



WHAT YOU NEED TO KNOW ABOUT Uninsurance in America

PRO POINTS

- **The nation's uninsured grew by some 1 million in 2019, before the pandemic and unemployment crisis hit.**
- **It's still unclear how many people have lost insurance** due to the twin crises. But a [microsimulation model](#) from the Urban Institute projects that the ranks of the uninsured will grow to 2.9 million more people by year's end.
- **The upcoming Obamacare open enrollment period will show how the insurance marketplaces measure up as a safety net — or whether high premiums and deductibles scare away people who need coverage but don't qualify for enough subsidies.**
- **As the jobless numbers start baking into chronic unemployment, Medicaid enrollment, particularly in states that have expanded the program, will likely burgeon — straining state budgets.**

HOW WE GOT HERE

Job-based insurance underpins the U.S. health system. So when the pandemic inflicted a major blow to the economy, experts were quick to warn that millions would lose their health plans.

With the “K-shaped” recovery picture a little clearer now, we've seen that commercial insurance losses haven't been as widespread as predicted. Many of the people who face

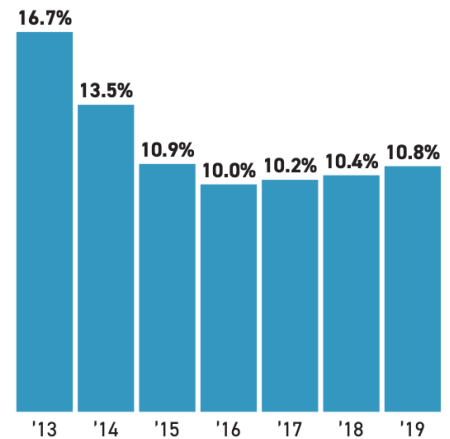
permanent job loss are low-wage workers who didn't get coverage through work to begin with, so they either relied on Medicaid or the Obamacare exchanges — or simply did without.

Seven months into the pandemic, more than 25 million Americans are still receiving unemployment benefits, even though the jobless rate has fallen to just under 8 percent after an April high of nearly 15 percent. Each state looks different, however, and in the 12 states that didn't expand Medicaid, the coverage safety net simply isn't there for many poor Americans.

And the stubbornly rising prices for coverage, coupled with the drop in Obamacare enrollment since President Donald Trump took office, means the system was already poised for a continued decline in the insurance rate even before the pandemic struck. In 2018, 28.3 million people lacked insurance, up from the record low of 27 million in 2016.

Uninsured rate was already rising pre-pandemic

Share of U.S. non-elderly population uninsured



Source: Census Bureau



WHAT'S NEXT

The coverage picture could get even worse. Major insurance companies have credited most of the enrollment gains they've seen in their privatized Medicaid markets to the fact that states can't kick people off the rolls while the pandemic lasts. When the crisis ends, states and the federal government will face a huge tangle in sorting out who gets to stay on Medicaid, which currently insures 1 in 5 Americans.

We also may not see huge net gains in the Obamacare individual market, which has always stayed relatively small — topping out at 12.7 million people in 2016 and hitting 11.4 million this year. Given the sorry state of the economy, the high costs of Obamacare coverage both in premiums and deductibles may deter many from signing up for plans. Plus, there's always substantial churn between the exchanges and expanded Medicaid — likely more so during this recession — and any gains in the individual market may very well be offset by exchange enrollees moving to Medicaid.

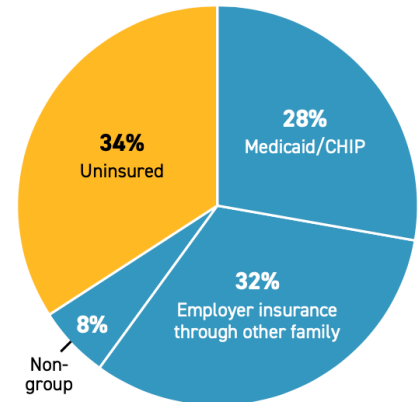
It's also an open question how many small businesses will be able to keep offering health coverage if their finances are suffering. A study from the New England Journal of Medicine showed that only about 5 percent of small firms got premium relief from insurance companies.

The future of health coverage will continue to be a hotly contested topic no matter who wins the election. A President Joe Biden would face pressure from the Democrats' progressive wing to follow through with his pledge to expand public insurance through a Medicare-like option for anyone, as well as lowering the Medicare age. President Donald Trump during a second term would likely pursue policies to continue fragmenting the insurance market with health plans that don't comply with Obamacare's robust coverage requirements.

And the elephant in the room, of course, is the upcoming case to overturn the entire Affordable Care Act, docketed for a Nov. 10 Supreme Court hearing. If the Trump-backed lawsuit wins the day, more than 20 million people could lose ACA and Medicaid coverage.

One third of newly unemployed will also become uninsured

Simulated outcomes for workers and family members losing employer insurance in 2020



Source: Urban Institute's Health Insurance Policy Simulation Model

POWER PLAYERS



President Donald Trump

The president has made clear before and during his presidency his ambition to overturn Obamacare, and he has worked administratively to open up the market with alternative plans. The nation's coverage rates have steadily declined under his tenure.



Joe Biden

Biden is running on restoring Obamacare funding and clamping down on less robust alternative health plans that Trump has expanded. If he wins he could face legal battles as he seeks to return the exchanges to the Obama era — and an all-out political war if he moves ahead with his plan to expand public insurance as a way to deal with high costs.