



THE NATIONAL CENTER FOR
COVERAGE INNOVATION



Income-tax filing as a launching pad to health insurance enrollment: Background and initial results from Maryland Easy Enrollment

Stan Dorn, Director of National Center for Coverage Innovation at Families USA
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Overview

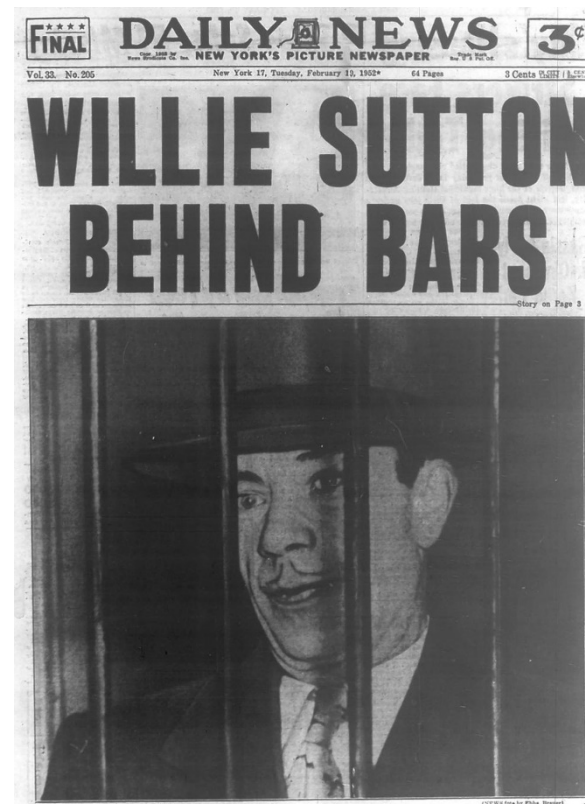
Why taxes?

Early Maryland results

State and federal policy implications

Why income-tax filing?

1. That's where the eligible uninsured are
 - Tax filers, among pre-ACA uninsured, were estimated to include
 - ❖ 59% of Medicaid-eligible adults
 - ❖ 72% of Medicaid-eligible children
 - ❖ 88% of uninsured eligible for premium-tax credits (PTCs)
2. That's where the eligibility-related data are. For example:
 - Income data that verifies current Medicaid eligibility
 - Social security numbers that can often verify citizenship
3. That's where professionals are often helping people compile documents
4. That's when household credit balances are most favorable



Limitations of tax-filing

- Affirmative consent needed for disclosure
 - Opt-out-based disclosure could interfere with core mission: obtaining revenue, through mostly voluntary compliance
- Avoid asking about citizenship and immigration status
- Tax preparers
 - Time is money
- Some states lack Earned Income Tax Credits
- Bandwidth at revenue agencies can be limited





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Vision of Maryland Easy Enrollment

- Enacted with remarkable bipartisan support
 - Unanimous State Senate vote
 - Overwhelming House vote, including leadership from both parties
 - Lead sponsors were Democrats, signed enthusiastically by a Republican Governor
- State income-tax filing
 - On the main form: authorization for disclosure of return data to Maryland exchange, to see if tax filer qualifies for free or low-cost health insurance
 - Supplemental form can gather other information
 - ❖ Best way to contact tax filer
 - ❖ Can't ask about information available to exchange from other sources
 - ❖ No questions about immigration status or citizenship
- Most file electronically, at all income levels. Goals:
 - Real-time eligibility determination, as often as possible
 - For Medicaid-eligibility consumers, automatic enrollment unless person opts out
 - ❖ Existing method for auto-assigning consumers to Medicaid Managed Care Organizations
 - Individual-market coverage, for those ineligible for Medicaid
 - ❖ Special enrollment period
 - ❖ Automatic enrollment into zero-net-premium coverage, if eligible consumer fails to select a plan?
 - Opposed by the largest individual-market carrier

Phased implementation

Phase 1

- Taxable year 2019, tax-filing season 2020
- Tax agency sends batch files
- No supplemental tax form
- Direct mail campaign, with preliminary eligibility determination
- Recipient of mail notice applies via standard portal

Phase 1.5

- Taxable year 2020, tax-filing season 2021
- Medicaid agency wants federal guidance about its authority to implement various innovations
- Federal Medicaid guidance not obtainable in time for state tax agencies to finalize forms
- Goal: work with tax companies to develop software through which e-filers can come as close as possible to real-time eligibility determinations, auto-enrollment into Medicaid
- Exchange has application programming interface (API) to which tax software can connect
- COVID-19 crisis imposes bandwidth demands, so not clear how far state can get

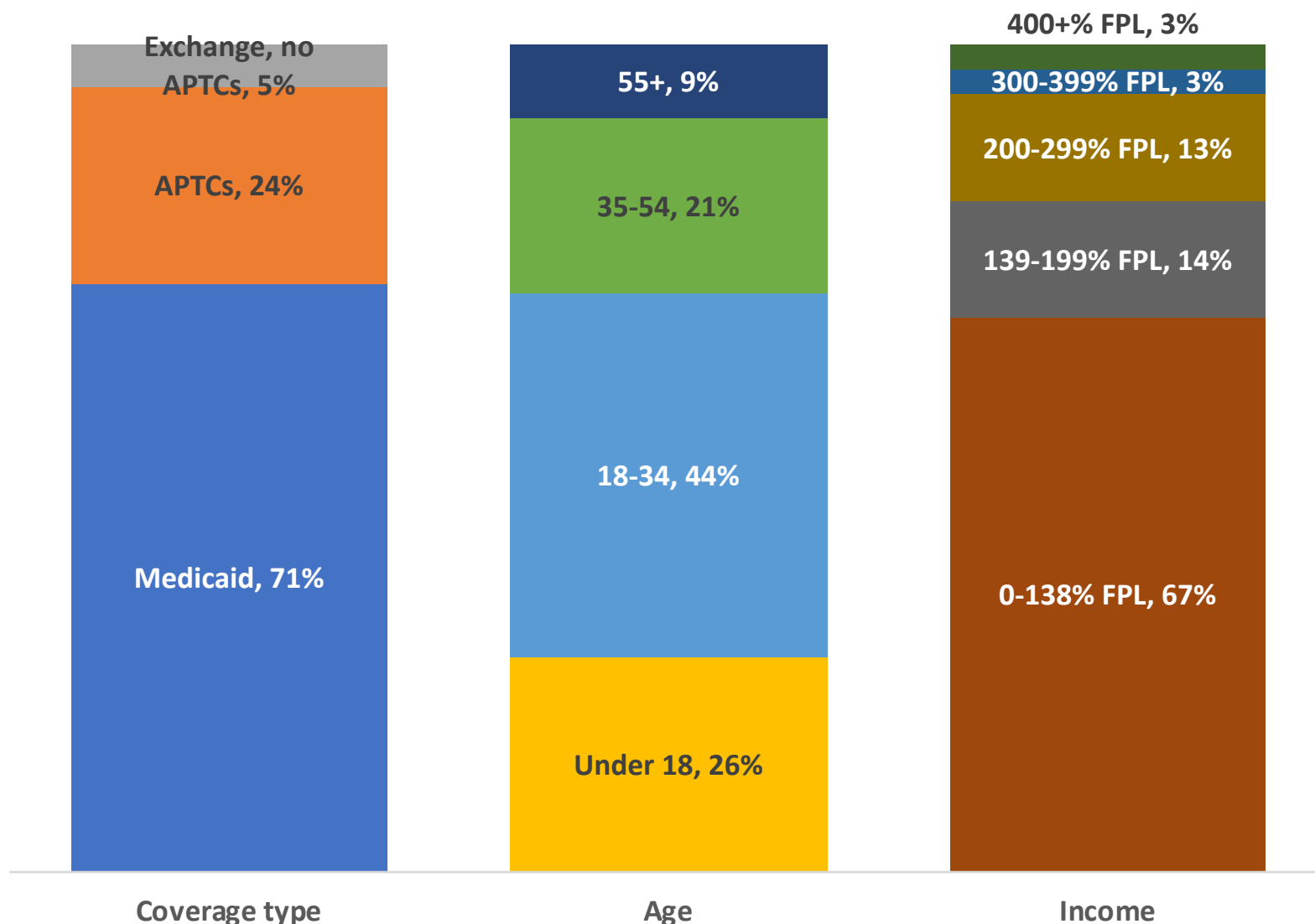
Phase 2

- Taxable year 2021, tax-filing season 2022
- Full implementation, with supplemental tax forms and active interface between tax agency and exchange

Phase 1 results, thus far

- Past experience suggested that modest enrollment results were likely from a direct-mail campaign
 - Before ACA, New Jersey and Maryland achieved <1% response rate for similar efforts directed at uninsured children eligible for Medicaid or the Children's Health Insurance Program
 - In January 2017, the Internal Revenue Service (IRS) sent letters to 3.9 million households that had paid a penalty for lacking health insurance. The letter indicated that further penalties would result if the recipient did not sign up, and that low-cost coverage might be available.
 - ❖ Compared to a control group of similar tax filers who were not sent such letters the mailing increased coverage by 1.3 percentage points. During the two years following the intervention, mortality in the experimental group fell by statistically significant amounts among adults age 45-64.
- Surprisingly positive enrollment results thus far in Maryland. By April 30, 2020:
 - 38,231 tax filers were sent notices, with information about potential eligibility for free or low-cost health insurance, after checking the relevant box on the tax form
 - 2,846 had enrolled into coverage
 - ❖ 7.4%, relative to households sent notices
 - ❖ Not the same as a take-up rate: households sent notices, individuals enrolled
 - ❖ Clearly exceeded past enrollment successes
 - Possible contributing factors
 - ❖ Significant publicity, including ads featuring "Easy Eddie" Murray, former Hall-of-Fame Baltimore Oriole
 - ❖ Extensive work with tax preparer community

Characteristics of Phase 1 enrollees: February 28 – April 30, 2020



Source: Maryland Health Connection Data Report, April 30, 2020.

N = 2,846



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State policy implications



- Other states could consider similar policies
 - Healthcare.gov states could achieve important gains in Medicaid, including for children
 - ❖ People with incomes > Medicaid levels could be considered for special enrollment eligibility or encouraged to apply quickly when open enrollment next begins
 - States that use their tax codes to enforce individual-responsibility requirements could let taxpayers avoid penalty by enrolling into coverage at tax time
- Key lessons learned
 - Lesson #1: The importance of policy collaboration. Tax agency, exchange, Attorney Generals' office, carriers, Medicaid agency, tax preparers, consumer advocates, community representatives, health care providers, key legislative leaders all involved.
 - Lesson #2: The importance of the tax-preparation community to effective implementation
 - ❖ Avoid asking questions about health status that could trigger HIPAA concerns
 - ❖ Try to avoid triggering new potential due-diligence obligations under [Treasury Department Circular No. 230](#)

Federal policy implications

- States could benefit from flexibility and support
 - Public charge
 - Access to federal source data without going outside the federal data services hub
 - ❖ E.g., citizenship data maintained by the Social Security Administration
 - More robust data infrastructure to automate eligibility determination. E.g.
 - ❖ National directory of new hires
 - ❖ Collect payroll data in real time nationally
 - ❖ Include health coverage information in new-hires reports
 - Federal authorization for state pilots, including technology funding
- Federal government could use individual income tax filing as a launch-pad to auto-enrollment into health coverage
 - IRS needs significant new funding for information technology and staff
 - Revise eligibility criteria to accord with available data. E.g., borrow the approach to means-testing used with federally-funded student aid and premiums for Medicare Parts B and D:
 - ❖ Have prior-year tax records establish eligibility, without reconciliation “claw-backs”
 - ❖ Let families obtain more aid by showing their circumstances have worsened
 - Shift enrollment cycle to overlap with tax-filing season, and change plan years accordingly
 - Challenges to full automatic enrollment
 - ❖ State concerns about inability to control Medicaid costs
 - ❖ Carrier concerns about competitors benefiting from automatic enrollment

But what about COVID-19?



- [Between 7.3 million and 15.8 million people are projected to become uninsured](#), even though
- [79% of people who lose employer-sponsored insurance due to COVID-triggered unemployment will qualify](#) for at least some financial assistance paying for coverage
- Historically, laid-off workers have generally not been enrolled into health coverage, whether through [Health Coverage Tax Credits](#), [COBRA subsidies](#), or [ACA implementation](#), including [special-enrollment periods](#)
- Tax time will remain a prime opportunity to enroll the uninsured into coverage
- Unemployment-insurance filing offers similar potential
- Especially important during pandemic
 - The uninsured are [far more likely to delay seeking necessary care because of cost](#). Such delays both endanger the uninsured and risk the spread of infection to families and the community.
 - **Fewer insured = less revenue for health care industry, triggering further job losses.**
 - ❖ Before COVID-19, [health care provided 14% of all private-sector jobs](#) – more than any other single economic sector
 - ❖ During the first quarter 4.6% drop in GDP, [health care caused 42% of the total decline](#) in personal consumption expenditures
 - ❖ In April, [health care lost 1.5 million jobs](#) – second only to restaurants

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