

# Increasing Health Care Access and Improving Health Outcomes for North Carolinians

## PASS HOUSE BILL 5/SENATE BILL 3, Closing the Medicaid Coverage Gap

### NC JUSTICE CENTER FACT SHEET

Every North Carolinian should have the health care they need without fear of going bankrupt. Yet more than 1 million North Carolinians in every corner of the state are uninsured, which is holding them back from reaching their full economic potential.

Medicaid expansion provides states with a tool to make health care more affordable for all by making sure more North Carolinians are covered by health insurance, in turn connecting people to the care they need and boosting the well-being of families and communities.

In 2019, lawmakers introduced legislation that provides a vehicle to maximize the benefits of the federal Medicaid expansion option in North Carolina. The legislation 1) covers the most North Carolinians currently in the coverage gap; 2) provides that coverage as quickly as possible without needing federal approval for a waiver; 3) minimizes administrative costs; and 4) finances the state match responsibly so that North Carolina can draw down the full federal commitment to the program.

#### **Closing the Medicaid Coverage Gap (HB5/SB3) would significantly reduce the number of uninsured North Carolinians.**

- The legislation provides for the coverage of those with incomes below 138 percent of the Federal poverty level, or just under \$30,000 for a family of three, and are between the ages of 19 and 64.
- The state estimates that at least 500,000 North Carolinians would benefit from Medicaid expansion, thus dramatically reducing the state's uninsured population.

#### **Closing the Medicaid Coverage Gap (HB5/SB3) would improve the health and well-being of North Carolinians.**

- Research from expansion states has found significant increases in reports of “excellent” health as well as increased treatment of chronic conditions and regular visits to a primary care provider. In Massachusetts, expansion of Medicaid expansion and other health care coverage significant decreased mortality rates.<sup>i</sup>
- Additional provider reports documented newly eligible patients have received life-saving treatment.<sup>ii</sup>

#### **Closing the Medicaid Coverage Gap (HB5/SB3) stabilizes local economies, particularly in rural communities.**

- Treating large numbers of uninsured patients puts a financial strain on hospitals and other health care providers. Since 2013, six rural hospitals have closed in NC, and eight are at high risk of financial distress.<sup>iii</sup>
- The presence of hospitals and the health outcomes of residents are key assets in a community's economic development efforts.

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**Closing the Medicaid Coverage Gap (HB5/SB3) would expand coverage as soon as possible instead of relying on a federal waiver that will add months or years in delays.**

- Under this bill, people could begin enrolling in coverage in November 2019, when Medicaid Managed Care changes take effect in our state.
- Alternative proposals to close the coverage gap might require submission of a Section 1115 federal waiver, which would add months if not years in administrative delays before uninsured North Carolinians could get coverage.<sup>iv</sup>

**Closing the Medicaid Coverage Gap (HB5/SB3) will produce state budget savings.**

- The NC General Fund already pays for the high number of uninsured in the state through health services for people who are incarcerated, and mental health and substance-use disorder services, among other state investments.
- With more people able to access health insurance through expansion, state costs would be reduced and allow for taxpayers dollars to fund major community priorities like education and community economic development.

**Closing the Medicaid Coverage Gap (HB5/SB3) responsibly covers the small state cost through provider assessments and won't raise the taxes of everyday North Carolinians.**

- The federal government will pay 90 percent of the cost of Medicaid expansion.
- The state's share of the cost would rely on assessments and fees on health care providers, such as hospitals.
- Medicaid expansion will generate more revenue for the health care system, including hospitals, primary care providers, and health insurance plans.
- Even with increased provider assessments, health care providers' bottom-lines will benefit on net since they will treat many more patients with health coverage. This in turn will lead to more reimbursable claims, healthier patients, and lower cost interventions.

**Closing the Medicaid Coverage Gap (HB5/SB3) doesn't add any additional unfunded administrative costs that minimize the benefits of health care coverage and raise the costs for taxpayers.**

- From upgrading IT systems to aligning and staffing new work processes to delivering a new range of services, the implementation of these changes requires a significant investment at a time that North Carolina doesn't have available revenue to cover.<sup>v</sup>
- When people lose Medicaid, it raises costs for all North Carolinians because of increased emergency room visits and hospitalizations. Arkansas should serve as a cautionary tale as thousands have lost coverage, many of whom have worked or are working but face challenges with reporting requirements.

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Would the proposal...	House Bill 5/ Senate Bill 3
<b>Cover more North Carolinians with quality health insurance under Medicaid?</b>	<b>YES.</b> It is estimated that at least 500,000 North Carolinians would have health insurance coverage under expansion.
<b>Fully close the coverage gap by expanding Medicaid eligibility up to 138 percent of the federal poverty level?</b>	<b>YES.</b> The current bill language would effectively cover people under 138 percent of the FPL although the bill itself sets income eligibility at 133 percent of the FPL, taking advantage of a federal disregard of up to 5 percent.
<b>Cover uninsured North Carolinians as expeditiously as possible?</b>	<b>YES.</b> Because the legislation does not propose a waiver, it would close the coverage gap as soon as November 2019.
<b>Realize the full fiscal savings to the state and taxpayers?</b>	<b>YES.</b> The legislation would maximize the cost savings by covering newly eligible North Carolinians, would draw down federal funds at a higher match rate than existing public health programs, and would finance the program with provider assessments. Because the legislation does not propose a waiver, the administrative costs are further minimized.
<b>Create broader community benefits through increased access to comprehensive care and stronger local economies?</b>	<b>YES.</b> By drawing down federal dollars that ultimately are our taxpayer dollars, the legislation would enable local communities to stabilize hospitals and providers, support the health care workforce and stabilize household budgets where health care costs can result in high debt.

<sup>i</sup> <https://www.cbpp.org/research/health/medicaid-works-millions-benefit-from-medicoids-effective-efficient-coverage>

<sup>ii</sup> <http://files.kff.org/attachment/Issue-Brief-The-Effects-of-Medicaid-Expansion-Under-the-ACA-Updated-Findings-from-a-Literature-Review>

<sup>iii</sup> Erica L. Richman, PhD, MSW; George H. Pink, PhD. Characteristics of Communities Served by Hospitals at High Risk of Financial Distress. North Carolina Rural Health Research Program Cecil G. Sheps Center for Health Services Research The University of North Carolina at Chapel Hill. December 2017. <https://www.ruralhealthresearch.org/alerts/206>

<sup>iv</sup> "The time frame for approval of work requirement waivers was a minimum of six months to more than a year from the time federal comments closed. This does not include the state waiver drafting, comment period, state comment review, and federal comment period." [https://familiesusa.org/sites/default/files/product\\_documents/MCD\\_Expansion-Timeline\\_Fact-Sheet.pdf](https://familiesusa.org/sites/default/files/product_documents/MCD_Expansion-Timeline_Fact-Sheet.pdf)

<sup>v</sup> <https://www.cbpp.org/blog/medicaid-waiver-proposals-creating-new-barriers-to-coverage-will-cost-states-millions>