

Medicaid Expansion – 2023 Legislative Brief

Duke supports increased access to affordable health insurance coverage for all North Carolinians through Medicaid expansion. Closing the health insurance coverage gap could provide up to 600,000 uninsured North Carolinians access to the care they need in order to build a stronger, healthier North Carolina.

Context & Insights

Medicaid expansion is a top legislative priority for hospitals. North Carolina is one of 12 states in the country that has yet to expand Medicaid. Over 600,000 North Carolinians would be eligible for Medicaid benefits if the state were to expand the program. Medicaid is jointly funded by the state and federal government. Historically, NC Medicaid expenditures are covered by 67.65% from the federal government and 32.35% from state appropriations, hospital assessments, intergovernmental transfers and certified public expenditures. Regular federal match rates vary by state, but the federal match rate for the Medicaid expansion population would be 90% and the state would be required to fund the remaining 10% share. In 2021, the federal government issued incentives for non-expansion states by offering a two-year, 5% increase in the federal match rate, meaning North Carolina could receive an additional \$1.5B from the federal government if the state were to adopt expansion. Historically, legislators have expected hospitals and health systems to cover the state's share of the expansion population through an increased assessment if the state were to expand Medicaid.

A critical part of any Medicaid expansion bill will be how the State pays for its share of the expansion plan. Hospitals will continue to work with legislators, Governor Cooper and NCDHHS to stress that hospitals should not shoulder the entire amount of the State's share through an increase of the current hospital assessment tax. Rather, hospitals should only be required to pay for their "fair share" of the costs of expansion through an increase in the hospital assessment tax.

Key Issues

- Having affordable health insurance helps people be able to go to the doctor, go to the hospital, and get prescription medicine. It helps people who have chronic conditions like diabetes get the care they need to help prevent disease progression which can lead to poor health and disability, high medical bills and financial hardship.
- When people have access to affordable health care, they can participate more fully in the labor force. Many small businesses can't afford to offer health coverage to employees – even in the best of times. Medicaid expansion can build a healthier workforce for businesses like childcare centers, restaurants, and the service industry.
- Expanding Medicaid is especially needed to help rural families and rural hospitals. It will give people in rural areas access to affordable health insurance, while creating jobs and strengthening rural hospitals. It will help rural areas keep hospitals open, retain healthcare providers and recoup uncompensated costs to care for uninsured people.

- North Carolina hospitals have agreed to cover most of the state's share of the cost of expanding Medicaid, if the North Carolina General Assembly will pass a bill that includes both Medicaid Expansion and the Healthcare Access and Stabilization Program (HASP). HASP is a program that would give hospitals the financial ability to help pay for Medicaid expansion. It would also help to financially stabilize hospitals as they continue to face sky-high costs for labor, drugs and supplies.
- 38 states and the District of Columbia (Washington, DC) have already expanded Medicaid coverage to residents in need. Without expansion, North Carolina donates its \$8 billion share of federal funds to these other states, like Kentucky, West Virginia, Louisiana, Missouri and Oklahoma.
- North Carolina can't miss this opportunity to pass life-changing legislation to provide care for vulnerable community members and to help community hospitals be able to keep providing care to all who need it. State lawmakers should quickly pass a bill to expand Medicaid and to pass HASP.