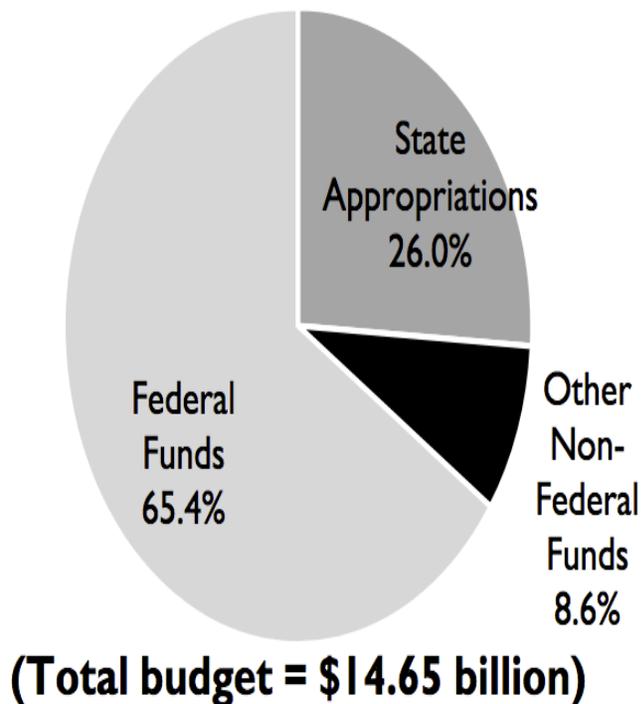


The Case for Medicaid Expansion in North Carolina

Public policy network of western
nc & north Georgia, November 3,
2019

NC Currently Spends \$14.6 Billion/Year on Medicaid Expenditures



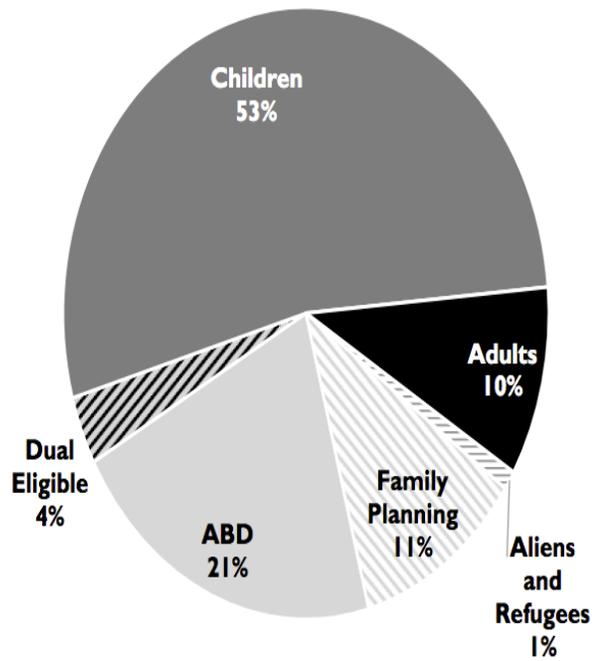
Medicaid is one of the North Carolina's biggest expenditures and funded with a mix of federal and state dollars.

With size, however, comes complexity, and the particulars of the Medicaid program and how it affects the low-income seniors, disabled persons and children and their families can often become lost among the figures about growth and cost.

Data: DHHS, NC General Assembly/Fiscal Research Division¹

As of 2017-2018, 2.1 Million NC residents (1 out of every 5 people) depended on Medicaid for their healthcare.

Population Covered



Medicaid is a **FEDERALLY MANDATED, state managed program**. Children make up 53% of the total enrollment in NC's Medicaid program. Adults make up 35%, and the elderly make up 8.4% of NC's Medicaid recipients. Women and girls make up 57.7 percent of total Medicaid enrollments.

SOURCE: [summary of Medicaid](#) the 2017-18 fiscal year²

Medicaid ELIGIBILITY in NC is based on Age, Income, Disability Status & Special Programs²

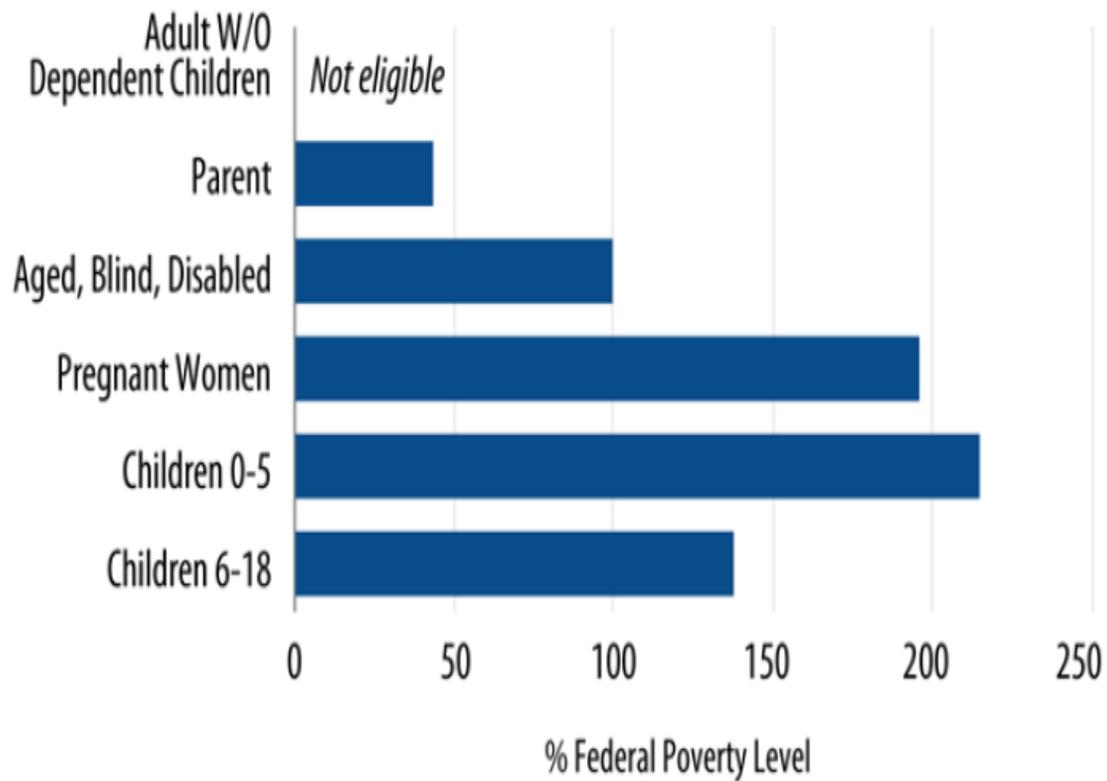
The Department of Health and Human Services website explains that **Medicaid and Health Choice are for low-income beneficiaries.**

Eligibility is also dependent on age and disability status. DSS caseworkers calculate total income and resources in order to determine a household's eligibility.

The eligible categories for Medicaid and N.C. Health Choice (a supplemental health care plan for struggling families who make too much to qualify for Medicaid)

- Aged, blind and disabled
- Pregnant women
- Foster and many adoptive children, including former foster care children through age 25
- Newborns and children (up to age 18)
- Some low-income families with children
- Family planning (access to reproductive/contraceptive services)
- Working disabled
- Breast and cervical Cancer patients
- Medically needy individuals

FIGURE 1: North Carolina Medicaid Eligibility by Group and Household Poverty Threshold³



SOURCE: "Understanding Medicaid and Its Impact in North Carolina." North Carolina Justice Center, Budget & Tax Center. March 2017

Which Populations are NOT eligible for Medicaid in NC?² &⁴

- **Individuals and households whose income exceeds North Carolina's income eligibility standards for Medicaid.**
- **Individuals who are not U.S. citizens (or are unable to provide proof of eligible immigration status) unless they are applying for emergency services**
- **Individuals who are not NC residents, or cannot provide proof of residency in NC**
- **Individuals who do not have a Social Security number, or have not applied for one**
- **Any NON-ELDERLY adult, regardless of poverty level, who does NOT have dependent children or a “qualifying” disability.⁴**

U.S. Census data indicates that, as of 2018, more than one million North Carolina residents (10.7%) are living without health insurance.³

Uninsured in Western North Carolina

Cherokee County

- 83.8% of the population of Cherokee County, NC has health coverage
- **16.2% are uninsured**
- 26.3% are on employee plans
- 19.4% receive Medicaid
- 21% are on Medicare
- 15.5% on non-group plans, and
- 1.6% on military or VA plans.

Clay County

- 84.4% of the population of Clay County, NC has health coverage
- **15.6% are uninsured**
- 25.6% are on employee plans
- 16.9% receive Medicaid
- 20.3% are on Medicare
- 17.8% on non-group plans, and
- 3.76% on military or VA plans



THE NUMBER OF UNINSURED IN NORTH CAROLINA HASN'T CHANGED MUCH IN THREE YEARS



Source: U.S. Census Bureau

Medicaid and CHIP enrollment in the state is roughly the same



Source: NC DHHS

The state's ACA marketplace enrollment went down

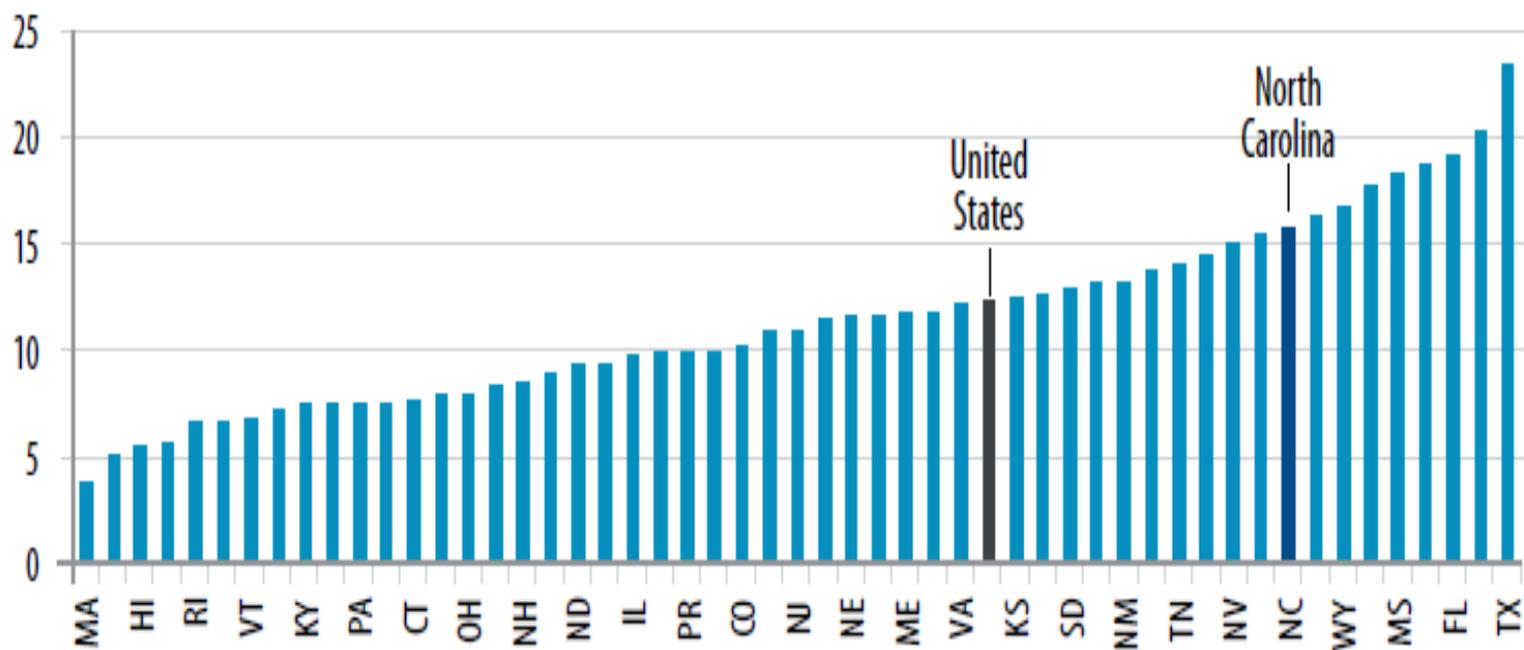


Source: CMS

NC has the 9th highest uninsured rate in the nation

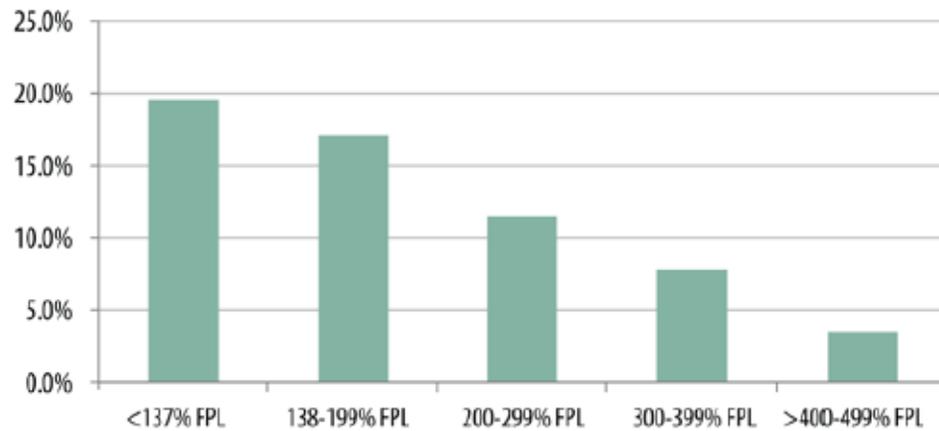
Source: U.S. Census Bureau

FIGURE 4: Non-elderly Adult Uninsured Rate by State, 2017²²



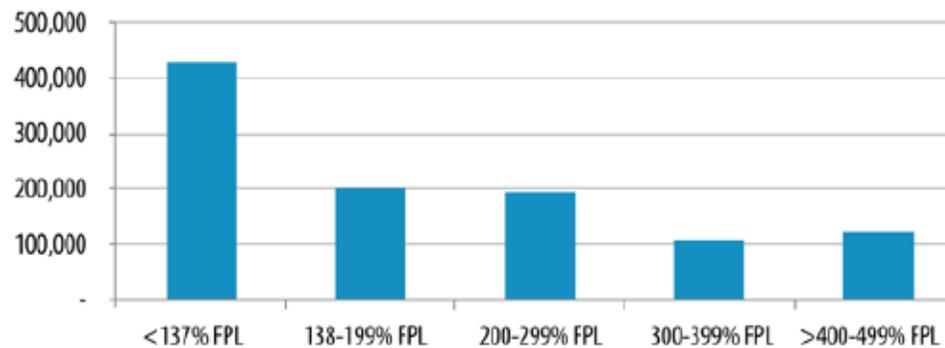
SOURCE: American Community Survey, 2017, U.S. Census Bureau, Table S2701.

FIGURE 5: Uninsured Rate by Household Poverty in NC, 2017³⁰



SOURCE: American Community Survey, 2017, U.S. Census Bureau, Table B27016.

FIGURE 6: Number of Uninsured North Carolinians by Household Poverty, 2017³¹



SOURCE: American Community Survey, 2017, U.S. Census Bureau, Table B27016.

- **When the Affordable Care Act (“Obamacare”) was passed in 2012, states were given the OPTION to expand Medicaid eligibility to cover residents **up to 138% of the federal poverty level (FPL).****

Under the ACA, the Federal Government provides **90% reimbursement to states that opted to expand Medicaid for their increased costs.**

Battle lines were drawn in NC in 2013 when the Republican led General Assembly (NC State Legislature) passed a law forbidding Medicaid Expansion in NC.

**NC is one of only 14 states
that has NOT opted to
expand Medicaid, and now
has the 9th highest number
of uninsured in the U.S.**

NC's COVERAGE GAP⁴

Hundreds of thousands of North Carolinians who are uninsured are stuck between a rock and a hard place:

- **They earn too much to qualify for Medicaid –AND**
- **They ALSO earn too little to get financial assistance (“subsidies”) through the private market.**

Many People Who Fall into NC's Coverage Gap are WORKING⁴

- **Many work in *SMALL BUSINESSES* (under 50 employees);**
- **Many are self-employed/entrepreneurs;**
- **Many work in part-time jobs (under 30 hours/week), and**
- **Many work in seasonal and temporary positions.**
- In addition, NC's uninsured population includes large numbers of **adults with disabilities, veterans and their family members**, and **people with substance and behavioral health disorders**

**How Would Medicaid
Expansion Make A
Difference in North
Carolina, Statewide &
Locally?**

- **At least 400,000 NC residents (the number whose earnings were under 138% of the FPL as of 2017) could become eligible for Medicaid Expansion.³**
- A report recently commissioned by two state foundations, and completed by economists from **George Washington University** estimates that Medicaid Expansion in North Carolina would benefit approximately **634,000 people** who would become eligible for Medicaid.⁸

NC's Business Council Supports Medicaid Expansion to benefit Businesses & the Economy ³

- **Gain Jobs:** North Carolina could add as many as 40,000 jobs from Medicaid expansion. Two states offer a good prediction of our state's success: Michigan and Ohio each expanded Medicaid in 2014. With similar populations and numbers of Medicaid expansion enrollees, they both saw significant employment gains. [Michigan gained 30,000 new jobs with 85% of those jobs in the private sector](#) and [Ohio gained 54,000 jobs](#).
- **Lower Healthcare Costs:** Uncompensated care provided at hospitals across the state raises health care costs for all. With Medicaid expansion, we can reduce this burden and also benefit consumers who buy their insurance through the ACA marketplace. [A study of adjacent counties in expansion and non-expansion states found about a 7% reduction in the premiums of those states that expanded Medicaid.](#)

NC's Business Council Support for Medicaid Expansion, continued

- **Boost Consumer Spending:** [Montana](#), a state with a tenth of NC's population, had \$400 million injected into their economy after enacting its Medicaid expansion in 2016. With money freed up from healthcare spending, consumers have money to pay for other goods and services.
- **Increased Employment and lowered dependence over time:** [Ohio](#) has seen a 15% increase in employment among those who enrolled through their program. The most common reason for not re-enrolling has been that recipients landed a job offering health benefits. [Governor Kasich has also touted the expansion's role in addressing the opioid crisis and helping those affected to get treatment and get back to work.](#)

NC's Business Council Urges Learning from Other States' Experiences with Medicaid Expansion:

- Use data and studies of other states' implementations (of Medicaid Expansion) to our advantage:
 - With four years of data and 36 states' experiences to learn from, North Carolina can pick and choose the best strategies and avoid pitfalls.
 - For example, [Ohio](#) and [Michigan](#) both built in a “kill switch” to their laws to discontinue expansion should costs exceed savings.
 - [Seven states have waivers that allow work requirements.](#)
 - [Arkansas](#) petitioned to receive their funds to subsidize health premiums through the ACA marketplace.

Why Medicaid Expansion Boosts Local Economies

(The “Multiplier” Effect)

Because Medicaid funding received by hospitals, clinics or drug stores is used to pay workers’ salaries and to buy other goods and services.... **the economic benefits of Medicaid Expansion will multiply as these funds are, in turn, used by those workers and local businesses to pay for mortgages or rent, to buy food and to pay state and county taxes.**⁵

So WHY was Medicaid Expansion part of this year's Budget Impasse in Raleigh?

- **Governor Roy Cooper vetoed the FY 2019-2020 budget presented to him by the General Assembly, for several reasons including their failure to expand Medicaid. In his veto message, Cooper said: “Expanding Medicaid in North Carolina would provide an estimated 500,000 North Carolinians with access to affordable healthcare, boost North Carolina’s economy by \$4 billion and create an estimated 40,000 jobs”**
- **Republican leaders in the Senate continue to object to Medicaid Expansion, raising concerns that the State of North Carolina cannot be certain that the 90% federal funding available to states through the Affordable Care Act will continue indefinitely. As of October 31st, the State of NC is running on continuing budget resolutions. Teacher salaries were modestly increased on October 31, 2019; but Medicaid Expansion was not addressed.**

How much will Medicaid Expansion cost NC Taxpayers-Governor Cooper's plan

- **NC Governor Cooper's Medicaid Expansion plan would bring in 90% FEDERAL FUNDS to cover the cost of providing care; and 10% from the private sector. He and the Secretary of Health and Human Services have developed an agreement with NC hospitals and insurance in which THEY cover the remaining 10% of the costs of providing Medicaid funded health care to these new enrollees.**
- **Under the Governor's Plan, NC taxpayers would need to cover administrative costs of managing the Medicaid Expansion program.**

IMPORTANT NOTE: NC Hospitals have been providing "uncompensated care" to the uninsured all along. By signing on to this agreement, they are guaranteed that they will receive 90% federal reimbursement for the cost of serving patients enrolled in the Medicaid Expansion program.

How Medicaid Expansion will Help NC⁷

NC Budget & Tax Center –April 29, 2019

- **FACT: Medicaid coverage improves health and financial security.**
- Health insurance provides financial security by protecting people from catastrophic, unexpected medical expenses. Medicaid serves this purpose by protecting individuals and families with low incomes.
- **FACT: Expanding Medicaid will allow North Carolina to serve more people, and won't harm people currently covered by Medicaid.**

Additional federal dollars provided through a higher state match (90% FFP) will provide the necessary resources to serve more people with the health care that they need. In North Carolina, providers already provide health care to the uninsured, they're just not getting paid for it.

NC Budget & Tax Center CONCLUSIONS⁷

FACT: Medicaid expansion is a good financial deal for NC that will create a healthier population.

Closing the coverage gap will allow North Carolina to generate the greatest health benefits for residents and communities, [saves taxpayers dollars that can redirect to other community priorities](#), and allows the state to draw down available federal dollars to improve care and stabilize community health providers in high need areas.

The federal government has provided a durable commitment to fund 90 percent of the costs of delivering health care to this population [in 2020 and beyond](#).

North Carolina taxpayers [are already paying](#) more than \$1 billion a year for Medicaid expansion in other states. Our state has the tools to generate the necessary state match through support from providers who will gain revenue on net from increased funding and patient revenue. Doing so will allow us to bring those federal tax dollars back home.

Potential Impact of Medicaid Expansion on Healthcare Providers in RURAL AREAS

“Reducing the number of uninsured will strengthen the health care infrastructure that many North Carolinians currently depend on for access to care because it helps **rural and safety net institutions keep their doors open.**”⁷

Research shows that institutions in **non-expansion states report continued financial distress.**

Compromise Is Still Possible: HB655: NC Healthcare for Working Families

- **HB655** now has ***BI-PARTISAN sponsorship*** in the House
- Between **500,000 and 600,000 North Carolinians could become eligible for Medicaid Expansion under HB655**
- The bill includes a **Work Requirement for Medicaid expansion enrollees, as well as Premiums (a participant buy-in)** which could potentially help cover a portion of the State's administrative costs of implementing Medicaid expansion.
- The bill includes a provision that would increase state grant funding to projects that reduce or eliminate health care disparities in rural areas.
- Potential Challenge: If the House passes HB655 with bi-partisan support, it would still face opposition in the SENATE (where the leadership has voiced opposition to Medicaid expansion).

What YOU Can Do Right NOW

- Contact NC ASSEMBLYMAN KEVIN Corbin (R-House District 120) to thank him for his co-sponsorship of HB655, NC Healthcare for Working Families, and urge him to work with his Republican and Democratic colleagues in the House to ensure passage of this bill during the upcoming session of the General Assembly on November 13th.

MAILING ADDRESS: Rep. Kevin Corbin, PO Box 758 Franklin, NC 28744

EMAIL: Kevin.Corbin@[ncleg.net](mailto:Kevin.Corbin@ncleg.net) **PHONE** (919) 733-5859 or (828) 524-7799

- Contact NC STATE SENATOR JIM DAVIS (R-Senate District 50) to urge him to introduce a Senate version of NC Health Care for Working Families, and to work with his Republican and Democratic Colleagues in the SENATE to ensure passage of this bill during the upcoming session of the General Assembly on November 13th.

MAILING ADDRESS: Sen. Jim Davis, 300 N. Salisbury Street, Rm. 621, Raleigh, NC 27603 **EMAIL** Jim.Davis@ncleg.net **PHONE** [919-733-5875](tel:919-733-5875)

How would Medicaid Expansion benefit Cherokee County⁸?

In Cherokee County, expanding Medicaid would lead to:

- **75 more jobs--half of which would be created in health care (such as hospitals or clinics), while almost half would be in other sectors, such as construction or retail and wholesale trade.**
- **1,853 more people receiving Medicaid.**
- **\$10.7 million more economy growth between 2020-2022**
- **\$142,500 more revenue for county tax revenues between 2020-2022.**

How would Medicaid Expansion benefit Clay County⁸?

In Clay County, expanding Medicaid would lead to:

- **15 more jobs--half of which would be created in health care (such as hospitals or clinics), while almost half would be in other sectors, such as construction or retail and wholesale trade.**
- **782 more people receiving Medicaid.**
- **\$2.3 million more economy growth between 2020-2022**
- **\$46,200 more revenue for county tax revenues between 2020-2022.**

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4. **Brendan Riley, 'Profiling North Carolina's Uninsured: How Expanding Medicaid Can Make a Difference.'** *North Carolina Justice Center, January 29, 2019.*
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6. **“The Business Case for Medicaid Expansion” NC Business Council:** <https://www.ncbusinesscouncil.org/policy-updates-1/2019/5/10/the-business-case-for-medicaid-expansion>:
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