

## **Closing the Coverage Gap: Background Information**

### **We can increase access to affordable health care using the Medicaid program.**

- Many North Carolinians are in the “coverage gap.” That means they do not qualify for Medicaid today but are too poor to qualify for subsidies on the Health Insurance Marketplace.
- If North Carolina expanded Medicaid eligibility to those in the coverage gap, it would give more than 500,000 people access to affordable health insurance<sup>1</sup>.
- This would benefit working people, like construction workers, retail employees, restaurant workers, and farmers<sup>2,3</sup>.
- 37 red and blue states have closed the coverage gap, including Indiana, Ohio, Virginia, and Utah<sup>4</sup>.

### **Closing the coverage gap helps rural hospitals and communities.**

- Closing the coverage gap will create more than 13,000 jobs in rural counties within 5 years<sup>5</sup>.
- Closing the gap will also help rural hospitals keep their doors open.
  - 29% of rural low-income North Carolinians are uninsured<sup>6</sup>.
  - With so many uninsured people living in rural areas, rural hospitals often struggle to compensate for patients who can't afford to pay for their care.
  - 40% of North Carolina's rural hospitals are operating in the red, and five have closed since 2014<sup>5,7</sup>.

### **Covering more uninsured people lowers everyone else's premiums.**

- Premiums for people who buy their own health insurance are 7% lower in states that have closed their coverage gap than in states that haven't<sup>8</sup>.
- When uninsured people need care, they often go to the one place that won't turn them away: the ER.
- The ER is expensive, and when patients can't pay, hospitals often eat the cost.
- Hospitals offset that loss by charging higher rates for insured patients, called “cost-shifting,” and that translates into higher premiums for every individual and employer who buys health insurance.

### **Covering more uninsured people encourages the efficient use of health care.**

- Half of the uninsured do not have a regular doctor to consult when they are sick or need medical advice<sup>9</sup>.
- When they do see a doctor, the uninsured are less likely to obtain recommended health services due to cost, exacerbating their health conditions and potentially causing expensive health crises in the long-run<sup>10</sup>.
- Getting people insured, particularly through a structure like Medicaid managed care, means there is an entity with an incentive and accountability for managing their costs and outcomes.

### **Closing the coverage gap is good for business.**

- Affordable health insurance is critical for a strong workforce.
  - When people have untreated health issues, they miss work, or can't go to work at all.
  - Closing the coverage gap will help people work, creating a healthier workforce, and strengthening businesses and the economy in North Carolina's economically distressed communities.
- Closing the gap would also create an estimated 43,000 jobs in 5 years and generate billions of dollars in economic activity<sup>11</sup>.

### **Closing the coverage gap is fiscally responsible.**

- NC taxpayers are paying for Medicaid expansion in other states<sup>12</sup>. We should bring some of those federal tax dollars back home.
- Expansion would require zero dollars in new state appropriation. The federal government would pay 90% of costs, and the remaining 10% would be funded by hospitals and health plans.

### **Closing the coverage gap is good for children.**

- When parents struggle with untreated physical or mental health issues, it takes a toll on their children<sup>13</sup>. Helping parents access affordable health care is essential for healthy child development.
- Helping parents access health insurance through Medicaid is also shown to increase the likelihood their children will receive preventative health care services, such as annual well child visits<sup>14</sup>.

### **Closing the coverage gap helps law enforcement and others fight the opioid epidemic.**

- North Carolina is beset by an opioid crisis and many people who need treatment are uninsured.
- Access to affordable health care helps people access life-saving treatment.
- Closing the coverage gap has been key to Ohio's positive results in turning the tide on the opioid crisis. Dayton, Ohio saw a 54% decrease in opioid overdose deaths after the state expanded Medicaid<sup>15</sup>.

### **We need to close the coverage gap to expand NC veterans' access to affordable health care.**

- Many veterans are ineligible for health care through the VA.
- 12,000 veterans would gain access to health insurance if we expanded Medicaid<sup>16</sup>.
- States that closed the coverage gap have a lower rate of uninsured veterans than those that did not<sup>17</sup>.

### **This is the right time to close the coverage gap.**

- N.C. Medicaid has been strong, stable, and consistently under budget.
- There is energy on both sides of the aisle for expanding Medicaid.
- Now is the time to find a bipartisan way to expand Medicaid that is right for North Carolina.

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