north carolina
JUSTICE CENTER

TALKING POINTS ON:
CLOSING THE COVERAGE GAP

In 2010 the Patient Protection and Affordable Care Act (ACA) was signed into law, thus increasing people's ability to access and utilize affordable quality health care. In 2012, the Supreme Court upheld the ACA, but made it optional for states to expand Medicaid to individuals and families who have historically been in the Coverage Gap. Starting in 2014, families and childless adults who have traditionally been uninsured as they did not meet eligibility requirements for public health coverage such as Medicaid or did not earn enough money to purchase insurance on their own could become insured if their state of residence accepted federal funding to extend health coverage. Today, North Carolina and 18 other states have failed to close the Coverage Gap. In NC, the failure to expand public health insurance coverage leaves approximately 500,000 without access to health care. Nearly 300,000 of those in the Gap have no other insurance option.

What is the coverage gap?

Individuals and families fall into the Coverage Gap when people do not meet the income and/or categorical eligibility requirements to receive Medicaid and either do not have a job that provides employer sponsored health insurance or cannot afford to purchase private health insurance.[i]

What is Medicaid Expansion?

Closing the Coverage Gap or Medicaid Expansion is a provision in the ACA that extends Medicaid eligibility to low-income individuals and families with incomes up to 138 percent federal poverty level. In 2016, 138 percent poverty is an annual income of $16,394 for an individual and $33,534 for a family of four. [ii]

States can choose whether to close the Coverage Gap as written in the ACA or states can develop a state-specific plan using an 1115 Waiver to close the Gap. As of January 2016, 32 states including DC have closed the gap, 6 of those states developed a state-specific plan, and 19 states refuse to extend health coverage.

Who is in the coverage gap in NC?

Depending on the source, you will note estimates ranging from nearly 250,000 to 500,000 people in the Coverage Gap in NC. One reason for this variation is that financial assistance or tax credits are available to purchase health coverage on the Marketplace for individuals and families with annual incomes ranging from 100 percent federal poverty level ($11,880 individual; $24,300 family of four) to 400 percent federal poverty level ($47,520 individual; $97,200 family of four), thus adjusting estimates to 250,000 to 300,000 North Carolinians who are in the Coverage Gap with no other options for gaining health coverage.[iii] It is important to note that even though financial help is available, individuals with incomes ranging from 100 to 138 percent federal poverty are facing financial stress and may forgo purchasing health coverage to meet other financial demands.

In North Carolina, over 80 percent of adults in the Gap report that their health ranges from *good* to

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TABLE 1: Demographics of Adults in the Coverage Gap in North Carolina

Characteristic	Percentage
Age Group	
19 – 24 years	29
25 – 34 years	20
35 – 54 years	34
55 – 64 years	17
Gender	
Female	53
Male	47
Race and/ or Ethnicity	
White	52
Hispanic	28
Other*	20
Parental Status	
Without dependent children	82
With dependent children	18
Individual Employment Status	
Employed	56
Unemployed	44
Individual Employer Status*	
Small firm/ employer	56
Large firm/ employer	44
Family's Employment Status	
At least 1 family member working full time	35
At least 1 family member working part time	32
No one working in the family	34***
Self-Reported Health Status	
Excellent or very good health	64
Good health	23
Fair/ poor health**	13

Source: Kaiser Family Foundation analysis based on 2015 Medicaid eligibility levels updated to reflect state Medicaid expansion decisions as of January 2016 and 2015 Current Population Survey data.

*Other Race and / or Ethnicity include African American, American Indian /Alaska Native, Asian American, and people who identify as two or more race and/ or ethnic groups.

**Small firms/ employers are defined as having fewer than 50 employees.

*** Percentage adds to 101 percent due to rounding error.
****Relative standard error is greater than 30 percent.

excellent (Table 1). Nearly 70 percent of people without coverage live in a family with someone who works and over 50 percent of those in the Gap work themselves. Many individuals in the Coverage Gap have low-wage jobs such as home health aide, food service worker or bus driver. Other workers without coverage may work more than one part-time job that does not offer employer sponsored health insurance. Approximately one third of adults that would benefit from closing the Coverage Gap are between the ages of 35 and 54 years.

What are the benefits of closing the coverage gap?

There are many health, social, and economic benefits to closing the Gap. Extending coverage will not only impact family and individual finances, but impact county and state-level economies. In NC, we know that closing the Coverage Gap will help nearly 15,000 families avoid financial stress annually as they are less likely to encounter costly medical bills.[iv] On the county level, we know that closing the Gap will help 16 rural hospitals keep their doors open.[v] Statewide we know that 43,000 jobs would have been created by 2020 if policymakers would have accepted full federal funding to increase all North Carolinians' access to care in 2016.[vi] Table 2 below highlights the positive outcomes of closing the Coverage Gap in states with conservative state leadership.

While Kentucky has mixed conservative and progressive leadership, the state has produced the most comprehensive evaluation of closing the Coverage Gap. 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 percent.[vii]

Do North Carolinians want to close the Coverage Gap?

Yes! According to the latest polling, 72 percent of people no matter their gender, race, or socioeconomic status, polled agree that, "North Carolina should make a plan to fix the health insurance gap." What is more, 62 percent of Independent and Republican voters want to close the coverage gap. Even half of people who identify as *very conservative* agree to finding a fix for closing the Gap. Among Democratic voters, 84 percent want to extend health coverage.[viii] 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 Winston-Salem, Mecklenburg County, Nash County, Orange County, Yancey County, and the Towns of Burnsville, Chapel Hill, Eden, and Madison.

Despite the broad support for closing the Coverage Gap and positive fiscal and health outcomes as outlined in detail from the Cone Health Foundation and Kate B. Reynolds Charitable Trust report,[ix] policymakers are not moving forward with expansion. The following table provides responses to common critiques of extending health coverage *(see page 4)*.

TABLE 2: Status of Conservative State Medicaid Expansion Decision

State	Medicaid Expansion	1115 Waiver	Benefit
Alaska*	Yes		Expansion began in September 2015. Reports estimate a 58.3 percent decrease in number of uninsured with expansion versus just a 44.5 percent decrease without expansion.[x]
Arizona**	Yes		Uncompensated care at hospitals decreased by 31 percent during the first 4 months of expansion.[xi]
Arkansas**	Yes	Yes	In FY 2014 the state saved $30.8 million. State expects cumulative savings of $120 million by FY 2015. Reported gain of $34.4 million of new revenue in 2014 and 2015.[xii]
Indiana**	Yes	Yes	Despite the controversial waiver, expansion is estimated to reach 370,000 residents.[xiii,xiv,xv]
Louisiana*	Yes		Gov. John Bel Edwards signed an executive order in January 2016 to close the Coverage Gap. Louisiana plans to use an innovative approach using food stamp data to auto-enroll people into Medicaid.[xvi]
Michigan**	Yes	Yes	$180 million saved in FY 2014. Most savings are linked to a drop in demand for community mental health programs. Projected $19.2 million savings for the correctional system. 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 preventive services.[xvii,xviii]
Montana*	Yes	Yes	Enrollment has exceeded expectations and within the first three months, expansion has saved the state $3 million dollars in its general fund.[xix]
Nevada**	Yes		In FY 2014 the state received $1.4 billion in federal funds and paid $522 million for care. In FY 2015, the state expects to spend $531 million on expansion and receive $2.4 billion in federal funds.[xx]
New Hampshire*	Yes	Yes	Expansion is linked to decreased emergency room visits and a reduction in uncompensated care.[xxi]
North Dakota**	Yes		By the end of 2014 the state added 16,727 new Medicaid enrollees.[xxii]
Ohio**	Yes		Expansion was spearheaded by republican Gov. Kasich, who continues to promote the benefits of expansion. In 2014, enrollment topped 430,000 and overall costs were 28.7 percent below the projected budget.[xxiii]
Pennsylvania*	Yes	Initially expanded with a waiver	Since removing the complex waiver expansion, enrollment has increased and the state reports $500 million in savings to the general fund.[xxiv]
Wisconsin**	No (but covers adults up to 100% FPL)		

*States with a conservative legislature

**States with both a conservative governor and legislature

Sources: https://ballotpedia.org/Gubernatorial_and_legislative_party_control_of_state_government
https://www.advisory.com/daily-briefing/resources/primers/medicaidmap

TABLE 3: ACA and Coverage Gap **Talking Points**

COMMON CRITIQUE	RESPONSE
Distrust of the ACA:	
We cannot expand Medicaid because the ACA (Obamacare) is not working.	Unfortunately, the ACA remains a political issue, which clouds the law's success and effectiveness. Despite one's political views, we cannot ignore the numbers. During the most recent open enrollment period, 12.7 million people signed up for health coverage. NC continues to be a leader nationally (ranked third) and enrolled 613,487 consumers to plans using the Marketplace. The uninsured rate in NC dropped from 20.4 percent in 2013 to 16.1 percent in 2014.[xxv] Nationally, the uninsured rate has dropped by 6.1 percentage points since the first open enrollment started in 2013. The current uninsured rate is 11 percent in the US.[xxvi]
Why are ACA premiums steadily going up?	This question deals with the larger issue that health insurance premiums always increase and actually points to the success of the ACA in that the law has helped curb premium hikes. During the first few open enrollment periods, many insurers set premiums too low, now that insurers have more data, they are adjusting their premiums to ensure profitability in the Marketplace. We should remember that the amount premiums increase varies across the country.[xxvii] In NC, during the early implementation phases of the ACA, state policymakers did not agree to a state led exchange. Without a state exchange, NC Department of Insurance has less bargaining power to negotiate premium rates.[xxviii] Failing to expand Medicaid may also place financial strain on the Marketplace as sicker individuals and those who are more financially fragile, have purchased coverage through the Marketplace, but would qualify for expansion coverage – which was funded by the federal government 100 percent until this year (a fixed match rate of 90 percent will start in 2020). The most important thing to remember is most consumers receive financial assistance (tax credits/ subsidies) when purchasing coverage on the Marketplace.
Medicaid is broken:	
Medicaid is broken, we have to fix before expanding.	Last session the General Assembly passed HB 372 to reform Medicaid. NC DHHS has written an 1115 waiver to transform our Medicaid system to managed care. It would be easy to include closing the Coverage Gap in the waiver before submitting it to the federal government on June 1st. In fact there are 6 states (Arkansas, Indiana, Iowa, Michigan, Montana, and New Hampshire) that have developed state-specific plans using an 1115 waiver to extend health coverage.
NC's Medicaid Reform waiver application and even the Governor's budget is "expanding" health coverage.	Yes, NC DHHS and the governor propose thoughtful initiatives – 1) The NC DHHS waiver "expands" Medicaid to parents of children in foster care, but only if they are already income eligible. 2) The governor's health budget proposal only "expands" services or slots for those with substance use disorders, developmental disabilities, and Alzheimer's disease – but these proposals do not close the Coverage Gap so that all children, workers with low-wage jobs, and adults with behavioral health conditions have access to health services. North Carolina needs real expansion to 500,000 people not just segments of the population.
The Oregon study and other studies show that Medicaid patients have poorer outcomes than private insurance patients.	A more useful way to examine the results of those studies is to acknowledge that many Medicaid beneficiaries and people in the Coverage Gap experience other risk factors that negatively impact their health status. Overall, study results show that people did get care and many received preventive care for diabetes and even mental health.[xxix] A report by The Commonwealth Fund, states that Medicaid beneficiaries receive preventive care at the same rate as those with private health insurance. Medicaid enrollees also reported similar rates of satisfaction with their health care

	experience as the privately insured. What's more, Medicaid beneficiaries report having medical debt at lower rates than the privately insured.[xxx] Other reports state that when families receive coverage through Medicaid, children benefit and experience better health, and increased educational attainment.[xxxi]
Doctors are unwilling to serve more Medicaid patients.	What I think you're getting at is that in NC, many of our rural and historically underserved areas have experienced fewer provider options. Closing the Coverage Gap will actually bolster rural hospitals' ability to remain open and generate revenue so that access to health care is improved. We should note that NC has a very high provider participation rate for Medicaid (NC DHHS reported 90 percent during the Medicaid reform hearings) especially since our providers are invested in the current primary case management system with CCNC.
Medicaid eats up the budget:	
Medicaid is already too big. It is the biggest piece of the budget in most states, and the revenue can't keep up with the growth. Expansion would be an extra strain on the budget.	In North Carolina, education is the largest area of spending. Medicaid is second. It is true that the Medicaid budget has grown over the past decade. But this growth has been due overwhelmingly to two factors. First, the Great Recession and the sluggish economic recovery. During economic downturns, when individuals lose their jobs, more folks qualify and enroll in Medicaid, which in turn drives increases spending. Second, there has been a substantial growth in the cost of health care programs (including private sector health). This also reflects North Carolina's rapidly aging population because older adults have higher health care costs, on average. Lawmakers are prioritizing tax cuts over public investments, like Medicaid expansion. Tax cuts will cost more than $2 billion per year once they are fully implemented. That is funding that could be used to expand Medicaid but lawmakers are choosing tax cuts—which primarily benefit the wealthy and profitable corporations—over the investments that improve quality of life and build a stronger economy for all.
States would have to cut other programs and raise taxes to support more citizens on Medicaid.	No, Tar Heel lawmakers need to stop cutting taxes that are draining billions of dollars in revenues so that the state can invest in healthy communities and expand Medicaid (see more detail above). It's a choice. They can either choose tax cuts for the few or investments in people and places that help all of us.
NC's Medicaid experienced a surplus	The Medicaid budget has been coming under budget in recent years. But North Carolinians have felt too much to be fooled into thinking that a surplus exists. In other words, coming under budget doesn't mean lawmakers are adequately addressing unmet needs. In recent years, a steep drop in revenues from the recession, a series of unrealistic cuts,[xxxii] and forecasting model errors led to budget overruns. Now we are seeing savings from flatter enrollment, lower utilization, and improved forecasting models.
Expanding Medicaid would place financial burden on people with private insurance	What I think you are hinting at is "cost-shifting." Again, we have to remember that Medicaid spending growth is less than private insurance. Additionally, as payment for private insurance and Medicaid services shift from fee-for-service to global payment models, cost-shifting to private insurance beneficiaries is unlikely. Considering that Medicaid reform is transforming to a full risk capitation payment model, this is even less of a concern in North Carolina.
Refuses to accept an entitlement/welfare program through the federal government:	
What happens if the feds don't pay the enhanced match rate for expansion?	The federal government has always provided a match to help pay for Medicaid. In NC, the match rate in 2016 is 66 percent. The federal government has only changed the match rate 2 times and both times were to increase the rate during economic downturns.[xxxiii] In regards to the enhanced match (NC lost on having the federal government cover 100 percent of the cost) with closing the Gap, many states have written provisions to repeal expansion if the federal

	government lowers the match below 90 percent starting in 2020 which would require Congressional action.
You can't trust the federal government's (or the "left's") plan to reform health care.	Health care is such a significant aspect of the US and state economy and everyday life, that the federal government is the only entity that has the capacity/ bandwidth to address health reform. Consider aviation for example, there are so many flights across the country, that it would be logistically and fiscally straining for states to coordinate and regulate flights. It is actually helpful to have the federal government's (Federal Aviation Administration) help in keeping people safe while taxiing on the ground and flying in the air. The same is true of health care, as we have so many insurers, types of providers, health care facilities, and payment systems, let alone people living and traveling across diverse states, it is imperative to have federal assistance in making sure everyone is healthy and has equal access to quality care. Further, we cannot forget that the ACA was modeled after conservative reform efforts such as Romneycare in Massachusetts.[xxxiv]
Why should we pay for this welfare/ entitlement program?	I don't know where you're going with saying that as over half of all individuals in the Coverage Gap are working and nearly 70 percent of families have at least one full or part-time worker in their household. We need to remember that people in the Coverage Gap have demanding jobs such as carpentry, construction, and child care. When policymakers fail to extend health coverage, hundreds of thousands of people will not receive preventive and/or primary care, thus increasing their vulnerability to complex health concerns, worse mental health, and catastrophic medical debt. We have to continue to ask ourselves, what kind of NC do we want to live in? A state that ignores rural communities, hard workers, and even children? Or an innovative state that understands that providing access to health care to all has economic, social, and health benefits?

Once you have presented the facts and responded to opposing views, return to our key points:

- Closing the Coverage Gap **helps individual, family, community, county, and state level economies.**
- Closing the Coverage Gap **will strengthen everyone's ability to access and utilize quality care.**
- Closing the Coverage Gap **will help North Carolina's most vulnerable populations such as children, rural communities, and residents of underserved areas access and utilize quality care.**

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[iv] http://www.ncjustice.org/sites/default/files/MEDICAID_ExpansionFlyer_07.15.15.pdf

[v] http://www.ivantageindex.com/north-carolina-new/

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