



Closing the Coverage Gap in North Carolina in 2016

HEALTH ACCESS COALITION

February 2016

THIRTY-ONE STATES AND THE DISTRICT OF COLUMBIA are currently receiving 100 percent federal funding to extend health care coverage (also referred to as Medicaid Expansion) to individuals that have incomes that are too high to qualify for Medicaid, but too low to receive financial assistance to purchase coverage through the Marketplace. With the passage of Medicaid Reform, North Carolina has a tremendous opportunity to develop a state-specific plan to close the coverage gap.

North Carolinians Want To Fix The Health Insurance Gap

According to the latest polling¹:

- 72% of people polled agree that, “North Carolina should make a plan to fix the health insurance gap.”
- 62% of Independent and Republican voters want to close the coverage gap.
- 84% of Democratic voters want to extend health coverage.
- 50% of people who identify as *very conservative* agree that, “North Carolina should make a plan to fix the health insurance gap.”

Regardless of age, race, gender, and income level most residents of the Tar Heel state want to expand health coverage to 500,000 low-income people in the state. It is important to remember that more than 300,000 of these North Carolinians have no other insurance options available to them.

In addition to individual voters, several local governments are in favor of extending health coverage. These are: the City of Durham, City of Greensboro, City of Reidsville, City of Winston-Salem, Mecklenburg County, Nash County, Orange County, Yancey County, and the Towns of Burnsville, Chapel Hill, Eden, and Madison.

How Can North Carolina Close The Coverage Gap?

Through health reform, states can receive federal funding to close the health insurance gap. This can be done in two ways: **(1)** expand eligibility in the current Medicaid system, or **(2)** develop a state-specific plan to extend health insurance coverage to struggling families. Six states have developed state plans to expand health coverage: Arkansas, Indiana, Iowa, Michigan, Montana, and New Hampshire.

Pennsylvania has recently switched from a state-specific plan to general Medicaid expansion and Arizona is in the process of developing a state plan². It is important to note that even though states can develop their own plans, the federal government must approve the plan to make sure it increases access to quality and affordable health care.

How Has Closing the Health Insurance Gap Benefited Other States?

Compared to non-expansion states, states that chose to close the coverage gap report an even greater reduction in the number of uninsured individuals in their state. Expansion states also benefit

because until the end of 2016 the federal government will cover 100 percent of the Medicaid costs for expansion enrollees. Starting in 2017, the federal government will cover 95 percent of the cost associated with expansion. Starting in 2020 and thereafter, the ACA has established through law that the federal government will cover 90 percent of the cost associated with Medicaid expansion.

In Arkansas, a state with a state-specific plan, one report states that between 2017 and 2021 Medicaid expansion will have a \$438 million positive impact on state funds³. Another state that has employed the 1115 waiver to expand Medicaid, Michigan, has noted that expansion enrollees traditionally rely on emergency department care more than traditional Medicaid enrollees, but within the first year of closing Michigan's coverage gap more than half of expansion enrollees have seen a primary care doctor and 17 percent received preventative services⁴. Kentucky has noted significant economic and health benefits due to expansion. Within the first year of closing the gap, 12,000 jobs were created, 46,000 people were screened for diabetes (Kentucky ranked 33rd for diabetes in the US), provider revenue increased by 26 percent, over 13,000 people received treatment for substance use disorders, and hospital uncompensated care decreased by 55 percent⁵.

How Would Closing The Gap Impact North Carolina?

A report by the Cone Health Foundation and Kate B. Reynolds Charitable Trust shows that if North Carolina would have extended coverage by the beginning of 2016, 43,000 jobs would have been created by 2020 and business activity would have increased by \$21 billion between 2016 and 2020⁶. Fixing the health insurance gap means that 27,044 individuals could receive medication to treat diabetes, 12,051 women could receive screenings for breast cancer, and 1,145 individuals would not have to die unnecessarily each year⁷.

North Carolina still has time to develop a state-specific plan to close the health insurance gap this year as our policymakers and healthcare leaders are already developing a state plan to transform our traditional Medicaid system. Medicaid expansion can be included in the same Medicaid reform waiver. Closing the coverage gap would not only increase access to healthcare for childless adults, but potentially help 144,000 uninsured children gain coverage⁸. The health and fiscal benefits outweigh the ideological challenges.

1. <http://www.ncchild.org/wp-content/uploads/2016/01/NC-Issues-Q1-Results.pdf>

2. <http://kff.org/medicaid/issue-brief/the-aca-and-medicaid-expansion-waivers/>

3. <http://www.arkleg.state.ar.us/assembly/2015/Meeting%20Attachments/836/I14005/TSG%20Final%20August%20Status%20Report-3%20%208-17-19%20239.pdf>

4. <http://healthaffairs.org/blog/2015/08/28/michigan-the-path-to-medicaid-expansion-in-a-republican-led-state/>

5. <http://kentucky.gov/Pages/Activity-Stream.aspx?viewMode=ViewDetailInNewPage&eventID=%7B97DA58DC-A167-4B3B-9B18-7C1E2CA79C88%7D&activityType=PressRelease>

6. <http://www.conehealthfoundation.com/app/files/public/4202/The-Economic-and-Employment-Costs-of-Not-Expanding-Medicaid-in-North-Carolina.pdf>

7. <http://healthaffairs.org/blog/2014/01/30/opting-out-of-medicaid-expansion-the-health-and-financial-impacts/>

8. <http://ccf.georgetown.edu/wp-content/uploads/2015/07/NC-Medicaid-Parent-Paper.pdf>