

# CLOSING THE COVERAGE GAP

*The case for Medicaid expansion remains as strong as ever*

By Samone Oates-Bullock

The Affordable Care Act (ACA) was enacted in 2010 in order to expand coverage, control rising healthcare costs, and improve the overall quality of healthcare in America. One of the major provisions of ACA was the expansion of Medicaid eligibility to low-income individuals with incomes at or below **138 percent** of the federal poverty level (**\$28,676 for a family of three**). This expansion would help to fill notable gaps in Medicaid eligibility and extend insurance coverage to low-income individuals. In 2013, North Carolina enacted [legislation](#) that prevents any state actor—including the Governor—from expanding Medicaid unless authorized by

the General Assembly. As a result, hundreds of thousands of low-income North Carolinians are being left in the "coverage gap" — a place in which they earn too much to be eligible for Medicaid, but too little to qualify for marketplace subsidies that would allow them to purchase insurance in the private market. Closing the coverage gap would significantly change the landscape of healthcare coverage and access in North Carolina by providing coverage to more than **208,000** North Carolinians and, literally, saving thousands of lives.

## CLOSING THE COVERAGE GAP IMPROVES THE QUALITY OF HEALTH CARE

### ● More coverage means better health outcomes.

A Harvard study concluded that if North Carolina were to close the coverage gap, there would be:<sup>1</sup>



### ● Other states have already seen such improvements.

Arkansas and Kentucky both saw increases in the likelihood of having a personal physician, an increase in the likelihood of a checkup, and a decreased reliance on the emergency department. Within a year of closing the gap, **58,713** enrollees in Louisiana received preventative care<sup>2</sup>, and the number of hospitalizations among uninsured people with substance abuse disorder or behavioral health problems was reduced by **78 percent** in West Virginia<sup>3</sup>.

## CLOSING THE COVERAGE GAP WOULD HELP BOOST THE ECONOMY

### ● Closing the coverage gap would promote job creation and revenue.

By closing the gap, North Carolina would see the creation of almost **43,000** new jobs, primarily in the health care sector. It would also generate **\$21 billion** in total business activity and increase the gross state product by **\$14 billion**.



- **Closing the coverage gap would save money.**

While not without some cost to the state, (in 2017, the federal matching rate for Medicaid was reduced to 95 percent and will gradually reduce to 90 percent in 2020 and the following years) experts believe Medicaid expansion will practically pay for itself as a result of the financial benefits, one of which includes reducing the costs of uncompensated care for hospitals. Closing the gap could eliminate one-third of uncompensated care costs, saving North Carolina approximately **\$250 million** between 2016 and 2020. The state would save an additional **\$934 million** though averted costs to mental health programs that are covered by Medicaid.

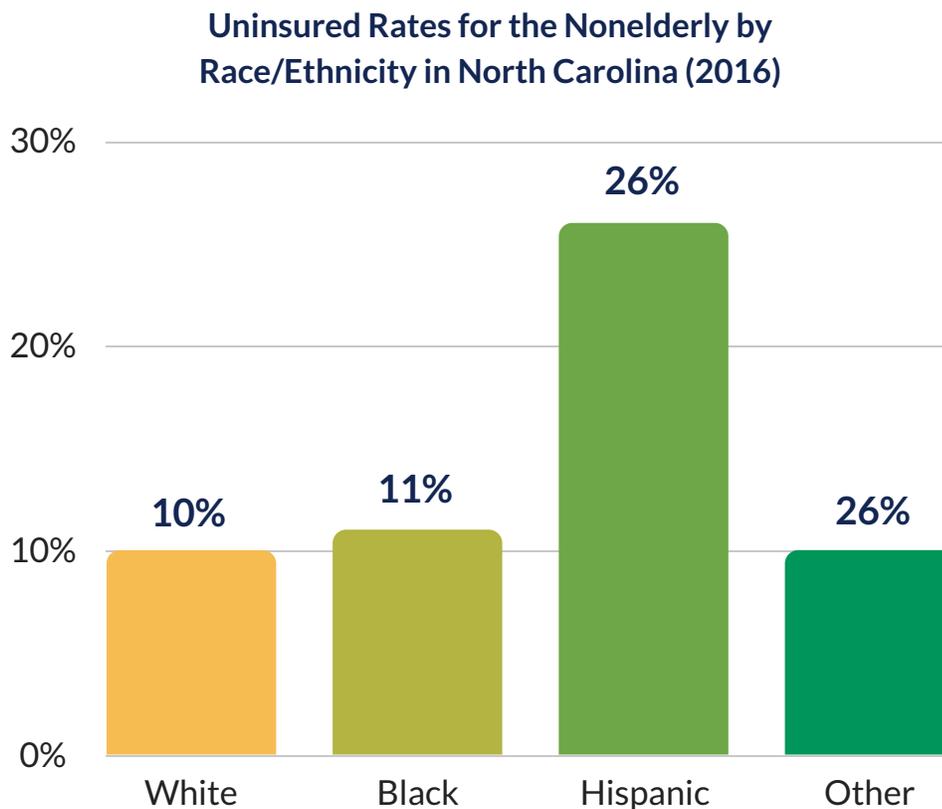
- **Closing the coverage gap would prevent further economic loss.**

A [report](#) by the Cone Health Foundation and Kate B. Reynolds Charitable Trust found that by 2016, North Carolina had lost an estimated **\$6.02 billion** on federal funds. It also found that in 2014 and 2015, North Carolina would have gained an additional **\$228 million** in revenue, with counties seeing an extra **\$40 million**. Job growth also took a hit with an estimated **30,000** jobs lost in 2014 and 2015.

## CLOSING THE COVERAGE GAP ADDRESSES DISPARITIES IN COMMUNITIES OF COLOR

- **Communities of color are less likely to be insured.**

A [study](#) by the Kaiser Commission shows that uninsured Black adults are more than twice as likely as white and Hispanic uninsured adults to fall into the coverage gap. As of 2016, **12 percent** of the non-elderly population in North Carolina was uninsured – with **11 percent** of the non-elderly population being African-American, and **26 percent** being Hispanic<sup>4</sup>. The disparities in coverage are devastating in communities of color that often have the highest rates of chronic diseases such as diabetes, heart disease, and HIV/AIDS. Without coverage, many individuals go without preventative care or the medication they need to improve their health.



Source: [Uninsured Rates for the Nonelderly by Race/Ethnicity, NC](#)

## THE CURRENT STATE ON EXPANSION

### ● The 2017 “Carolina Cares” Proposal (H.B. 662).

In 2017, legislators introduced the “[Carolina Cares](#)” bill, which would expand the state's Medicaid program. Under the proposal, adults with incomes at or below 133 percent of the federal poverty level (**less than \$16,000 for a single person**) would qualify. Once qualified, they would be required to pay annual premiums equal to two percent of their household income. The bill also includes work requirements in which adults would have to be employed or “engaged in activities that promote employment” to be eligible for the coverage. In order to help cover state costs, North Carolina hospitals would be charged an assessment.

## POLICY PRESCRIPTIONS

### ● Remove the work requirement from Carolina Cares proposal and invest in work support programs.

There are several reasons that a work requirement would be ineffective including:

- Many Medicaid enrollees are already working, thus leaving a small chance of increasing employment,
- A work requirement will not reduce the need for health coverage through Medicaid because many of the jobs held by Medicaid enrollees do not offer health insurance, and most importantly
- Health coverage through Medicaid should be viewed as a precursor to and support for work, not the other way around.

Additionally, work requirements are extremely costly to administer and could lead to eligible enrollees losing access to benefits because they could not comply with paperwork/documentation demands. Evidence shows work support programs are better at promoting sustained employment than punitive work requirements. New Hampshire's Medicaid expansion legislation refers unemployed enrollees to a state-run job search program rather than making eligibility contingent on work status<sup>5</sup>.

### ● Remove the premium termination clause from Carolina Cares proposal and adopt incentives.

Under Section 4 of the Carolina Cares Bill, beneficiaries who fail to pay their premiums within a **60-day period** will be terminated from the program. Instead of penalizing individuals for missing their premium payments, North Carolina should adopt incentives that promote healthy behavior. One way to do this is by waiving or reducing premiums for recipients who meet specified health goals.

Under Iowa's expansion plan, premiums are waived for beneficiaries who meet health goals such as completing a health risk assessment, or completing preventative health activities such as dental exams.

#### FOR MORE INFO CONTACT:

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1. [http://www.law.unc.edu/documents/poverty/publications/medicaid\\_report\\_final.pdf](http://www.law.unc.edu/documents/poverty/publications/medicaid_report_final.pdf)
2. <http://ldh.la.gov/index.cfm/newsroom/detail/4169>
3. <https://aspe.hhs.gov/system/files/pdf/255456/ACAOpoid.pdf>
4. <https://goo.gl/U5dHAB>
5. <http://familiesusa.org/1115-waiver-element-work-requirements>