

# Medicaid disenrollment threatening clinics and hospitals relied on by workers and the poor

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7 March 2024

One year since the start of Medicaid disenrollment, the broader, devastating effects of the policy are becoming more clear as community health centers and health facilities in rural areas are experiencing sharp revenue losses that threaten closures and layoffs.

Even temporary lapses in coverage for individuals and families puts these facilities, who heavily rely on Medicaid reimbursements, in a precarious financial position. There is a distinct possibility that even as some people regain Medicaid or are able to purchase other insurance, there may no longer be accessible or quality healthcare available to them.

Community health centers (CHCs) provide primary and preventative care to over 30.5 million low-income and vulnerable populations across the US. Over the past decade, CHCs have increasingly relied upon Medicaid reimbursements to stay afloat; roughly half of patients seeking care at CHCs were Medicaid enrolled as of March 2023.

While the full extent of revenue losses is not yet known, researchers at George Washington University Milken Institute of Public Health have provided estimates in a 2023 report. The report indicates that health centers can expect to lose up to \$2.8 billion in revenue, or a 7.2 percent loss of total CHC revenue, as a product of Medicaid disenrollment. Researchers note that this loss would likely lead to the loss of over 20,000 full-time employees from layoffs and resignations as staff seek higher paying jobs.

These estimates are beginning to come to life in reports from struggling facilities that highlight the effect on communities.

A recent *New York Times* report told the story of Bethesda Pediatrics, a nonprofit medical clinic in East

Texas, where staff have described children missing appointments due to loss of coverage and families who are unable to pay for vaccinations and other necessary care. The clinic operates on a \$10,000 monthly deficit and relies upon supply donations from a local church and discounted antibiotics from a nearby pharmacy.

The report also looked at a network of clinics in Louisville, Kentucky called Family Health Center. Melissa Mather, spokesperson for the clinics, described the losses due to Medicaid disenrollment, who states that their clinics have lost more than 2,000 patients since the policy change in April, about a six percent reduction in their patient population. Each percentage drop, Mather estimates, is equal to a \$175,000–200,000 drop in revenue.

Facilities like Family Health Center rely on federal grant money and Medicaid reimbursements to stay afloat. Operating on very thin margins, Medicaid reimbursements provide a financial cushion to cover the loss of serving underinsured or uninsured patients. Community health centers in particular have struggled with the ending of pandemic relief funding as they have very little financial flexibility.

Rural hospitals are also expected to face worsening financial pressures and an increase in closures. Medicaid is relied on more heavily in rural populations. Nearly half of children on Medicaid and 1 in 5 adults on Medicaid reside in rural areas.

There is no current data on the effect of Medicaid unwinding on rural health facilities, but some experts point to the slowdown of rural hospital closures with Public Health Emergency funding and Medicaid continuous enrollment as a sign of what will occur in the months and years following their reversal.

According to an analysis by University of North Carolina at Chapel Hill's Cecil G. Sheps Center for Health Services Research, 10 rural hospitals closed or stopped inpatient services in 2021–2022—during Medicaid continuous enrollment—while 31 closed in 2018–2019

According to the Kaiser Family Foundation Medicaid disenrollment tracker, 17.4 million people have been disenrolled from March 2021 to February 2024. Children make up roughly 4 out of 10 Medicaid disenrollments in the 21 states that provide age breakdowns with their data. Across states with available data, 70 percent of disenrollments are “procedural” i.e., caused by missed deadlines or paperwork errors. Large numbers were disenrolled because they did not receive the necessary forms from the state or their paperwork was mishandled by the state government after it was sent in.

This is a dangerous time not only for patients to be losing coverage but for facilities to be closing or reducing services. Care is needed now more than ever. With the new CDC guidelines that push infectious COVID-19 patients back to work and school, the impact of COVID on the population will be greatly exacerbated with increased viral spread and rising levels of Long COVID.

The global resurgence of measles not only puts children at risk but also highlights the danger of low vaccination rates, a trend that would certainly worsen if healthcare is more difficult for children and families to access. To cut off access to patients and simultaneously accelerate the closures of much needed services is a criminal act that will disproportionately affect the working class and poor.

Many experts warned that unwinding would need to be done carefully, with thousands of Centers for Medicare & Medicaid Services (CMS) workers hired to wage an aggressive campaign in the communities to alert, educate and assist with re-enrollment paperwork. But Medicaid agencies struggled with understaffing and a lack of up-to-date contact information for enrollees and were overwhelmed before millions of people began requiring assistance. But there is no amount of funding or hiring of CMS employees to “humanely” pursue these vicious policies.

In the same vein, any nominal changes to prescription drug costs or Medicaid coverage by the Biden

administration will do nothing but keep struggling clinics and community health centers limping along for a handful of months. Compared to the \$883.7 billion approved by the US Congress for military spending, the pittance offered for the health of America's working class and poor population, who are bearing the brunt of infections and longterm disability caused by the Biden administration's “let-it-rip” COVID policies, is a slap in the face.

Families do not experience the loss of healthcare in a vacuum. This loss is layered on top of already impossible living situations as families struggle with inflation, unemployment, disability and stagnant wages. The effect of losing healthcare, even for a matter of months, will have serious and longterm repercussions for the health of the population. People are already forced to skip doses of medication, miss important cancer screenings, cancel mental health counseling appointments and fall behind on childhood vaccinations schedules. On top of the daily stresses of life and concern for the health of their family, workers must also now engage in the bureaucratic nightmare of attempting to prove their eligibility for quality, accessible health care—a basic human right.



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