As of 2019, 48 states extended Medicaid eligibility under the Treatment Act to individuals needing these treatments.

Source: GAO. | GAO-21-343SP

Each crisis may have unique circumstances and require different approaches for using Medicaid. To the right are the types of questions and considerations that can be used to assess how—and whether—Medicaid can help.

Figure 2: Examples of National Health Crises That Occurred in the Past 15 Years and Corresponding GAO Reports



Source: GAO (data); Brian Nolan, iamchamp, neirfy, Halfpoint/stock.adobe.com (photos). | GAO-21-343SP

POLICY QUESTIONS

- ▶ How—and under what circumstances—should Medicaid be used to aid individuals during times of crisis, and how can it be done efficiently and effectively?
- ▶ How can spending flexibility be increased during times of crisis while continuing to manage risks of Medicaid improper payments, which totaled over \$85 billion in 2020?

POLICY CONSIDERATIONS

- ▶ Improved federal oversight during a crisis could help ensure that beneficiaries are receiving appropriate care.
- ▶ Medicaid serves groups of people with very different health needs, so states may need an array of tools to ensure beneficiaries are provided for during different types of crises.
- ▶ Medicaid is one of the largest components of states' budgets, and states' ability to accept additional federal funds may depend on any requirements for participation and their possible impact on state resources.

GAO RECOMMENDATION

During recessions, GAO has recommended that Congress consider enacting automatic increases in federal Medicaid spending based on each states' increased unemployment and decreased revenues. Implementing this automatic, temporary change would increase federal Medicaid support in a more timely and targeted fashion.

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