



OFFICE OF GOVERNOR **ROY COOPER**

TO: Members of the Press Corps
FROM: Governor's Communications Office
DATE: April 23, 2019
RE: Medicaid Expansion
Members of the Press:

As the debate over Medicaid expansion continues, it is vital to have an understanding of the real impact of closing North Carolina's health coverage gap and to dispel false allegations and misinformation. Expanding Medicaid is a common-sense step that would expand access to affordable health coverage for thousands of families while bringing nearly \$4 billion into North Carolina's economy, which would create nearly ten thousand jobs and help rural hospitals remain open.

Thirty-seven states (including Washington DC), with bipartisan leaders, have already expanded Medicaid and are now receiving funding that could be coming to North Carolina. Across the state, [health care](#) and [business leaders](#) have called on the General Assembly to take action this year to close the coverage gap.

In the face of public support and momentum along with overwhelming evidence for the need to expand Medicaid, critics have resorted to false and misleading attacks [that independent experts have said are just plain wrong](#). See below for the facts on Medicaid expansion.

Myths vs Facts on Medicaid Expansion

MYTHS	FACTS
<p>✘ Expanding Medicaid causes people to drop private insurance.</p>	<p>✓ Many studies have looked at whether closing the coverage gap “crowds out” private insurance by compelling privately insured individuals to switch their insurance coverage to Medicaid. Three separate comprehensive studies have found this not to be true.^{1,2,3}</p> <ul style="list-style-type: none"> - There is no evidence that there is significant movement from private insurance to Medicaid after expansion. - Looking across expansion states, rates of private insurance were unchanged after Medicaid expansion.^{4,5} - There was no change in private coverage among younger, healthier adults in expansion states.⁶
<p>✘ The federal government will stop funding 90% of the costs associated with Medicaid, leaving states on the hook.</p>	<p>✓ Federal legislation requires that the federal government pay 90 percent of the cost of coverage for those that fall in the coverage gap “for calendar quarters in 2020 and each year thereafter.”⁷ In North Carolina, the remaining 10 percent would be paid by hospitals and health plans, not individual taxpayers.</p> <p>✓ There is no congressional reauthorization necessary for this federal funding and Congress has given no indication that it will attempt to change the current match.</p> <p>✓ If the federal match were to change, states can protect themselves from being forced to make up the difference. Nine states have chosen to automatically review or repeal their decision to close the coverage gap if the</p>

	<p>federal match changes. These legislative “triggers” vary significantly from state to state. The majority (seven) initiate a review process if the federal match changes, while two require a complete repeal if the federal match drops.</p>
<p>✘ The federal government reduced the federal match rate for the Children’s Health Insurance Program (CHIP). They might do the same with the Medicaid expansion match rate, leaving states on the hook.</p>	<p>✓ CHIP’s match rate is governed by different statute than Medicaid and was designed to sunset. The Medicaid match is not.</p> <p>✓ In 2010, the federal government passed a temporary increase in the CHIP match rate, which sunsets in 2019.</p> <ul style="list-style-type: none"> - This is the statutory language: “during the period that begins on October 1, 2015, and ends on September 30, 2019, the enhanced FMAP determined for a State for a fiscal year (or for any portion of a fiscal year occurring during such period) shall be increased by 23 percentage points.” <p>✓ In the case of Medicaid, the federal government passed a permanent Medicaid expansion match rate. That means the federal government’s commitment to paying 90 percent of expansion costs is locked in indefinitely barring a change in federal law.</p>

<p>✘ Expansion pulls resources from existing Medicaid patients and strains provider capacity.</p>	<p>✓ In other expansion states, expansion increased the number of resources available to patients.⁸</p> <ul style="list-style-type: none"> - In Ohio, physician and nurse participation in the Medicaid program increased after expansion to meet the increased demand.⁹ - After Michigan expanded Medicaid, the availability of health care appointments for Medicaid enrollees improved.¹⁰ <p>✓ In North Carolina, providers already provide health care to the uninsured – they’re just not getting paid for it. Reducing the number of uninsured will strengthen the health care infrastructure that many North Carolinians currently depend on for access to care.</p> <ul style="list-style-type: none"> - <u>Expanding Medicaid increases the availability of care at urgent care and retail clinics.</u> In many expansion states, the number of urgent care and retail clinics increased, and providers expanded their staff and opened new health care sites.¹¹ - <u>Expanding Medicaid helps safety net institutions keep their doors open.</u> Compared to non-expansion states, safety net institutions in expansion states have larger reductions in uncompensated care, larger reductions in the number of uninsured patients, and increased budget savings. Those in non-expansion states report continued financial distress.^{12,13}
<p>✘ People are on waiting lists for Medicaid. This will worsen the problem.</p>	<p>✓ There is no waiting list for the Medicaid program. Applicants who meet eligibility requirements automatically receive coverage. This will not change under Medicaid expansion.</p>
<p>✘ Expansion would create more government spending and higher taxes on North Carolinians.</p>	<p>✓ North Carolina taxpayers are already paying more than \$1 billion a year for Medicaid expansions in other states.¹⁴ We should bring some of those federal tax dollars back home.</p> <p>✓ Since the state share of the cost of Medicaid expansion will be funded entirely by hospitals and health plans, North Carolina taxpayers will not see a tax increase as a result of expansion.</p>

<p>✘ States that expanded Medicaid have signed up more people than expected, leading to cost overruns.</p>	<p>✓ Research shows that most expansion states were able to accurately predict enrollment and the associated budgetary effects of expansion.¹⁵</p> <p>✓ Several states have saved money because of Medicaid expansion. This is because expansion reduces state spending on services that will now be covered by Medicaid and increases state tax revenue from the economic activity generated by expansion.</p> <ul style="list-style-type: none"> - Arkansas will save \$444 million on net between 2018 and 2021 due to Medicaid expansion.¹⁶ - Michigan will save more than \$1 billion on net between 2018 and 2021 due to Medicaid expansion.¹⁷ - Montana’s expansion has produced net savings each year since coverage began.¹⁸ - Virginia’s expansion will save \$421 million in its first two years.¹⁹ <p>✓ Nine expansion states (Arizona, Arkansas, Illinois, Indiana, Michigan, Montana, New Hampshire, New Mexico, and Washington) have “trigger” laws that eliminate Medicaid expansion if it’s a budget burden – yet none of them have rolled back expansion.²⁰</p>
<p>✘ Republican Governors that expanded Medicaid regret it.</p>	<p>✓ Many Republican governors have reaffirmed their decision to expand Medicaid and many GOP governors praise the decision:</p> <ul style="list-style-type: none"> - “There’s no doubt it’s been helpful...We’ve been able to do it to date without a single New Hampshire taxpayer dollar. No state taxes go into it.” —New Hampshire Gov. Chris Sununu, 2017²¹ - “Thank God we expanded Medicaid.” — Ohio Gov. John Kasich, 2018²² - “Nevada is in a much better place that it was six years ago.” — Nevada Gov. Brian Sandoval, 2017²³ - “I hope they carefully look at the success we’ve had in Michigan.” — Michigan Gov. Rick Snyder, 2017²⁴

¹ Frean, Molly, Jonathan Gruber, and Benjamin Sommers. “Premium Subsidies, the Mandate, and Medicaid Expansion: Coverage Effects of the Affordable Care Act.” NBER Working Paper No. 22213, December 2016.

² McMorrow, Stacey et al. “Uninsurance Among Young Adults Continues to Decline, Particularly in Medicaid Expansion States.” Health Affairs 34(4), April 2015.

³ Decker, Sandra, Brandy Lipton, and Benjamin Sommers. “Medicaid Expansion Coverage Effects Grew in 2015 with Continued Improvements in Coverage Quality.” Health Affairs 36(5), May 2017.

⁴ Frean, Molly, Jonathan Gruber, and Benjamin Sommers. “Premium Subsidies, the Mandate, and Medicaid Expansion: Coverage Effects of the Affordable Care Act.” NBER Working Paper No. 22213, December 2016.

⁵ Decker, Sandra, Brandy Lipton, and Benjamin Sommers. “Medicaid Expansion Coverage Effects Grew in 2015 with Continued Improvements in Coverage Quality.” Health Affairs 36(5), May 2017.

⁶ ibid

⁷ Patient Protection and Affordable Care Act, 42 U.S.C. § 18001 (2010).

⁸ Wishner, Jane and Rachel Burton. “How Have Providers Responded to the Increased Demand for Health Care Under the Affordable Care Act?” The Urban Institute, November 2017.

- ⁹ “2018 Ohio Medicaid Group VIII Assessment: A Follow-Up to the 2016 Ohio Medicaid Group VIII Assessment.” The Ohio Department of Medicaid, August 2018.
- ¹⁰ Tipirneni, Renuka et al. “Primary Care Access Before and After Medicaid Expansion Under the ACA.” University of Michigan Institute for Healthcare Policy and Innovation, July 2015.
- ¹¹ Wishner, Jane and Rachel Burton. “How Have Providers Responded to the Increased Demand for Health Care Under the Affordable Care Act?” The Urban Institute, November 2017.
- ¹² Shin, Peter et al. “Health Center Patient Trends, Enrollment Activities, and Service Capacity: Recent Experience in Medicaid Expansion and Non-Expansion States.” Kaiser Family Foundation, December 2015.
- ¹³ Searing, Adam et al. “Beyond the Reduction in Uncompensated Care: Medicaid Expansion Is Having a Positive Impact on Safety Net Hospitals and Clinics.” Georgetown University Center for Children and Families, June 2016.
- ¹⁴ Doran, Will. “NC Gov. Roy Cooper on Medicaid expansion in North Carolina: ‘You’re already paying for it.’” PolitiFact North Carolina, January 2017.
- ¹⁵ Sommers, Benjamin and Jonathan Gruber. “Federal Funding Insulated State Budgets from Increased Spending Related to Medicaid Expansion.” Health Affairs 36(5), May 2017.
- ¹⁶ Cross-Call, Jesse. “Medicaid Expansion Continues to Benefit State Budgets, Contrary to Critics’ Claims.” Center on Budget and Policy Priorities, October 2018.
- ¹⁷ *ibid*
- ¹⁸ *ibid*
- ¹⁹ *ibid*
- ²⁰ Hall, Mark. “Do States Regret Expanding Medicaid?” The Brookings Institution, March 2018.
- ²¹ Rodolico, Jack. “Shifting Tone, Sununu Says Medicaid Expansion Yields ‘Great Results.’” February 2017.
- ²² Harris, Meyer. “Senators Consider Killing Medicaid Expansion That Helps Residents from Their Drug-Torn States.” Modern Healthcare, May 2017.
- ²³ Valley, Jackie. “Considered Key Swing Vote, Heller Comes Out Against Senate Health Care Overhaul Bill.” The Nevada Independent, June 2017.
- ²⁴ Oosting, Jonathan. “Snyder Fights for Medicaid Plan in Obamacare Repeal.” The Detroit News, January 2017.
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