



SB808 is the wrong policy fix for Medicaid

GA should expand Medicaid, not create irreparable harm to a critical anti-poverty program

BUDGET & TAX CENTER FACT SHEET

Senate Bill (SB) 808 would cause unnecessary disruptions to our state's Medicaid system in the midst of an unprecedented pandemic. The bill calls for the complete overhaul and rapid transformation of our state's largest public health insurance program, which would jeopardize the lives and wellbeing of over two million children and families with low incomes, during the COVID-19 pandemic.

North Carolina's health care systems need to focus on COVID-19 response, which is still devastating families across the state. SB 808 would force providers and the state Department of Health and Human Services to shift away from the urgent needs related to COVID-19 and restart an extensive multi-system overhaul with implications on how people can receive care. The time and resources of our health agency and health professionals should be spent on curbing the impact of COVID-19, saving lives, and putting into place contingency plans for a second wave of cases.

This is the time for Medicaid expansion, not for unnecessary disruption to the Medicaid program. Income and health insurance losses make the need to expand Medicaid even more critical for an equitable COVID-19 response. An estimated 723,000 North Carolinians have lost health insurance coverage as a result of job losses, with thousands more in the state's already substantial coverage gap and more expected to fall in the gap as they exhaust unemployment insurance benefits and lose their marketplace subsidies.¹ Many workers in essential jobs and in the coverage gap would qualify for Medicaid if the NC General Assembly expanded the program, as would workers in industries heavily impacted, such as accommodation and food service, and retail.

Transforming Medicaid the right way will take significant upfront time and resources – elements that are not part of the legislature's current plan. Hastily transforming a major public program would have serious negative consequences in any "normal" situation, let alone a pandemic. Findings from the 2019 Legislative Forecast Report demonstrate that the upfront costs of Medicaid transformation would exceed the cost of the current fee-for-service system, and savings from managed care would not be realized for several years.²

More than ever, this pandemic has shown us that the health of each of us is inextricably connected. Rather than transforming a central program of the safety net in the midst of unprecedented hardship, the General Assembly should finally enact Medicaid expansion so that more than 500,000 North Carolinians and counting can receive high-quality and affordable health insurance.

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¹ Garfield, R., Claxton, G., Damico, A., & Levitt, L. May 13, 2020. Eligibility for ACA Health Coverage Following Job Loss. Accessed at <https://www.kff.org/report-section/eligibility-for-aca-health-coverage-following-job-loss-appendix/>

² North Carolina Department of Health and Human Services. April 9, 2019. North Carolina Medicaid Transformation Seven-Year Forecast Legislative Report. Accessed at <https://files.nc.gov/ncdma/NCGA-Report-7Year-Forecast-Final-20190409.pdf>