

NC Medicaid - to expand or not? That is the question.

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The Supreme Court has spoken and "Obamacare" is the law. It changes many aspects about how medical care is bought and sold, with full implementation planned for 2014. The Court's decision left one major question for each state to decide: Will Medicaid, the Federally-sponsored care for the poor, be allowed to expand?

In my years as a volunteer and then staff physician at a local Free Clinic, I routinely see the physical, emotional and social damage among untreated and uninsured patients who reach our limited charity care resources. Thus, I've become an optimistic expert about how "Obamacare" affects our community's lowest income members.

With the coming election, voters need candidates to discuss the question of Medicaid's expansion. This is the most impactful, most costly and largest controversy still attached to the Affordable Care Act (ACA). Other health reform topics receive much more attention, including the tax/penalty for failing to enroll for coverage (the 'individual mandate') and regulation of insurers' costs and coverage (especially 'pre-existing conditions' and benefit caps). But Medicaid expansion is bigger, directly allowing 59% of the currently uninsured to receive paid care.

While the expanded Medicaid benefits may not be as comprehensive as the current Medicaid, we should understand how Medicaid currently works. Usually characterized as health insurance for the poor, in NC the program actually covers low-income legal residents *only* in specific categories: a) children under 19, b) seniors also enrolled in Medicare, c) pregnant women, and d) adults with disabilities (19-64 years old). Many are surprised to learn that NON-disabled adults under 65, no matter how low their income, aren't eligible for Medicaid in our state. Reversing this "categorical" exclusion is Health Reform's biggest change.

Expanding Medicaid will enroll non-disabled adults earning below 135% of the Federal Poverty Limit (FPL). That's about \$15,000 annually for an individual, or \$25,400 for a family of three. Nationwide, 15 million would qualify. Most are men, the majority are under age 35 and three-quarters have earnings are below the FPL. Ironically, without expanded Medicaid enrollment, these individuals will not have access for insurance subsidies through the Benefits Exchanges which begin at 100% FPL.

Benefits for the newly enrolled Medicaid beneficiaries will cost North Carolina much less than covering NC's current patients (because federal funds cover 65% of care). The state's MCD expansion will be covered entirely by the Federal government for the first three years, and then support will gradually drop to reach 90% federally funded after 2020. However, several states have insisted they won't expand their state Medicaid enrollment. This reluctance is based on financial concerns and an ideological opposition to entitlements.

Questions about states' costs are legitimate. First, expanding Medicaid will mean that state administrations need to expand their oversight, even though the care is supported with federal funds.

Also, when the new Medicaid is advertised, some applicants will discover they were already eligible - but unenrolled - in the "old" Medicaid benefit, where the state's share is must higher (35%).

So costs to the state's healthcare budgets are real. However, the drawbacks to rejecting Medicaid expansion overwhelm these concerns, even economically. Rejecting Medicaid expansion will block billions of dollars of Federally supported medical care from reaching the poor who need the care and also NC's healthcare vendors (hospitals, physicians and drug makers). Local institutions (and jobs) anticipate the chance to serve newly insured individuals and thus should also decrease the need and cost of providing "charity care."

The complex bargain for health reform included a tradeoff between what healthcare providers and insurers wanted. With an increase in paying customers, providers and health institutions will get lower fees for many services and procedures. However, they'll also face a much reduced burden from uncompensated services that require shifting payments, causing privately-insured patients to subsidize the un- or underinsured.

Locally, Lincoln Community Health Center is the applauded champion for Durham County's low income patients. Most cannot pay for their care, so Lincoln requires external support. Effects of an expanded MCD are astonishing. The number of patients with insurance are projected to rise from the present 20% to reach 60%, enabling better services and much improved institutional stability.

The optional expansion of Medicaid as a Federal-State partnership does assign costs to North Carolina, especially after 2020. This cost seems a good investment because of the huge humanitarian impact of providing earlier and more coordinated healthcare to the state's most vulnerable adults.

According to the Federal Division of Medicaid's projections, our state's 6-year cost is \$830 Million, while Federal support during these same years will be \$15 Billion, a direct financial gain of 1,700%(!), used for locally purchased services, surely cancelling financial objections. Failing to activate this opportunity seems far more stubborn than savvy.

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