

# Healthcare Update: Impact on North Carolina

Presented by:  
The League of Women Voters of  
North Carolina



# League of Women Voters: Making Democracy Work

- **Non partisan** political organization encouraging informed and active participation in government
- Founded in 1920
- No positions on political parties or candidates - instead, positions on **issues**
- Name notwithstanding, encourage men to join and participate actively!

# AGENDA

- Brief ACA History
- Medicaid
- American Health Care Act/Senate Bill
- CBO Scoring
- HB 662
- Possible executive actions
- How to engage/ League Action Team

# ACA History

- Affordable Care Act/ObamaCare was signed into law in 2010/never repealed
- Major objectives
  - **Expand coverage**
  - **Reform Health Insurance Market**
  - **Provide subsidized coverage** for those between 100-to 400% of FPL (from \$11,880-47,500 single/ \$24,300-97,200 family of 4)
  - **Expand Medicaid...**

# ACA Insurance Reforms

- No pre-ex exclusions
- No annual or lifetime limits
- No higher rates by gender
- Free- no copay- preventive visits
- Flattened rates between young and old
- Set out of pocket maximums
- Impacts ALL PLANS (ex. Grandfathered Plans)
- Dependent coverage to age 26

## *supreme court*

- Ruled 5-4 on June 28, 2012 to uphold law
- Individual mandate, exchanges, insurance rules and other programs still stand
- Medicaid expansion is now optional for each state



# Medicaid: Largest HC Plan in US

- 1 in 5 Americans covered by Medicaid = **74 million**
- Medicaid is the nation's **single largest HC plan**
- Third largest domestic program: **\$532B in FY 2015**
- Largest source of federal revenues for states
- Principal source of **long term care** coverage nationally
- Children make up half of all Medicaid recipients
- **Elderly and disabled** account for 63% of all Medicaid spending
- **Nearly 8 in 10 adult Medicaid recipients are in working families and most - 59% - WORK**
- **14 million Americans newly covered under Medicaid Expansion (32 states and DC)**

# NC Medicaid/CHIP: Who's Covered?

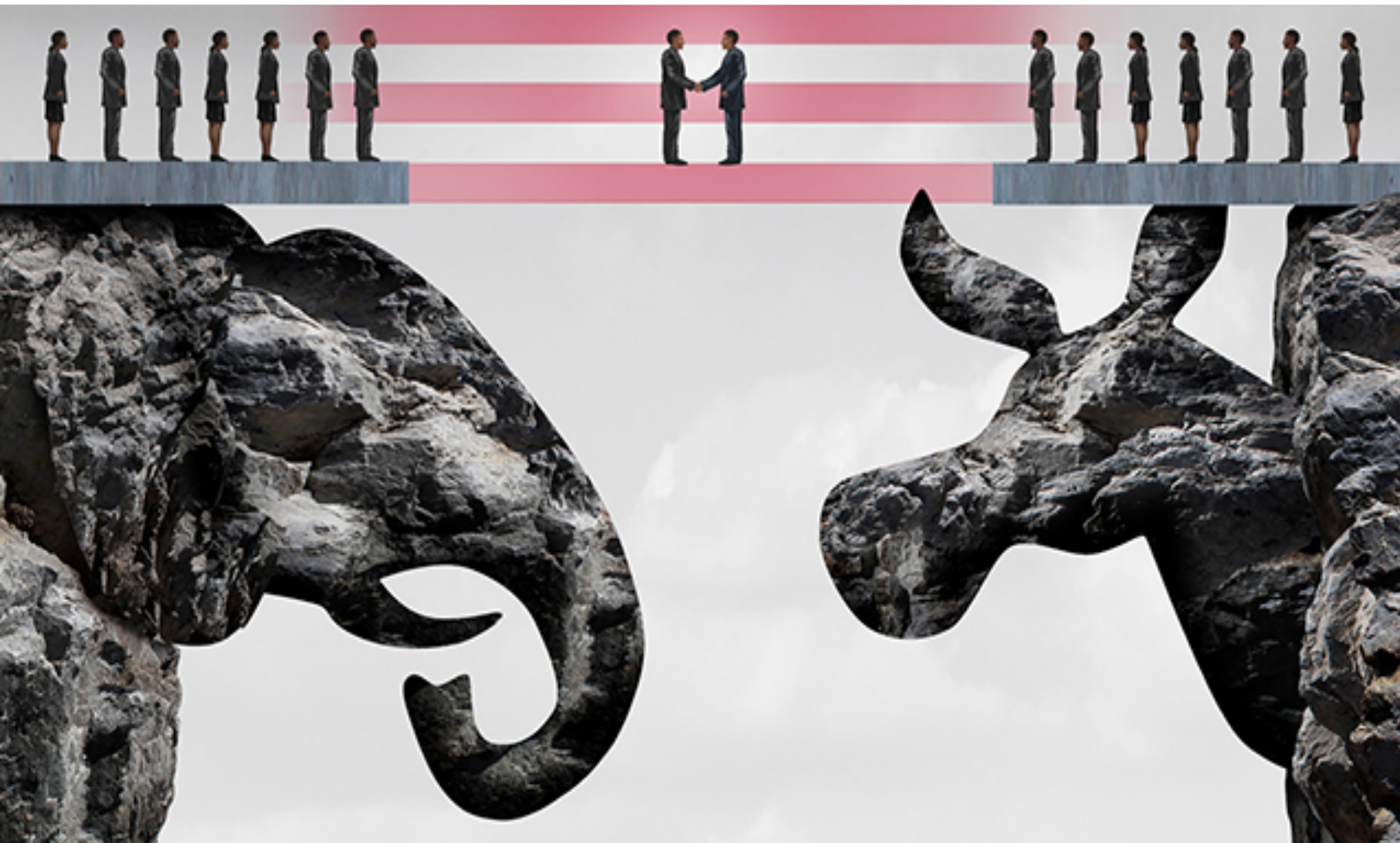
- **30% of low income adults covered**
  - Disabled 15% 42% costs
  - Children: 48% 21% costs
  - Adults (parents): 27% 15% costs
  - Elderly/in nursing facilities: 9% 21% costs
- **2009: 1.81M** individuals covered
- **2017: 2.03M**
- **1 of 5 children, 2 of 5 disabled, 3 of 5 seniors in nursing homes in NC are on Medicaid**



# ACA Results in North Carolina

- NC Marketplace:1/31/17
  - 450,822 in active plans
  - 421,275 / 93% receiving tax credits
  - 300,255 receive cost sharing reductions
- Premium increases for Silver Plan: 2016-2017
  - Single/40 yr/non smoker/Charlotte
  - Before tax credit: \$409-572 40% increase
  - After tax credit: \$207-208 0% increase
- **ZERO NORTH CAROLINIANS COVERED BY MEDICAID EXPANSION:**
  - 300-500,000 low income citizens 'In the Gap'

# The Big Gap



# American Health Care Act (AHCA) with Amendments

- Passed 5/4/17 by US House
- Repeals ACA individual mandate adds 30% late enrollment penalty
- Repeals actuarial values 2020
- 2020: replaces ACA income based tax credits with flat credits based on age
  - Increases subsidies for younger adults
  - Decreases subsidies for older adults

# AHCA with Amendments

- Retains some private market rules:
  - guaranteed issue
  - prohibits pre-ex (except can rate up if break in coverage)
  - Dependents to age 26
  - Allows age rating at 5:1 (versus 3:1 in ACA)
  - Keeps preventive services at \$0
- Establishes state patient stability funds (high risk pools)
  - \$130B over 9 years
  - \$8B over 5 years for some states

# AHCA with Amendments

- Sunsets Medicaid Expansion by 2020
- Converts Medicaid funding to per capita amount and limits growth to 2016 'base year'
- Allows states to set work reqs. for some Medicaid recipients
- Prohibits premium subsidies for plans offering services at PP Clinics and for abortions

# CBO Projected Impact of 'original' AHCA

- 14M MORE uninsured by 2018/24M MORE by 2026
- \$880M federal cuts to Medicaid
- Reduces federal deficit by \$337B 2016-2017 through reductions to Medicaid and elimination of subsidies
- Repeals taxes:
  - Medicare payroll tax for high earners
  - Surtax on net investment income
  - Fees on health insurers
- Short term premiums increase by 15-20% then reduced by 10% by 2026

# AHCA (Summary)

- Tax credits: **age based** regardless of income
- Allows states to set up **High Risk Pools**
- Allows premium rate increases based on **health status**
- Makes '**Essential Health Benefits**' optional for states
- **Caps federal Medicaid funding** beginning 2020: transitions to per capita caps
- Halts Medicaid Expansion

# Senate Bill

- Phase out of Federal funding for Medicaid Expansion over 4 years
- Imposes per capita cap for Medicaid
- Over \$834B cut over 10 years
- Harshest cuts in 2025
- Maintains ACA tax credit system
  - tax credits adjust for income and geo
  - scales back overall value of credits
  - does not allow waivers to charge sicker more
  - allows waivers to exclude maternity, BH, SA
  - eliminates funding for PP



# Senate Bill: CBO Scoring

- 22M lose insurance by 2026/HB 23M
- Decreases federal deficits by \$321B over a decade/House bill \$119B reduction
- Removes individual mandate
- Prohibits pre-ex provisions/ Includes 6 month waiting period

# NC: HB 662

- ‘Carolina Cares’= Expanding Medicaid
- Primary sponsors: Lambeth, Murphy, Dobson, White
- Modeled on *Healthy Indiana: ‘Pence Plan’*
- Would be implemented simultaneous with Medicaid Reform
- Includes hospital assessments to cover state share
- Includes both work and premium payment requirements @ 2% of household income
- Did not move out of Rules Committee this session

# What to Do?

## LWVNC Action Team

- Advocate and educate
- Meetings with elected and other officials
- Talks throughout the state
- Resolutions for city councils, county commissioners
- LTEs, Op-Eds
- Send Postcards and Letters to elected officials
- Make phone calls to elected officials
- Be open to suggestions and guidance from Secretary Cohen, NC Justice Center and others
- Contact Jim Foster: [jfoster2020@mindspring.com](mailto:jfoster2020@mindspring.com)

# Questions?