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SPOTLIGHT

What is Medicaid expansion and who will it benefit?

Medicaid expansion could make a big impact on the lives of many North Carolinians. Learn why North Carolina has been slow to implement it and which populations might benefit most from an expansion.

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North Carolina is on the cusp of opting into the expansion of Medicaid. This would mean at least 500,000 more residents would have access to affordable health insurance coverage, including mental health and substance abuse services.

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Medicaid is the public insurance program that provides health insurance to low-income Americans. North Carolina is one of 11 states that has not yet adopted Medicaid expansion under the authorization of the Affordable Care Act passed in 2010.

Why the change of heart in the Tar Heel state?

"There's been more momentum this year and public opinion is certainly a factor, there are currently consistent majorities in North Carolina that favor Medicaid expansion," said Robert Shaw, partner at Smith Anderson and co-chair of the law firm's Healthcare practice.

Until last year, opposition to Medicaid expansion in the legislature centered around several policy concerns. "Legislators feared that the federal government would back out of its commitment to fund 90% of the cost and leave states in the lurch. They worried that Medicaid expansion would discourage people from seeking work and were concerned it would exacerbate the unpredictability of the state's Medicaid expenses," said Shaw.

With North Carolina's transition to a Medicaid managed care system in 2021 however, budgetary concerns have been alleviated. Legislators are now becoming more comfortable around the notion that expansion is not a significant disincentive to work, and after years of implementation of Medicaid expansion in other states without the federal funding commitment being cut under both parties, it does not look like the federal government is likely to withdraw funding.

Who will gain coverage under Medicaid expansion?

"According to general estimates and predictions, depending how many would apply and are eligible, it looks like 500,000 more North Carolinians will be eligible for benefits, so it's a pretty significant number of residents," said Shaw.

The largest group of people who will become eligible under expansion are those who 'fall through the cracks.' Typically speaking, those are people who make too much money to qualify for Medicaid, yet don't receive health insurance coverage through work. Part-timers would also potentially benefit from Medicaid expansion.

Currently those individuals who, 'fall through the cracks,' spend a significant portion of their income on the healthcare exchange, or opt to go without any coverage. The latter becomes a problem when preventable illnesses become more expensive due to lack of treatment or care.

How will Medicaid Expansion affect businesses and the healthcare industry?

Small businesses especially are still making gains from the impact of COVID-19, and there are current economic difficulties to consider as well. Many of these businesses can't afford to pay health insurance and, without that option,

have a difficult time finding and keeping employees. With the proposed expansion many workers, especially in the service industry, would be covered. Shaw said, "Small businesses that employ low-wage workers will benefit greatly."

The healthcare industry, overall, has been an advocate of Medicaid Expansion. Shaw said, "It seems to be in favor of Medicaid Expansion as healthcare providers in general would benefit from more people being covered." He added that hospitals would gain most since more patients coming through the doors would have their medical bills paid for by the Medicaid system.

Who gains most from Medicaid expansion?

Medicaid expansion will affect a significant segment of the population. Among them are caregivers, especially those eligible for Medicaid but who provide continuity of care for people who may not be currently Medicaid eligible. It would help low-income parents with children at home, including thousands of parents of children with special needs. It would expand the number of disabled people who qualify for Medicaid coverage and help more people with disabilities enter the workforce. More veterans and their families will also be covered.

"Lower income working families and lower wage workers in the coverage gap who make enough money to be above the federal poverty line, but whose jobs do not include healthcare benefits, would probably benefit the most," said Shaw.

"The bills have also included provisions to expand access to services for mental health, substance use disorder, mentally, intellectually, and developmentally disabled persons."

Access to healthcare coverage can save lives by helping people stay healthy, but it also prevents financial ruin caused by high medical bills, affecting thousands of ordinary families and individuals.

"The expansion of the program would benefit a lot of people in North Carolina," said Shaw. "There are so many advantages to the state. It really makes a lot of policy sense, and it also would make the system more efficient in the long run."

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