



New Jersey Health Care Quality Institute’s Report Links Higher Medicaid Costs to Continuation of Federal Unemployment Benefits

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The New Jersey Health Care Quality Institute has issued an important policy report which links the federal enhanced unemployment compensation benefits to reducing the impact on Medicaid budgets in all Northeastern and Midwestern states and elsewhere across the nation. This perspective is quite helpful when analyzing the limits on what states can do to rescue their residents from the pandemic’s economic hardships. It also points out the importance of further federal action to assist the states in addressing these hardships as well as providing further aid to unemployed citizens.

As identified in the NJHQ Institute’s brief, New Jersey as well as five other Northeast/Midwest states have already extended state unemployment compensation benefits by 20 weeks. Twelve Northeast/Midwest states have extended state unemployment compensation benefits by 13 weeks. Massachusetts provides 26 weeks of state unemployment benefits during periods of enhanced federal benefits.¹ The U.S. House of Representatives has passed the HEROES Act, H.R. 6800 which would extend the Pandemic Emergency Unemployment Compensation program (PEUC) to January 31, 2021, or for an additional period of 13 weeks for some workers to March 31, 2021.²

As of this writing, it is unclear whether the Senate will agree to continue, in some form, the \$600 additional federal unemployment compensation known as the Federal Pandemic Unemployment Compensation program (FPUC). What is known is that the continued increases in the rate of unemployment and the maintenance of effort mandate will continue to put enormous pressure particularly on all of the Northeast Midwest states and the many other states that have expanded their Medicaid programs.³

¹Center for Budget and Policy Priorities, Policy Basics: How Many Weeks of Unemployment Compensation Are Available? July 6, 2020 at <https://www.cbpp.org/research/economy/policy-basics-how-many-weeks-of-unemployment-compensation-are-available>

² H.R. 6800, 116th Congress, 2d Session

³Robert Wood Johnson Foundation(RWJF) and the Urban Institute, “Changes in Health Insurance Coverage Due to COVID-19 Recession: Preliminary Estimates Using Microsimulation.” July 2020. This study estimates that of the 48 million people who have lost jobs in the last 3 quarters of 2020, 28% of them will enroll in Medicaid, a 6.1%

The HEROES Act would help to offset this looming crisis by increasing federal reimbursement of state Medicaid expenditures (FMAP) by 14%, an increase of 7.8% over the additional Medicaid reimbursement to states under the CARES Act which ended on June 30, 2020.⁴ Without some Congressional resolution of these issues, state governments will be hard pressed to balance their state budgets without significant spending cuts, including cuts in their Medicaid programs, at a time when demand for services is growing.⁵

The New Jersey Health Care Quality Institute's report can be [found here](#).

increase nationwide. However, the Medicaid expansion states will experience approximately a 7% increase, with the nonexpansion states experiencing a 3% increase in Medicaid enrollment.

⁴ H.R. 6800, 116th Congress, 2d Session, Division C, Title 1, §30101(e)(2). The additional 14% would begin July 1, 2020 and end on June 30, 2021 and the 6.2% would resume on July 1, 2021 and extend until the end of the public health emergency.

⁵ <https://www.kff.org/coronavirus-covid-19/issue-brief/early-look-at-medicaid-spending-and-enrollment-trends-amid-covid-19/>