TRUE OR FALSE?

• Medicare serves the elderly (65+)

• Medicaid serves the poor
NORTH CAROLINA’S MEDICAID PROGRAM

Currently Covers:
• Low income children and pregnant women
• Extremely low income parents
• Low income seniors
• People with disabilities

Not Covered:
• Adults without dependent children
  (no matter how poor!)
North Carolina’s Medicaid Program

• Parents eligible up to 50% of poverty line (~$10,000 for family of 3). *Adults without dependent children are not eligible unless they are disabled.*

• NC Medicaid eligibility in the bottom quartile of states, lower than neighboring states.

• 13% of NC residents below 65 are uninsured as of 2014, down from 15.6% in 2013. (Medicaid expansion states seeing single digit uninsured rates)
What is the NC Health Insurance Coverage Gap?

- NC has elected to continue receiving ‘traditional’ Medicaid rather than accepting the expanded funds available for Medicaid through the Affordable Care Act.

- Coverage gap leaves the “poorest of the poor” without options.
Figure 1

Income Eligibility Levels for Medicaid/CHIP and Marketplace Tax Credits in North Carolina as of 2014

Notes: Medicaid eligibility is based on current Medicaid eligibility rules converted to MAGI. Applies only to MAGI populations. Medicaid eligibility levels as a share of poverty vary slightly by family size; levels shown are for a family of four. People who have an affordable offer of coverage through their employer or other source of public coverage (such as Medicare or CHAMPUS) are ineligible for tax credits. Unauthorized immigrants are ineligible for either Medicaid/CHIP or Marketplace coverage. Source: Kaiser Family Foundation analysis based on 2014 Medicaid eligibility levels.
NC Health Insurance Gap (Low Income Adults with No Affordable Options)

NOTE: Applies to states that do not expand Medicaid. The current median state Medicaid eligibility limit for parents is 48% FPL in the 21 states that are not moving forward with the Medicaid expansion at this time.
Who would benefit from closing the gap through Medicaid expansion?
Sixty (60%) percent of those who would benefit from Medicaid expansion are the working poor.

(and work in occupations that most people encounter and rely on every day)

Source: These data are based on information from the American Community Survey, which is conducted by the U.S. Census Bureau. Data are based on an analysis of uninsured North Carolina residents ages 18-64 with family incomes up to 138% of poverty ($27,310 for a family of three in 2014).
Most of those who would benefit if North Carolina expanded Medicaid are working adults. Fully 59 percent of those who could benefit work in occupations that North Carolina residents rely on, supporting industries that are the foundation of the state’s economy.

### Top 9 occupations that would benefit from expanding Medicaid in North Carolina

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>59K</td>
</tr>
<tr>
<td>Food Service</td>
<td>56K</td>
</tr>
<tr>
<td>Sales</td>
<td>46K</td>
</tr>
<tr>
<td>Cleaning and Maintenance</td>
<td>43K</td>
</tr>
<tr>
<td>Production</td>
<td>36K</td>
</tr>
<tr>
<td>Transportation</td>
<td>34K</td>
</tr>
<tr>
<td>Office and Administrative Support</td>
<td>32K</td>
</tr>
<tr>
<td>Personal Care and Support</td>
<td>18K</td>
</tr>
<tr>
<td>Health Care Support</td>
<td>16K</td>
</tr>
<tr>
<td>All Other</td>
<td>66K</td>
</tr>
</tbody>
</table>

Note: People are classified according to the job they now have or the last job they held in the prior 12 months.

### Expanding coverage is a sound investment for North Carolina, creating a healthier workforce and strengthening the state’s economy.

Our calculations define North Carolina adults with incomes under 138% of poverty who are employed but lack health insurance and who are currently working or who have worked in the last 12 months. This population is equal to 59 percent of the 699,000 uninsured adults who could benefit if the state expanded Medicaid. It excludes the following people who have never worked or who have been out of the workforce for 5 years or more: 62% of the 699,000 uninsured adults; and those we define as “unemployed” who had not worked in 1-5 years. The 699,000 uninsured adults are defined as having incomes under 138% of poverty ($27,310 for a family of three in 2014).

Source: These data are based on information from the American Community Survey, which is conducted by the U.S. Census Bureau. Data are based on an analysis of uninsured North Carolina residents ages 18-64 with family incomes up to 138% of poverty ($27,310 for a family of three in 2014).
What about the 40% “not working” who would be eligible under Medicaid expansion?

21% are “NOT IN THE WORKFORCE”
- People with disabilities
- Students
- Non-working spouses/caregivers
- People who have left the workforce

19% are unemployed

Source: These data are based on information from the American Community Survey, which is conducted by the U.S. Census Bureau. Data are based on an analysis of uninsured North Carolina residents ages 18-64 with family incomes up to 138% of poverty ($27,310 for a family of three in 2014).
Medicaid Expansion Options

- Federal Affordable Care Act gives states the option to expand Medicaid eligibility for non-elderly adults (to 138% of the poverty line ~ $28,600 for family of 3).

- Federal govt. will pay 100% of costs for expansion in 2014 to 2016. Match rate declines to 95% in 2017, so state must pay 5%. Declines to 90% by 2020 and afterward.

- In comparison, “regular” federal Medicaid match is 66%, so state pays 34% of total costs.
Where Are the States Now?

• So far, 31 states (including DC) are expanding Medicaid. Under discussion: 1 state; Not adopting at this time: 19 states.

• Some states are using federal waivers to customize expansions, such as using health insurance exchanges or modifying rules for cost-sharing.

• Often combined with other Medicaid reforms, such as accountable care organizations, patient-centered medical homes, etc.
Current Status of State Medicaid Expansion Decisions

NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

Evidence from Early Expansions

Medicaid expansions associated with:

• Better access to health care, more use of preventive care (e.g., cancer screening, cholesterol testing)
• Lower death rates
• Increased employment
• Lower uncompensated hospital care costs
• Rate of uninsured dropped by 10% (vs 3% for non-expansion states)
Evidence from Early Expansions

Reducing barriers to preventive and primary care and medications keeps people healthier, so they can avoid preventable problems that lead to ER use or hospital admission.
The Economic and Employment Costs of Not Expanding Medicaid in North Carolina: A County-Level Analysis

Leighton Ku, PhD, MPH
Brian Brucn, MS
Erika Steinmetz, MBA
Tyler Bysshe, BS

Center for Health Policy Research
The George Washington University

December 2014
What Does This Analysis Do?

- Examines how the decision to not expand Medicaid affects economic growth, job growth, state and county government revenues and other factors in North Carolina.
- Focuses not only at state-level effects, but also implications for each of North Carolina’s 100 counties.
- Broader view than traditional state budget analyses.
- Based on well-respected, well-documented data sources and methods. Used REMI economic model (also used by NC General Assembly, NC Institute of Medicine, etc.)
- Non-partisan methodology and conservative in approach.
“Multiplier” Effects: How New Federal Funds Affect Economy & Jobs

Federal Medicaid Matching Funds $\rightarrow$ State Medicaid Payments $\rightarrow$ Health Care Services

For Medicaid expansions, federal funds are the main source of new funding

Health Care Services $\rightarrow$ Employees $\rightarrow$ Goods & Services

Employees $\rightarrow$ Vendors $\rightarrow$ Taxes

Direct Effect
Indirect Effect
Multiplier Effect
**NC Already Lost Economic Opportunities**

- NC did not expand Medicaid in 2014 and has passed Medicaid reform without expansion in 2015.

Compared to what would have happened if Medicaid expanded in 2014:

- NC lost **$2.7 billion** in federal funding in 2014 and will lose **$3.3 billion** in 2015.
- About **23,000 new jobs not created** in 2014 and **29,000 fewer jobs** will be created in 2015.
- Total state economy about **$1.7 billion smaller** in 2014
- **$100 million** in state revenue lost in 2014.
## Not Expanding Medicaid in 2014: County Level Effects in 2015

<table>
<thead>
<tr>
<th></th>
<th>Buncombe</th>
<th>Henderson</th>
<th>Haywood</th>
<th>Madison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Not Created in 2015</td>
<td>1,004</td>
<td>253</td>
<td>75</td>
<td>38</td>
</tr>
<tr>
<td>Total Business Activity Lost in 2015</td>
<td>$115 mil</td>
<td>$26 mil</td>
<td>$8.3 mil</td>
<td>$3.8 mil</td>
</tr>
<tr>
<td>County Revenue Not Collected in 2015</td>
<td>$775,000</td>
<td>$233,000</td>
<td>$108,000</td>
<td>$27,000</td>
</tr>
</tbody>
</table>
NC has another opportunity to expand Medicaid. This could permit an influx of new federal funds, fueling economic and job growth over many years.

But without expansion in 2015, it cannot be implemented by 2016.

2016 is the last year of 100% federal matching rate. By 2017, falls to 95%, then continues to decline to 90% by 2020. Less economic benefit if delayed.
## State Costs of Not Expanding by 2016

<table>
<thead>
<tr>
<th>Compared to with Expansion</th>
<th>2016</th>
<th>2020</th>
<th>2016-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funding Lost (Bil $)</td>
<td>$2.7</td>
<td>$5.1</td>
<td>$21.0</td>
</tr>
<tr>
<td>Total Jobs Not Created</td>
<td>22,000</td>
<td>43,000</td>
<td>N/A</td>
</tr>
<tr>
<td>State Business Activity Lost (Bil $)</td>
<td>$2.5</td>
<td>$5.2</td>
<td>$21.5</td>
</tr>
<tr>
<td>State Tax Revenue Lost (mil $)</td>
<td>$94</td>
<td>$221</td>
<td>$862</td>
</tr>
<tr>
<td>County Tax Revenue Lost (mil $)</td>
<td>$16</td>
<td>$44</td>
<td>$161</td>
</tr>
<tr>
<td>People Not Covered by Medicaid</td>
<td>319,000</td>
<td>532,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### Types of Jobs Not Created by 2020 by Industry Sector (43,314)

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th># Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulatory Health Services</td>
<td>18,339</td>
</tr>
<tr>
<td>Hospitals</td>
<td>4,954</td>
</tr>
<tr>
<td>Construction</td>
<td>5,017</td>
</tr>
<tr>
<td>Retail &amp; Wholesale Trade</td>
<td>2,623</td>
</tr>
<tr>
<td>Food Services &amp; Drinking Places</td>
<td>1,175</td>
</tr>
<tr>
<td>Professional, Scientific &amp; Technical Services</td>
<td>1,233</td>
</tr>
<tr>
<td>Social Assistance</td>
<td>578</td>
</tr>
<tr>
<td>State &amp; Local</td>
<td>3,862</td>
</tr>
<tr>
<td>All Other Sectors</td>
<td>5,525</td>
</tr>
</tbody>
</table>
Number of Jobs Not Created by 2020 If Medicaid Is Not Expanded in 2016
Percent of County Jobs Not Created by 2020 If Medicaid Is Not Expanded in 2016

<0.5%  0.5-1.0%  1.0%+

Alamance  Franklin
Alleghany  Durham
Burke  Jackson
Robeson  Columbus
Hertford

Milken Institute School of Public Health
THE GEORGE WASHINGTON UNIVERSITY
## County Effects If Medicaid Not Expanded by 2016

<table>
<thead>
<tr>
<th></th>
<th>Buncombe</th>
<th>Henderson</th>
<th>Haywood</th>
<th>Madison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jobs Not Created in 2020</strong></td>
<td>1,502</td>
<td>381</td>
<td>115</td>
<td>56</td>
</tr>
<tr>
<td><strong>Total Business Activity Lost 2016-20</strong></td>
<td>$745 mil</td>
<td>$168 mil</td>
<td>$55 mil</td>
<td>$2.4 mil</td>
</tr>
<tr>
<td><strong>County Revenue Not Collected 2016-20</strong></td>
<td>$5.5 mil</td>
<td>$1.6 mil</td>
<td>$767,000</td>
<td>$196,000</td>
</tr>
<tr>
<td><strong>People Not Covered by Medicaid in 2016</strong></td>
<td>8,485</td>
<td>3,447</td>
<td>1,719</td>
<td>860</td>
</tr>
</tbody>
</table>
## Est. State Budget Costs of Expanding Medicaid in 2016 (millions of $)

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2020</th>
<th>2016-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Medicaid Match</td>
<td>$39</td>
<td>$604</td>
<td>$1,730</td>
</tr>
<tr>
<td>State Tax Revenue Gained</td>
<td>-$94</td>
<td>-$221</td>
<td>-$862</td>
</tr>
<tr>
<td>Potential Health Savings</td>
<td>-$143</td>
<td>-$291</td>
<td>-$1,185</td>
</tr>
<tr>
<td>State Uncompensated Hospital Care</td>
<td>-$31</td>
<td>-$60</td>
<td>-$250</td>
</tr>
<tr>
<td>State Inpatient Psychiatric</td>
<td>-$10</td>
<td>-$17</td>
<td>-$76</td>
</tr>
<tr>
<td>Community Mental Health</td>
<td>-$102</td>
<td>-$214</td>
<td>-$859</td>
</tr>
<tr>
<td><strong>Potential Net State Costs/Savings</strong></td>
<td>-$198</td>
<td>$92</td>
<td>-$318</td>
</tr>
<tr>
<td>Federal Revenue Gained</td>
<td>$2,676</td>
<td>$5,504</td>
<td>$21,005</td>
</tr>
</tbody>
</table>
Study Conclusions

• Majority of states already expanding Medicaid. More considering.

• North Carolina already experienced economic and job losses by not expanding Medicaid in 2014 and 2015.

• North Carolina has another opportunity. Serious economic and employment costs if the state continues to decline Medicaid expansion.

• Repercussions would be felt in every part of the state and in most business sectors.
Medicaid Reform

• Passed in September – system moves from fee-for-service to managed care

• Limits state’s risk for increasing health care costs (more budget certainty)

• Hybrid model of commercial managed care and provider-led entities
Medicaid Reform

- Section 1115 waiver for reform must be approved by federal HHS
  - Waiver will be submitted by June 2016
  - Winning federal approval could take another year or more
  - Managed care contracts would begin 18 months after approval
  - Will the feds approve Medicaid reform without expansion???
MEDICAID EXPANSION KEY THEMES

* Strong Governor With A Rock-Solid Plan

* Committed Group of Advocates

* Broad Institutional + Media Support
WHY SHOULD BUSINESS LEADERS CARE ABOUT EXPANSION?
How could the NC Coverage Gap affect my company’s work environment?
Uninsured Workers = Absenteeism, Lower Productivity and Higher Cost Care

- Physical and mental illness leads to absenteeism
- Uninsured do not seek preventive care
- Uninsured delay or go without medical care and medications
- Uninsured seek care when illness has progressed requiring more intensive/expensive services
Uncompensated Care and The Cost Shift

- NC hospitals provide $1.8 billion a year in care to patients unable to pay

- Costs are shifted to employers, private insurers, those who can pay for care and taxpayers

- Medicaid expansion could help fix this bad business model!
TAKEAWAYS

• Expanded coverage improves health, creates jobs and stimulates local and state economies

• Expanding Medicaid will make NC more competitive economically with other states
TAKEAWAYS

• Businesses and individuals are already paying for expanded coverage through Affordable Care Act taxes/fees

• Expansion is a benefit to employers and employees – employers don’t have to cover those employees and employees get affordable insurance

• Expansion could relieve tax penalties related to health care coverage requirement for employers >50 employees in 2016
TAKEAWAYS

• Expanded coverage stabilizes the insurance market and lowers costs to small businesses

• Hospitals are paying for the coverage through Medicaid and Medicare cuts

• Shorter lives and poorer health in the United States will ultimately harm the nation’s economy as health care costs rise and the workforce remains less healthy than that of other high-income countries
www.ncmedicaidexpansion.com

(Medicaid Study and one-page summaries for all 100 NC counties)