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Community Education Handbook 2021

Get the Facts About the Coverage Gap

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Introduction

Care4Carolina was founded in 2014 as a coalition of patient advocates, health providers, economic development organizations, and child and family advocates to fight for quality, affordable health care in North Carolina. The coalition has now grown to over 100 member organizations with the same vision in mind: closing the health insurance coverage gap in North Carolina.

We have created this handbook as a tool for community members and local leaders to learn more about the harm that the coverage gap has caused in the state and what benefits would come if the gap were closed.

This handbook covers a range of topics, including COVID-19, the economy, the health care system, and the overall health and well-being of North Carolinians. The final pages of the handbook outline some commonly asked questions related to the health insurance coverage gap and concerns with expanding coverage.

We hope that the information provided in this handbook helps you gain a better understanding of why this is a high priority issue and needs to be addressed with a North Carolina solution.

For more information about Care4Carolina Coalition and additional resources, please visit care4carolina.com or email our director, Erica Palmer Smith, at erica@care4carolina.com.

Thank you for taking the time to learn more about the health insurance coverage gap.

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Handbook Contents

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Who's in the Coverage Gap?

Income Levels to Qualify for Assistance in NC

Family Size	Medicaid Up to 42% FPL		Marketplace Subsidy Starting at 100% FPL
One	**Coverage Gap** No Assistance		Starting at **$12,760** per year
Two	Up to **$7,240** per year	**Coverage Gap** No Assistance	Starting at **$17,240** per year
Three	Up to **$9,122** per year	**Coverage Gap** No Assistance	Starting at **$21,720** per year
Four	Up to **$11,004** per year	**Coverage Gap** No Assistance	Starting at **$26,200** per year

How a Parent Falls in the Coverage Gap

Family Size: Two (Single mother with one child)

Hourly Pay: $7.25 (minimum wage) full-time (40 hours/week)

Earnings: $1,160/month, $13,920/year

Assistance: No Assistance, COVERAGE GAP

1 in 4** people in the NC coverage gap are **parents

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Working People in the Gap

Number of People that Would Benefit from Closing the Coverage Gap in NC by Occupation

Food Preparation & Service cooks, bartenders, waitresses	**57K**	**Production** bakers, meat and poultry processors	**29K**
Construction carpenters, electricians, plumbers	**44K**	**Office & Administrative Support** receptionists, bank tellers, phone operators	**28K**
Sales cashiers, retail salespeople. travel agents	**43K**	**Personal Care & Support** childcare workers, hair stylists	**16K**
Cleaning and Maintenance janitors, groundskeepers, pest control	**38K**	**Health** nurses, dental and medical assistants	**16K**
Transportation bus drivers, train conductors, delivery drivers	**37K**	**Other Occupations**	**77K**

Source: Families USA. (2020, April). North Carolina must expand Medicaid to protect workers.

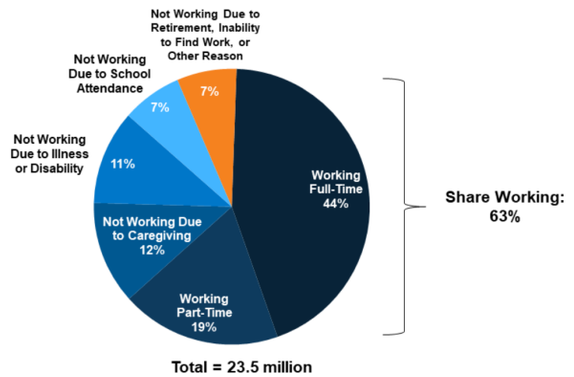
63% of adults eligible for Medicaid are working.

*Many essential **frontline workers** would gain health coverage by closing the coverage gap in North Carolina.*

Figure 1

The large majority of Medicaid adults are already working or report potential barriers to work.

Work Status & Barriers to Work Among Non-Dual, Non-SSI, Nonelderly Medicaid Adults, 2017



Notes: Includes nonelderly adults (age 19-64) who do not receive Supplemental Security Income (SSI) and are not dual eligible. Working Full-Time is based on total number of hours worked per week (at least 35 hours). Full-time workers may be simultaneously working more than one job
Source: Kaiser Family Foundation analysis of March 2018 Current Population Survey.

KFF

Source: Kaiser Family Foundation. (2020, May). Understanding the intersection of Medicaid and work: What does the data say?

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Private Health Insurance Plan Costs for a Mother of One in the Gap

When a working mother makes too much to qualify for Medicaid but too little to qualify for a marketplace subsidy, she is in the coverage gap and receives no assistance.

Family Size	Medicaid Up to 42% FPL		Marketplace Subsidy Starting at 100% FPL
 Two	Up to **$7,240** per year	**Coverage Gap** No Assistance	Starting at **$17,240** per year

Without any assistance, that mother has to pay entirely out-of-pocket for a private health insurance plan or go without health insurance.

Cost of Lowest-priced Bronze Plan for a Mother (age 30) with One Child in the Coverage Gap

Region of the State	Monthly Premium	Deductible	Estimated Annual Cost*
Central *Quote from Wake Co.*	$268.27	$8,550	$3,664
Northwest *Quote from Caldwell Co.*	$333.78	$8,550	$4,450
West *Quote from Macon Co.*	$372.39	$8,550	$4,914
Southeast *Quote from Sampson Co.*	$375.23	$8,300	$4,948
East *Quote from Hyde Co.*	$400.20	$8,550	$5,247

Estimated annual cost is based on low-use. Low-use assumes no hospital visits, few doctor's visits, and occasional prescription drugs. Regular use of health services and any hospital visits would greatly increase the estimated annual cost.

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Federal Incentives for Closing the Coverage Gap

*There are 38 states that have opted to close the health insurance coverage gap. North Carolina is **one of 12 remaining states** that has not yet enacted a solution.*

*The American Rescue Plan passed by Congress offers **additional incentives** to states that close their gap.*

*States that close their coverage gap will receive a **5-percentage point increase** in the federal match rate for Medicaid for two years.*

Funding from the American Rescue Plan

- The increased federal match rate would bring **$1.7 billion** to North Carolina over the next two years.
- The N.C. Department of Health and Human Services estimates the state's cost for closing the gap would be roughly $700 million for the first two years.
  - That means **$1 billion in additional funding** will come to our state above and beyond the cost to close the coverage gap.
- The federal government ALREADY covers **90% of the cost** for states that close their coverage gap.

This Additional Funding Can Help to Address Other Priorities in North Carolina

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Financial Projections for Closing North Carolina's Health Insurance Coverage Gap

*The federal government covers **90%** of the cost of coverage for those that fall in the coverage gap. Federal law dictates this percentage, meaning it is not discretionary and **cannot fluctuate** year to year without a change to federal law.*

Non-Federal Cost For First Two Years
$700 million

According to DHHS, the estimated **non-federal cost** for the first two years of closing the coverage gap through Medicaid expansion is approximately **$700 million.**

Additional Federal Funding from ARP
$1.7 billion

The federal incentive money now available through the American Rescue Plan would bring an additional **$1.7 billion** in federal funding to North Carolina.

Federal Incentive Funding Could Cover the Non-Federal Share for Up To
6 years

When added to other taxes and assessments which will grow automatically with Medicaid expansion, the federal incentive funding could cover the non-federal share for **up to six years** while leaving **$400 million** for other initiatives as proposed in the Governor's budget.

After this time, hospital and health plan assessments could cover the full non-federal share.

There will be no general funds needed to cover the cost of closing the coverage gap.

Source: North Carolina Department of Health and Human Services. (2021).

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Business Advisory Council

"There is no other single policy solution that would bring about greater economic impact in rural NC, stabilize our healthcare system, and benefit our rural residents".

Patrick Woodie
Chair, Care4Carolina Business Advisory Council
President, NC Rural Center

"A healthy workforce is essential for businesses to thrive. Closing the gap is the right thing to do, and it will support healthy employees, healthy families and healthy businesses".

Sharon Decker
President, Carolinas Operations, Tryon Equestrian Partners at Tryon Resort, Tryon International Equestrian Center
Former NC Secretary of Commerce

"The healthcare system is a critical component of local economies, providing direct, high wage jobs while maintaining a healthy workforce providing companies with reliable employees. We need to keep NC's competitive advantage by keeping our healthcare systems strong and our citizens healthy".

John D. Chaffee
Business Broker, Transworld Business Advisors
Former President and CEO, NC East Alliance

"Closing the gap will stabilize county government budgets. We will no longer have to redirect budget away from other local priorities to cover what existing federal healthcare funds are earmarked to do once our state leaders support this policy".

Ron Wesson
Chair, Bertie County Commissioners
Chair, Mid East Commission Council of Government

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Business Advisory Council

Closing the Gap Means Business

There is no other single policy solution that the legislature can enact that will bring this level of funding to our local economies, stabilize our health care system and benefit our economy.

SIX PILLARS FOR SUCCESS

STRENGTHEN

Strengthen local economies by creating much needed new business activity, jobs and tax revenue

SUPPORT

Support rural hospitals and local health care providers by reducing uncompensated care

STABILIZE

Stabilize health care premiums by reducing cost shifting for care from uninsured to the insured and private pay patients

REINFORCE

Reinforce industries and small businesses that cannot afford to provide health insurance to employees

PROTECT

Protect front line workers, many of who work in businesses that cannot provide health insurance

ACCELERATE

Accelerate the creation of small businesses by providing new entrepreneurs with an affordable health insurance option

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Public Safety Benefits to Closing the Coverage Gap

By closing the coverage gap, the federal government would cover much of county inmate health care expenses.

Reduced Crime Saves Counties Money

- Cost savings from closing the coverage gap can be attributed to **reductions in new entrants** to the jail and prison system as well as reducing re-incarceration rates.[1]
- Keeping people in prisons and jails is expensive. Ohio Governor John Kasich noted that it costs the state over $22,000/year to keep an individual in prison. Providing people with the mental health and substance use treatment services they need would only cost a fraction of that.[1]
- Fiscal Year 2014–15, North Carolina spent **$6,923 per inmate** on healthcare. Closing the coverage gap would **offset $10 million** in Department of Public Safety costs per year.[6]

Access to Mental Health and Substance Use Services Reduces Crime

- Health coverage connects people with services, like mental health and substance use treatment, that reduce the risk of incarceration in the future.[1]
- A large proportion of prisoners and jail inmates are affected by mental health problems and approximately two-thirds struggle with substance use disorders.[3]
- According to the U.S. Department of Justice, 56% of state prisoners, 45% of federal prisoners, and 64% of jail inmates are affected by a mental health problem.[4]
- Improved access to mental health and substance use treatment from closing the coverage gap has resulted in a 3% decline in crime nationally.[5]
- By preventing crimes caused by unaddressed mental health and substance use problems, law enforcement can focus their attention on other pressing safety concerns in the community.

Health Coverage Increases Access to Community Resources

- Providing people with health coverage provides alternatives to arrest for people struggling with mental health and substance use disorders.[1]
- People struggling with opioid use disorders that have health insurance coverage under Medicaid are 14 percentage points more likely to receive treatment for their opioid use disorder.[2]

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Closing the Coverage Gap and Public Safety

By closing the coverage gap, the federal government would cover much of county inmate health care expenses.

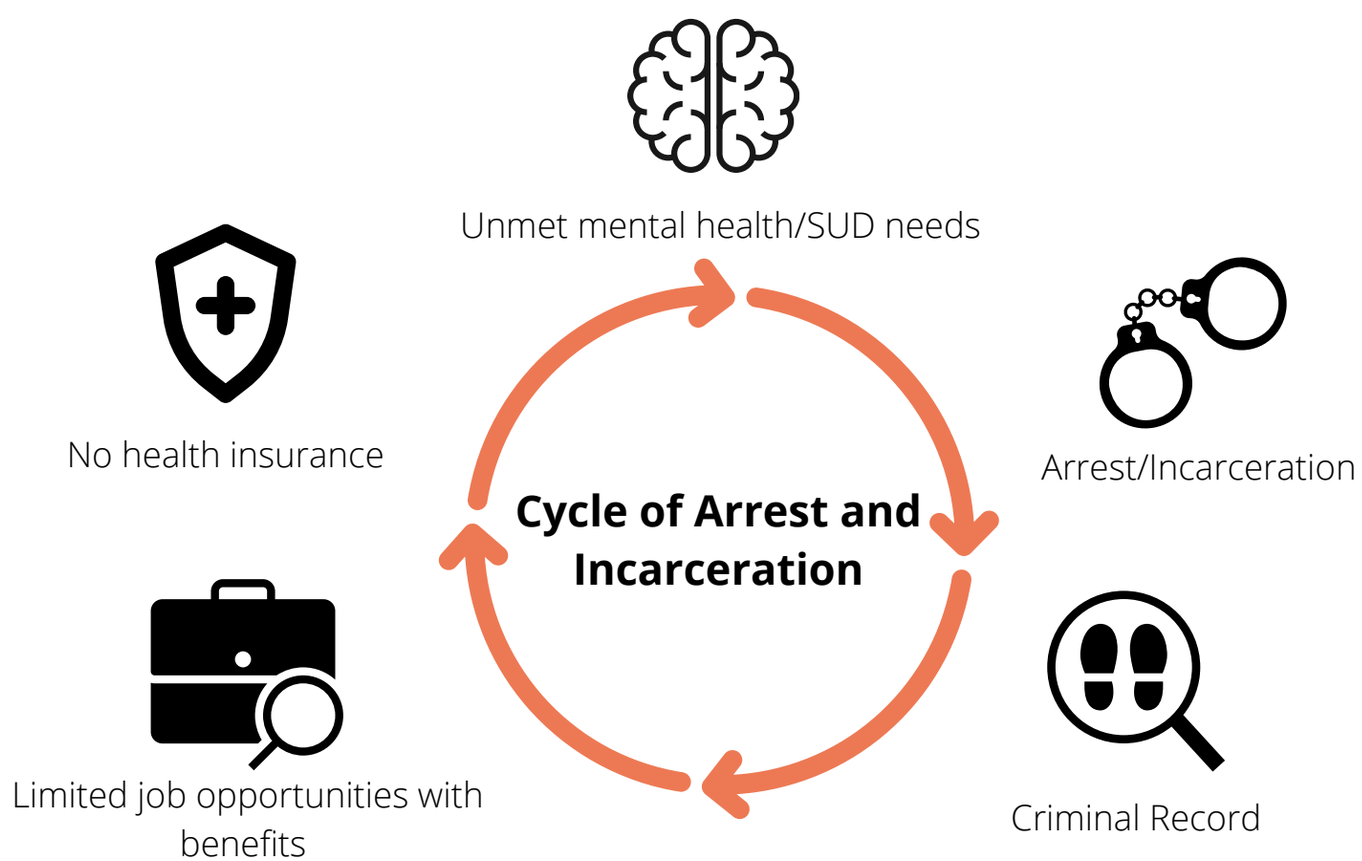
70%
of inmates report SUD

65%
of inmates report symptoms of mental illness [1]

90%
of incarcerated individuals lack health insurance before incarceration AND after release[1]

North Carolina spent
$6,923
per inmate
on healthcare in FY 2014-2015 [2]

Improved health coverage would allow communities to treat mental illness and addiction rather than incarcerating people.[1]



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Recidivism rates were HIGHER among individuals that identified having substance use problems compared to individuals that did not identify substance use problems.[3]

Savings from Closing the Coverage Gap for Public Safety [2]

Less spending on inmate health care from ability to seek reimbursement for in-patient care in the community

Reduction in recidivism rates as a result of individuals' ability to seek treatment and services after release

Fewer new entrants into jails and prisons due to increased access to mental health and substance use services

By closing the health insurance coverage gap, North Carolina would have the ability to treat mental illness and addiction rather than incarcerating.[1]

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Closing the Health Insurance Coverage Gap In North Carolina

*There are 38 states that have opted to close the health insurance coverage gap. North Carolina is **one of 12 remaining states** that has not yet enacted a solution.*

Key Facts About Closing the Coverage Gap

- Access to health insurance **saves lives**. *-Annals of Internal Medicine, 2014*
- The General Assembly could create **37,200 jobs** in North Carolina if they enacted a solution to closed the health insurance coverage gap. *-George Washington University, Cone Health Foundation, & Kate B. Reynolds Charitable Trust, 2019*
- Since the COVID pandemic, there are now over **600,000 North Carolinians** counting on the legislature to close the gap. - *Kaiser Family Foundation, 2020*
- **82% of rural hospital closures** nationwide in the last five years have been in **non-expansion states**. *-UNC Sheps Center, 2018*
- Increased health coverage improves the economy and keeps North Carolina **economically competitive** with other states. Closing the gap would bring approximately **4 billion dollars** in federal funding into the state each year. *-George Washington University, Cone Health Foundation, & Kate B. Reynolds Charitable Trust, 2019*
- Closing the gap will **stabilize premiums** by reducing uncompensated care costs. Marketplace premiums are **11-12% lower** in states that have closed their coverage gaps. *-Health Economics, 2018*
- **75%** of North Carolina voters support closing the coverage gap. *-Poll by The Stewart Group, Inc. and Harper Polling, August 2020*

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The Health Insurance Coverage Gap and COVID-19 In North Carolina

COVID-19 Has Worsened Many Already Existing Health Care Issues in North Carolina

- Kaiser Family Foundation estimates that over **600,000** North Carolinians would now benefit from closing the coverage gap.
    - This increase can be attributed to loss of income and employment due to the pandemic. *-Kaiser Family Foundation, 2020*
- Many **frontline workers** serve in occupations that do not offer health insurance through their employer and are often uninsured.
    - These individuals are putting their lives at risk to keep the state operating and lack proper health coverage to keep themselves safe.
- COVID is causing devastating **financial distress** for many **primary care practices**, especially in already stressed rural communities. *-North Carolina Academy of Family Physicians, & North Carolina Pediatric Society, 2020*
- The presence of the coverage gap has heightened **racial health disparities** in North Carolina. African Americans represent 22% of the state population, but they account for 37% of the COVID deaths in the state.
    - Lack of health insurance is a risk factor for death related to COVID. *-Dr. Karen Winkfield, Wake Forest Baptist Comprehensive Cancer Center*
- Increased health coverage means greater access to **timely testing and treatment** for COVID to reduce the spread of the virus and prevent death.
- Over **1 million** North Carolinians have filed for **unemployment** since the beginning of the pandemic with many losing employer sponsored insurance. *-N.C. Divison of Employment Security*
    - Closing the coverage gap would provide a lifeline to struggling families who are already facing economic devastation due to COVID.

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Impact on the Economy and Employment

Closing the Coverage Gap Could Be a Vital Tool in Helping NC Recover from Economic Devastation of the Pandemic

- Studies show that closing the coverage gap would bring approximately **4 billion dollars** in federal funding into the state each year. *-George Washington University, Cone Health Foundation, & Kate B. Reynolds Charitable Trust, 2019*

- Closing the coverage gap will create **37,200 new jobs** in the health care field and other professions across the state. *-George Washington University, Cone Health Foundation, & Kate B. Reynolds Charitable Trust, 2019*

- When people can get the healthcare they need, they are healthier and more productive workers.

    - Closing the coverage gap would **save businesses $1,685** in lost productivity per employee per year. *-Centers for Disease Control and Prevention, 2020*

- The majority of individuals that fall into the coverage gap are working, but they do not have access to affordable health insurance through their employer. *- "Health status and access to care For North Carolina Medicaid gap population", North Carolina Medical Journal, 2019*

    - **63%** of people in the coverage gap are from working families. *-George Washington University, Cone Health Foundation, & Kate B. Reynolds Charitable Trust, 2019*

- Many essential professions lack health insurance coverage, including workers in **childcare, construction, food service, and farming**. *-Families USA, 2019*

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Impact on North Carolina's Health

Closing the Coverage Gap Means Healthier People

- For someone with **heart disease**, lack of insurance often means poorer blood pressure control and **higher mortality rates**. *-"Health Insurance status and hypertension monitoring and control in the United States", American Journal of Hypertension, 2007*
    - States that closed their coverage gap saw a significantly smaller increase in cardiovascular mortality among middle-age adults. *-JAMA Cardiology, 2019*
- Uninsured patients are less likely to be screened for cancer, increasing chances of an advanced diagnosis where survival is less likely and care is more expensive. *-"Association of Insurance with Cancer Care Utilization and Outcomes", Cancer Journal for Clinicians, 2008*
    - "If you are uninsured, and you are diagnosed with cancer, you have a **60% greater chance of dying** from cancer than if you were insured and diagnosed with cancer." - *Dr. Otis Brawley, former Chief Medical Officer, American Cancer Society*
    - States that closed their coverage gap saw significantly **lower mortality** among newly diagnosed **breast, colon, and lung cancer** patients. *-JAMA Open Network, 2020*
    - Breast cancer patients living in states with the lowest income eligibility for Medicaid (<50% FPL) had a **31% greater mortality risk** than states with expanded eligibility. Patients with other types of cancer had similar increased mortality. *-American Society of Clinical Oncology, 2021*
- Uninsured North Carolinians are more likely to delay needed health care and lack access to preventive services. *- "Health status and access to care For North Carolina Medicaid gap population", North Carolina Medical Journal, 2019*
    - Research estimates that states' failure to close the coverage gap has resulted in nearly **16,000 unnecessary deaths.** *-National Bureau of Economic Research, 2019*
- African Americans are more likely to fall into the coverage gap than their White counterparts. **Closing the coverage gap would help reduce racial health disparities.** *-Kaiser Family Foundation, 2020*

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Impact on Parents and Children

Closing the Coverage Gap Means Healthier Moms, Dads, and Kids

- A **baby's chance of survival** is closely tied with their mother's health. A baby is much more likely to be born healthy if their **mother is healthy** and cared for. *-NC State Center for Health Statistics, 2017*

    - Preconception health is essential to the health of both future moms and their babies. North Carolina Medicaid **ONLY** covers women after they become pregnant, missing the most important opportunity to impact the health of future generations.

- States that closed their coverage gap saw **lower maternal mortality** than states that have not closed the coverage gap. This can be attributed to improved coverage preconception and sustained coverage after childbirth. *-Women's Health Issues, 2020*

- Nearly **1 in 4** people in the coverage gap are **parents**. *-Kaiser Family Foundation, 2019*

    - A **single mom** with one child who makes more than $7,240 annually is **NOT** eligible for Medicaid.

- About 410,000 North Carolina children have at least one uninsured parent. *-The Annie E. Casey Foundation, 2018*

- Low income children with parents covered by Medicaid are more likely to receive well-child visits than those with uninsured parents. *-Pediatrics, December 2017*

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Impact on the Health Care System

Closing the Coverage Gap Keeps Health Care Affordable and Accessible

- When uninsured people need care, they often turn to the emergency room. An emergency room visit leads to high medical bills that patients cannot pay, and the hospitals often have to absorb the cost.
    - Hospitals then try to offset lost revenue by **"cost-shifting"**, meaning that they charge higher premiums to everyone that uses health care. *-The Commonwealth Fund, 2020*
- Covering more uninsured people improves providers' and hospitals' bottom lines and saves all patients money. *-The Commonwealth Fund, 2020*

82% of rural hospital closures nationwide in the last five years have been in non-expansion states. - *UNC Sheps Center, 2018*

- **Six rural hospitals** in North Carolina have **closed** since 2010, and several others are at high risk of financial distress. *-NC Rural Health Leadership Alliance, 2020*
- States that have already closed their coverage gap have seen a **62% decrease** in likelihood of rural hospitals **closing**. *-NC Rural Health Leadership Alliance, 2020*
- North Carolina delaying the enactment of a solution to close the coverage gap puts many rural hospitals at risk and deprives them of necessary resources. *-NC Rural Health Leadership Alliance, 2020*

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Impact on North Carolina Veterans

Closing the Coverage Gap Would Help NC Veterans Access Affordable Health Care

- Approximately **12,000** veterans that are currently uninsured would gain health insurance coverage through a solution to close the coverage gap. *-Wake Forest University, Health Law and Policy Program, 2016*

- Many veterans are ineligible for health care through the VA.

- North Carolina has the **fifth highest uninsured veteran population** in the country. *-Wake Forest University, Health Law and Policy Program, 2016*

    - States that closed the coverage gap have a lower rate of uninsured veterans than states that did not. *-Families USA, 2017*

- Military service increases the risk of serious health conditions, and low-income veterans are more likely to have post-traumatic stress, substance abuse, and mental health disorders. *-America's Health Rankings, United Health Foundation, 2018*

- **1 in 4** veterans who served in Iraq and Afghanistan lack health insurance. *-Wake Forest University, Health Policy and Law Program, 2016*

Impact on North Carolina Farmers

Closing the Coverage Gap Would Expand Access to Affordable Health Care to NC Farmers

- **Agriculture is North Carolina's largest industry**. It depends on the success of each and every farmer. To be successful, our farmers must be healthy. -*"Health Insurance and National Farm Policy", Choices, 2018*

- In states that closed their coverage gap, **1 in 5 farmers** were able to sign up for health insurance coverage for the first time. -*"Health Insurance and National Farm Policy", Choices, 2018*

- 65% of commercial farmers identified the **cost of health insurance** as the **most serious threat** to their farm, more significant than the cost of land, inputs, market conditions, or development pressure. -*"Health Insurance and National Farm Policy", Choices, 2018*

- 2 out of 5 farmers reported that they or a family member had health problems affecting their ability to farm. -*"Health Insurance and National Farm Policy", Choices, 2018*

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Impact on the Opioid Epidemic

Closing the Coverage Gap Helps Law Enforcement and Others Fight the Opioid Epidemic

- The COVID pandemic has unleashed a revival of the opioid epidemic.
- Closing the coverage gap has been associated with a **6% lower** rate in total **opioid overdose deaths**. *-JAMA Network Open, 2020*
- Nearly **one-fifth** of of nonelderly adults with opioid use disorders are **uninsured.** *-Kaiser Family Foundation, 2019*
    - By closing the coverage gap, **Virginia** was able to **save an estimated $25 million** on mental health and substance use treatment as more people were able to have these services covered by Medicaid. *-The Commonwealth Fund, 2020*
- Of those that are uninsured, about 60% indicated that they had low incomes and would, therefore, likely be eligible for health coverage through expanded Medicaid eligibility. *-Kaiser Family Foundation, 2019*
- People struggling with opioid use disorders are **less likely to receive treatment** if they are uninsured. *-Kaiser Family Foundation, 2019*
    - Those that have health insurance coverage under Medicaid are 14 percentage points more likely to receive treatment for their opioid use disorder. *-Kaiser Family Foundation, 2019*
- Access to affordable care helps people access life-saving treatment.
- Closing the coverage gap has been key to Ohio's positive results in turning the tide on the opioid epidemic.

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Commonly Asked Questions

<u>Question</u>: Why should we provide support to childless, able-bodied adults who choose not to work?

<u>Answer</u>: The people living in the coverage gap are predominantly hard-working members of our communities, often in the front-line positions most at risk of exposure to COVID-19. Many of them are parents.

BACKGROUND:

- The vast majority of North Carolina's uninsured population is already working [1].
  - **63%** of people in the coverage gap are from working families [2].
  - Uninsured North Carolinians primarily work in occupations that typically don't offer affordable health insurance, such as **farmers, fishermen, service workers, childcare workers, and small business owners**.

- **12,000 NC veterans** fall in the coverage gap [3].
  - 1 in 4 NC veterans who served in Iraq or Afghanistan lack health insurance [4].

- A quarter of those in the coverage gap are **parents.**
  - A single mom with one child who makes more than $7,240 annually is NOT eligible for Medicaid.
  - About 410,000 North Carolina children have at least one uninsured parent [5].

- A Kaiser Family Foundation analysis found there is no evidence that expansion reduces employment, labor force participation, or the number of hours the expansion population works per week [6].

- **Closing the coverage gap is critical for a strong workforce.**
  - When people have untreated health issues, they miss work, or can't go to work at all.
  - Closing the coverage gap will help people work, creating a healthier workforce, and strengthening businesses and the economy in North Carolina's economically distressed communities.

[1] "Distribution of the Nonelderly Uninsured by Family Work Status." Kaiser Family Foundation, 2017.
[2] https://www.conehealthfoundation.com/app/files/public/11568/expanding-medicaid-in-north-carolina---2019.pdf
[3] Veterans and Their Family Members Gain Coverage Under the ACA, but Opportunities for More Progress Remain," The Urban Institute, September 2016.
[4] Hall, M. A., Booth, K. E., & Wake Forest University Health Law & Policy Program. (2016). Can Medicaid Help Military Veterans?
[5] The Annie E. Casey Foundation. (2020). Children who have a parent with no health insurance. Retrieved September 23, 2020, from Kids Count Data Center website: https://datacenter.kidscount.org/data/tables/6547-children-who-have-a-parent-with-no-health-insurance?loc=35&loct=2#detailed/2/35/false/37,871,870,573,869,133,38/any/13533,13532
[6] 15. Antonisse, Larisa, et al. "The Effects of Medicaid Expansion Under the ACA: Updated Findings from a Literature Review." Kaiser Family Foundation, March 2018.

Commonly Asked Questions

Question: Could the federal government stop paying their 90% share?

Answer: No, not without a change to federal law.

BACKGROUND:

- **Federal legislation requires that the federal government pay 90 percent of the cost of coverage for those that fall in the coverage gap** "for calendar quarters in 2020 and each year thereafter" [1].

- **The federal government passed a permanently enhanced Medicaid expansion match rate.** That means the federal government's commitment to paying 90 percent of expansion costs is locked in indefinitely, barring a change in federal law. This has been set since the enactment of the ACA in 2010 with no alterations made to the match rate policy.

- Unlike the Children's Health Insurance Program (CHIP), there is **no congressional reauthorization necessary** for this federal funding. *More information on difference from CHIP Funding:*
  - In 2010, the federal government passed a temporary increase in the CHIP match rate, which sunset in 2019.
  - This is the statutory language: "during the period that begins on October 1, 2015, and ends on September 30, 2019, the enhanced FMAP determined for a State for a fiscal year (or for any portion of a fiscal year occurring during such period) shall be increased by 23 percentage points."

- **Neither Republican nor Democrat controlled Congresses have changed the 90 percent match, nor is there any indication they plan to do so.** However, states that close the coverage gap can protect themselves in the unlikely case the federal match does change. Nine states have chosen to automatically review or repeal their decision to close the coverage gap if the federal match changes. These legislative "triggers" vary significantly from state to state. The majority (seven) initiate a review process if the federal match changes, with only two triggering a complete repeal if the federal match drops at all.

- **The federal government shares the cost of numerous state programs**, from the Children's Health Insurance Program to highway maintenance to disaster relief programs [3]. This doesn't mean we should stop maintaining our roads or providing disaster relief. This is not different from other government programs.

[1] Patient Protection and Affordable Care Act, 42 U.S.C. § 18001 (2010).
[2] "Federal Aid Matching Strategies." U.S. Department of Transportation Federal Highway Administration.
[3] Kreiser, Mari, Maura Mullins, and Jared C. Nagel. "Federal Disaster Assistance Response and Recovery Programs: Brief Summaries." Congressional Research Service, June 2018.

Commonly Asked Questions

<u>Question</u>: Will Medicaid expansion strain provider capacity and crowd out people who are currently insured?

<u>Answer</u>: No. This has not happened in any of the 38 other states that have expanded.

BACKGROUND:

- Reducing the number of uninsured **will strengthen the health care infrastructure** that many North Carolinians currently depend upon for access to care.
  - Rural hospitals disproportionately suffer from the burden of uncompensated care. In North Carolina, four rural hospitals have been forced to close their doors since 2014 (six closed since 2010), and **82% of rural hospital closures nationwide in the last five years have been in non-expansion states [1]**.
  - In many expansion states, the number of urgent care and retail clinics increased, and providers expanded their staff and opened new health care sites [2].
  - Compared to non-expansion states, safety net institutions in expansion states have larger reductions in uncompensated care, larger reductions in the number of uninsured patients, and increased budget savings. Those in non-expansion states report continued financial distress [3,4].

- In North Carolina, a similar concern was voiced when the Children's Health Insurance Program expanded coverage for children in 1997, but provider capacity shortages never occurred.

[1] "95 Rural Hospital Closures: January 2010 – Present." UNC Sheps Center, 2018
[2] Wishner, Jane and Rachel Burton. "How Have Providers Responded to the Increased Demand for Health Care Under the Affordable Care Act?" The Urban Institute, November 2017.
[3] Shin, Peter at al. "Health Center Patient Trends, Enrollment Activities, and Service Capacity: Recent Experience in Medicaid Expansion and Non-Expansion States." Kaiser Family Foundation, December 2015.
[4] Searing, Adam et al. "Beyond the Reduction in Uncompensated Care: Medicaid Expansion Is Having a Positive Impact on Safety Net Hospitals and Clinics." Georgetown University Center for Children and Families, June 2016.

Commonly Asked Questions

<u>Question</u>: Aren't people on waiting lists for Medicaid? Will this worsen the problem?

<u>Answer:</u> There is no waitlist for the Medicaid program.

BACKGROUND:

- Applicants who meet eligibility requirements automatically receive coverage. This would not change under Medicaid expansion.

- NC Medicaid also runs the Innovations Waiver program for individuals with Intellectual or Development Disabilities (I/DD) who prefer to get long-term care services and supports in their home or community, rather than in an institutional setting.
  - **The people on the waitlist for Innovations Waiver slots typically already have Medicaid coverage. Expanding Medicaid will not affect their ability to get coverage.**

- These issues are apples and oranges, we can do both.

<u>Question:</u> Aren't expansion enrollees more expensive to cover?

<u>Answer:</u> No. Per-beneficiary costs have been lower among the expansion population than among the previously eligible Medicaid population [1].

BACKGROUND:

- While expansion enrollees initially utilized more medical care than traditional enrollees due to pent-up demand among the previously uninsured, this was a short-term occurrence and costs have since fallen significantly [2].

- Costs have fallen partly because there is no longer pent-up demand for care, and partially due to the use of preventative care services by the expansion population [3].

[1] Hall, Mark. "Do States Regret Expanding Medicaid?" The Brookings Institution, March 2018.
[2] Cross-Call, Jesse. "Medicaid Expansion Continues to Benefit State Budgets, Contrary to Critics' Claims." Center on Budget and Policy Priorities, October 2018.
[3] Wolfe, Christian, Kathryn Rennie and Christopher Truffer. "2017 Actuarial Report on the Financial Outlook for Medicaid." Centers for Medicare &Medicaid Services, Office of the Actuary.

Commonly Asked Questions

<u>Question:</u> Could we experience cost overruns from more people signing up than expected?

<u>Answer:</u> Most states have been able to accurately predict enrollment. Closing the gap will actually help North Carolina SAVE money.

BACKGROUND:

- Research shows that most expansion states were able to accurately predict enrollment and the associated budgetary effects of expansion [1].
  - Officials in Indiana, North Dakota, and Ohio have said that Medicaid enrollment has been in line with expectations [2].

- **Several states have saved money because of Medicaid expansion**. This is because expansion reduces state spending on services that will now be covered by Medicaid and increases state tax revenue from the economic activity generated by expansion.
  - Arkansas will have a net savings of $444 million between 2018 and 2021 due to Medicaid expansion [3].
  - Michigan will have a net saving of more than $1 billion between 2018 and 2021 due to Medicaid expansion [4].
  - Montana's expansion has produced net savings each year since coverage began [5].
  - Virginia's expansion will save $421 million in its first two years [6].

- A George Washington University analysis found that if North Carolina expanded Medicaid, **it would increase state and county tax revenues without increasing taxes** [7].

- Nine expansion states (Arizona, Arkansas, Illinois, Indiana, Michigan, Montana, New Hampshire, New Mexico, and Washington) have "trigger" laws that eliminate Medicaid expansion if becomes a budget burden – yet none of them have rolled back expansion [8].

[1] Sommers, Benjamin and Jonathan Gruber. "Federal Funding Insulated State Budgets from Increased Spending Related to Medicaid Expansion." Health Affairs 36(5), May 2017.
[2] Hall, Mark. "Do States Regret Expanding Medicaid?" The Brookings Institution, March 2018.
[3] Cross-Call, Jesse. "Medicaid Expansion Continues to Benefit State Budgets, Contrary to Critics' Claims." Center on Budget and Policy Priorities, October 2018.
[4] ibid
[5] ibid
[6] ibid
[7] Ku, L., Bruen, B., Brantley, E., Cone Health Foundation, Milken Institute School of Public Health, & Kate B. Reynolds Charitable Trust. (2019). The Economic and Employment Benefits of Expanding Medicaid in North Carolina: June 2019 Update. Retrieved from www.kbr.org.
[8] Hall, Mark. "Do States Regret Expanding Medicaid?" The Brookings Institution, March 2018.

Commonly Asked Questions

Question: ***Will this lead to more government spending and higher tax rates?***

Answer: ***No. Closing the gap would require zero dollars in new state appropriations or new taxes.***

BACKGROUND:

- The federal government will pay 90% of costs in perpetuity. The North Carolina General Assembly can find a creative solution to cover the remaining 10% of costs without raising taxes, as other states have done.

- North Carolina taxpayers are already paying more than $1 billion a year for Medicaid expansions in other states [1]. We should bring some of those federal tax dollars back home.

Question: ***Could this cause people to drop private insurance?***

Answer: ***There is no evidence that this happened, or that it would in North Carolina.***

BACKGROUND:

- Many studies have looked at whether closing the coverage gap "crowds out" private insurance by compelling privately insured individuals to switch their insurance coverage to Medicaid. Three separate comprehensive studies have found no evidence of this phenomenon [2, 3, 4].
  - There is no evidence that there is significant movement from private insurance to Medicaid after expansion.
  - Looking across expansion states, rates of private insurance were unchanged after Medicaid expansion.
  - There was no change in private coverage among younger, healthier adults in expansion states.

[1] Doran, Will. "NC Gov. Roy Cooper on Medicaid expansion in North Carolina: 'You're already paying for it.'" PolitiFact North Carolina, January 2017.
[2] Frean, Molly, Jonathan Gruber, and Benjamin Sommers. "Premium Subsidies, the Mandate, and Medicaid Expansion: Coverage Effects of the Affordable Care Act." NBER Working Paper No. 22213, December 2016.
[3] McMorrow, Stacey et al. "Uninsurance Among Young Adults Continues to Decline, Particularly in Medicaid Expansion States." Health Affairs 34(4), April 2015.
[4] Decker, Sandra, Brandy Lipton, and Benjamin Sommers. "Medicaid Expansion Coverage Effects Grew in 2015 with Continued Improvements in Coverage Quality." Health Affairs 36(5), May 2017.

Commonly Asked Questions

<u>Question:</u> Will this increase the federal deficit?

<u>Answer:</u> We are paying more than we need to on health care because people are uninsured. If North Carolina does not close the gap, we will continue to pay for the costs of having a large uninsured population in our state and providing insurance for people in other states.

BACKGROUND:

- A large uninsured population means inefficient health care spending.
  - Half of the uninsured do not have a regular doctor to consult when they are sick or need medical advice, and when they do see a doctor they less likely to obtain recommended health services due to cost [1, 2].
  - Because of this, the uninsured often receive health care in the least efficient way possible – in the costly aftermath of a health crisis, rather than through regular preventative care.

[1] "Key Facts about the Uninsured Population." Kaiser Family Foundation, December 2018.
[2] Hadley, Jack. "Insurance coverage, medical care use, and short-term health changes following an unintentional injury or the onset of a chronic condition." JAMA 297(10), March 2007.