



# An Opportunity North Carolina Can't Afford to Walk Away From



## We Have a One-in-a-1.7 Billion Chance to Strengthen North Carolina's Healthcare Safety Net and Address Health Inequities

By **HYUN NAMKOONG**, POLICY ADVOCATE & **WILL MUNN**, SENIOR POLICY ANALYST

**MAY 2021 — A LITTLE OVER A YEAR AGO** life across North Carolina changed dramatically as the entire world struggled to adequately respond and contain the spread of an infectious, novel virus.

Throughout the COVID-19 pandemic, “In this together” has been a rallying cry of solidarity and support, but more than ever, the pandemic has showcased the many inequities of our society.

Decades of underinvestment, structural racism, and health inequities have made being “in this together” an impossibility for our most vulnerable communities. Without the privileges and protections in place prior to the pandemic, a perfect storm has wreaked havoc on these communities.

People who have been uninsured and unable to treat health conditions that exacerbate risk of serious COVID-19 infection and even death are often the very people who face the highest exposure risks to the virus. Our society calls them our “essential workers.” They



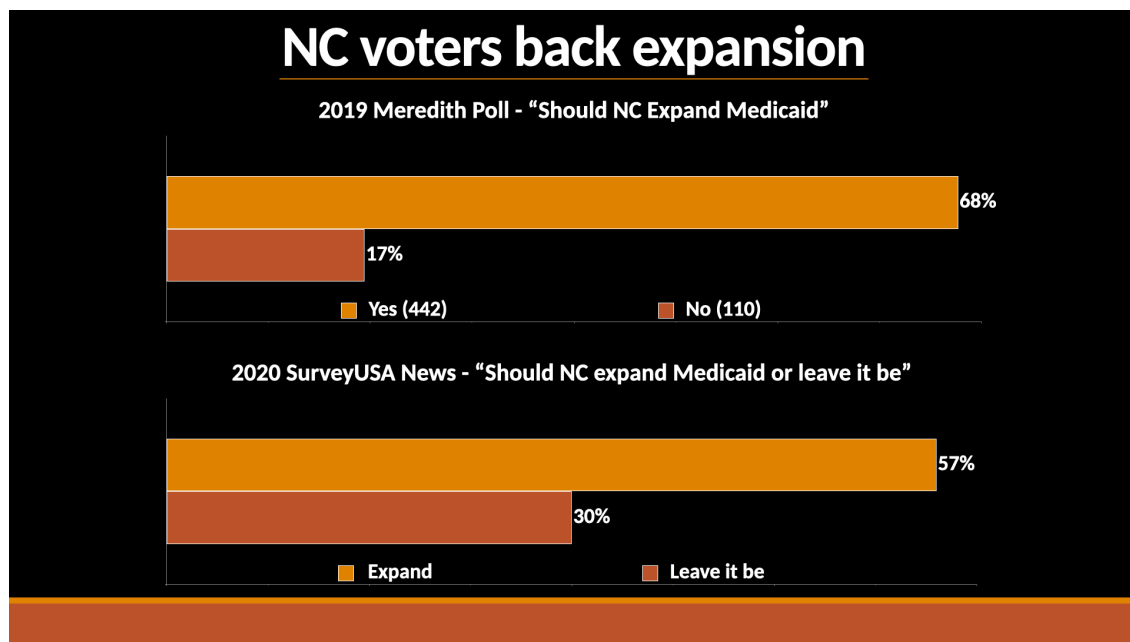
are the people working in fast food restaurants, grocery stores, construction sites, and as home healthcare workers. They are the 212,000<sup>1</sup> North Carolinians who have been sent to the frontlines of the pandemic without any health insurance coverage, because the North Carolina General Assembly has not expanded Medicaid.

But now, our state has an opportunity to make sure that both the health and wealth of our state recovers from the pandemic through the American Rescue Plan (ARP). By expanding Medicaid, our state can draw down at least an extra \$1.7 billion in federal funds for two years while simultaneously increasing access to health insurance to 682,000 North Carolinians.<sup>2</sup>

### American Rescue Plan

The American Rescue Plan is one of the most sweeping anti-poverty bills to pass in modern U.S. history. Although the provisions to lift people out of poverty are not yet permanent, research projects that the legislation will lift 12 million Americans out of poverty, including 5.5 million children.<sup>3</sup> The ARP addresses economic and health concerns by including numerous provisions that protect health insurance coverage and provide economic relief.

Even before the ARP, most North Carolinians supported Medicaid expansion; this policy has made an already transformative piece of legislation even stronger.



For the 12 states that have yet to expand Medicaid, the ARP offers an incredible opportunity to expand.

Under the ARP, a state that has not expanded Medicaid can receive a 5 percent increase in the federal government's share of the traditional Medicaid program for two years, while the federal government continues to pay the enhanced 90 percent match for expansion enrollees in perpetuity.

The 5 percent increase or bump (referred to as the federal medical assistance percentage, or FMAP) in



the federal government's share of the traditional Medicaid program would begin on the first day of the quarter in which Medicaid expansion begins and continue for two years.

For example, if North Carolina decided to expand Medicaid and began coverage in July 2021, the state would receive the 5 percent increase in the federal match through June 2023.

This increase is on top of the 6.2 percent FMAP bump North Carolina currently receives due to the public health emergency. The Biden Administration has signaled that the emergency will continue through the end of 2021.<sup>4</sup> Estimates indicate that North Carolina could draw down between \$1.3 and \$2.4 billion in federal dollars from the fiscal incentive to expand Medicaid, while the state's annual cost to expand Medicaid would be \$490 million.<sup>5</sup>

### Uninsured Numbers Rise, Unemployment Fluctuates during the COVID-19 Pandemic

As one of only 12 states yet to expand Medicaid, North Carolina has one of the highest uninsured rates in the nation, with more than 1 million uninsured North Carolinians across the state.<sup>6</sup> Recent figures show that North Carolina has more uninsured people than New York, a state with a population nearly twice the size.<sup>7</sup>

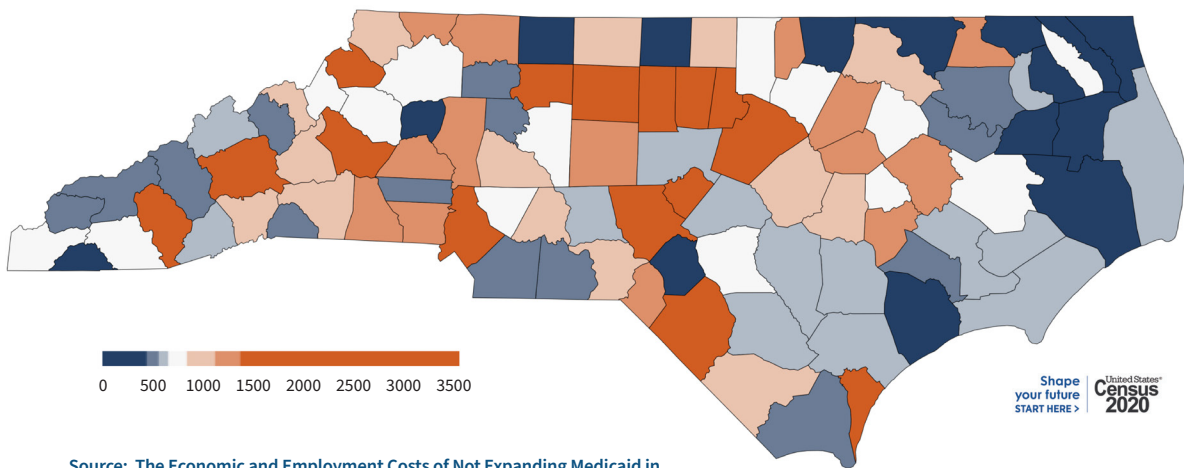
Job losses resulting from the COVID-19 pandemic, and with it, losses of employer-sponsored health insurance coverage have ballooned the state's uninsured numbers even further. This job loss is particularly significant given the magnitude of resources individual counties lost since 2014 given the state's refusal to expand Medicaid.

Merely from March to April 2020, the state lost more than 500,000 jobs, primarily in the accommodation and food services sectors.<sup>8</sup>



#### Gross County Product lost from not expanding Medicaid per person

*Number that did not gain Medicaid coverage, jobs not created, reduction in GCP activity*



Source: The Economic and Employment Costs of Not Expanding Medicaid in North Carolina: A County-Level Analysis





## Uninsured during a pandemic

**INDIA LIVES IN RURAL WESTERN NORTH CAROLINA and is one of the many North Carolinians who fall into the Medicaid coverage gap.** She has been uninsured since turning 26, when she aged out of her parents' health coverage.

"I've been facing a pandemic and an economic crisis without any kind of health insurance coverage," India said. "For someone who has as many health issues as I do, it's terrifying".

When she was employed, India didn't make enough to get subsidies on the Marketplace and wasn't eligible for Medicaid because she is an adult without children. When COVID-19 hit, she was let go from her job because her many health issues, including an autoimmune disease, made her a high risk for infection. Her

family has been plagued by medical debt for years, due to her parents' chronic health conditions and India knows that she will face even more medical bills if she gets treatment for her own health issues.

"I worry about both getting sick and facing medical debt because the state legislature hasn't expanded Medicaid," India said.

Fortunately, the American Rescue Plan does give limited coverage to people who are uninsured for COVID-19 testing, treatment, and vaccines, but what happens if India gets sick from one of her other conditions? If North Carolina expanded Medicaid, India wouldn't have to worry and over 600,000 North Carolinians would get health coverage during this pandemic and beyond.

**WATCH** ▶ as India talks about the anxiety of aging out of her parent's health insurance, and not being able to address her health issues - especially during a pandemic.

There is some good news. The state's unemployment rate has dropped since last spring, settling in at 4.8 percent, from a 2020 high of 13.7 percent.<sup>9</sup> The number of employed North Carolinians has rebounded to 4.6 million, recovering from a low of 4 million last April.<sup>10</sup>

However, despite the employment rebound, by May 2020, 723,000 workers and dependents in North Carolina had become uninsured due to loss of employer-sponsored health insurance coverage. Additionally, the number of North Carolinians in our state's coverage gap rose from around 208,000 to 357,000 from 2019 to 2021.<sup>11,12</sup>

### Help for North Carolina's most impacted communities

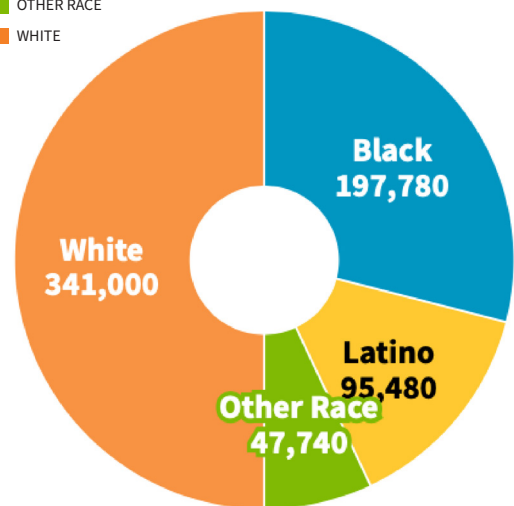
The COVID-19 pandemic has largely afflicted communities of color who had already been battling poverty and inequitable access to care



### People of Color in NC would benefit tremendously

Number of uninsured who would become eligible for Medicaid if NC expanded

- BLACK
- LATINO
- OTHER RACE
- WHITE



Source: Analysis from CBPP and KFF eligibility data, KFF base eligibility data



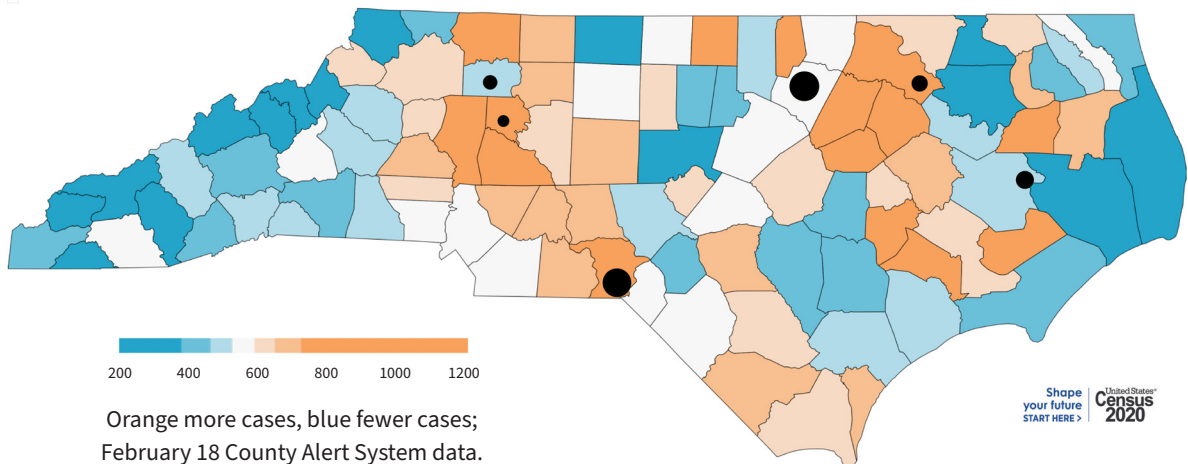
and coverage before the pandemic struck. Black and brown communities are disproportionately represented in COVID-19 infections and deaths, while also being overrepresented on the front line of the pandemic in low-wage jobs that do not offer health insurance coverage. Of the 682,000 North Carolinians who would stand to benefit from expansion, 50 percent are people of color.<sup>13, 14</sup>

**Contrary to the popular stereotypes of where COVID-19 has been most prevalent, it is our state's rural areas that have suffered the highest rates of COVID-19 cases.** It is also our rural counties that have the highest poverty and uninsured rates. Rural hospitals have shuttered their doors throughout the state, struggling to keep up with uncompensated care costs from substantial uninsured populations. It is in rural areas where policies like Medicaid expansion have an outsized effect in bringing jobs, healthcare, and coverage to communities.<sup>15</sup>



### Rural NC hit harder

COVID 19 cases per 100K; circles denote closed rural hospitals since 2014



Source: NC DHHS, The Cecil G. Sheps Center for Health Services Research

## Opportunities for North Carolina to invest in communities

The incentive from the American Rescue Plan presents state leaders with a choice on how best to invest these dollars for the benefit of *all* North Carolinians. A current legislative proposal sponsored by NC Senators Gladys Robinson and Ben Clark calls for incentive dollars to pay for the state's \$490 million share of expansion until the money runs out.<sup>16</sup> Governor Roy Cooper's 2021 budget recommendation for the Department of Health and Human Services calls for \$1.3 billion of the \$1.7 billion dollar incentive to support expansion and to offset the need for new hospital assessments for up to six years.<sup>17</sup> The Governor's budget also recommends that \$400 million be used to support health initiatives to include increased mental health, telehealth access, workforce development, and Medicaid beneficiary transitions to employer or private coverage options.<sup>18</sup>

However, we strongly suggest using the \$1.7 billion in federal dollars to **invest in the following five specific policy goals that would dismantle institutionalized barriers that maintain racial and**



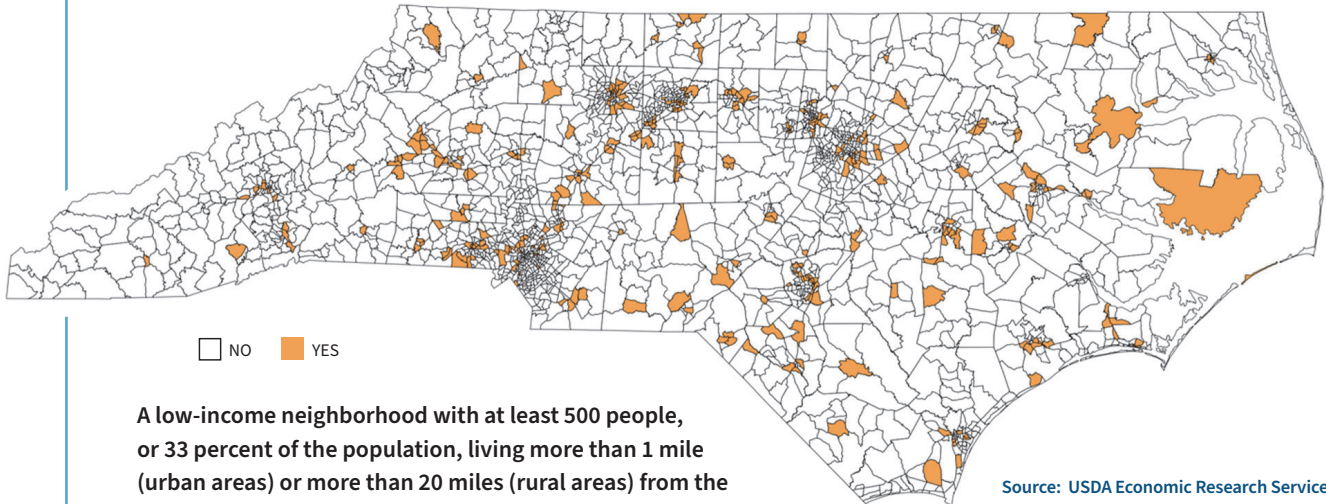
**geographic health disparities throughout the state:** 1) extensive and affordable access to broadband in rural and poor communities, 2) the total elimination of food deserts, 3) incentivizing health care professionals to serve in underserved regions of the state, 4) intentional investments in transportation infrastructure, and 5) support for alcohol and drug treatment facilities.

- 1) As remote work, remote school, and telehealth became the norm for many North Carolinians in 2020, it became readily apparent that rural and less affluent parts of the state lacked access to the broadband infrastructure to plug in to this new reality. **Creating a grant program that further incentivizes electric co-operatives to add broadband to their existing wiring infrastructure** would offer residents all over the state a high-speed internet experience, one guaranteeing theoretical speeds no lower than 50 megabytes per second.
- 2) There are 339 extreme food deserts throughout North Carolina, according to USDA.<sup>19</sup> **The presence of food deserts generates poor health outcomes** for its residents such as heart disease, diabetes, and childhood obesity. These conditions have far reaching society-wide impacts; by aggressively eliminating them North Carolina would help equalize health outcomes.



### North Carolina's 339 Food Deserts

*Low-income and low-access tract (neighborhood) measured at 1 and 20 miles*



A low-income neighborhood with at least 500 people, or 33 percent of the population, living more than 1 mile (urban areas) or more than 20 miles (rural areas) from the nearest supermarket, supercenter, or large grocery store.

- 3) There are many low-wealth, isolated communities in North Carolina that have difficulty retaining their home-grown talent, let alone be positioned to recruit new business for economic development. A potential solution is to **create a rural medical professional fellowship** where in exchange for a predetermined tenure of service in a rural North Carolina community, the medical professional's student loan debt would be forgiven.
- 4) **Reimagining North Carolina through the lens of robust public transit** and without the necessity of a personally owned vehicle will do much to provide options for many people who have lower incomes, are elderly, live in rural communities, and struggle to travel back



and forth to medical appointments. The challenge of securing transportation options for multiple weekly appointments can become overwhelming. Walkable neighborhoods and office parks, supplemented with low carbon emitting public transit will better connect residents to medical personnel, offices, and quality of life amenities.

- 5) **Investments in state alcohol and drug abuse treatment centers (ADATCS) would strategically address substance use disorder (SUD) as a medical challenge and not a criminal issue.** Seventy-one percent of people in North Carolina prisons need long-term substance use disorder treatment, and 65 percent have a mental illness.<sup>20</sup> By both expanding Medicaid and investing in ADATCs, our state could reduce the criminalization of SUD and mental illness, helping people access appropriate care in the appropriate setting.

## Conclusion

Too many North Carolinians, including our “essential” frontline workers, were forced to face the COVID-19 pandemic without health coverage because our state hasn’t expanded Medicaid. We can right this wrong now and secure well over \$1 billion dollars in federal funds to aid our economic recovery and make critical investments that address racial and socio-economic health disparities. A healthier North Carolina means a more productive and prosperous North Carolina. These fiscal incentives offer an unprecedented opportunity to expand Medicaid in our state and ensure that more than 682,000 North Carolinians are protected and insured during this pandemic and beyond. This offer is one that we can’t afford to walk away from.



## Treatment or Debt? *A choice no North Carolinian should have to make*

“COVID has wreaked havoc on my community,” said Dr. Laura Ucik, a family physician who works at a Federally Qualified Health Center (FQHC) in rural North Carolina, “and I see it every day.”

Running out to the parking lot to evaluate COVID-19 patients in between seeing her other patients has become a part of Dr. Ucik’s already busy day. Her patients face anxiety over not just a positive COVID-19 test, but also over the medical bills that could follow a diagnosis.

One of her patients, a middle-aged man, burst into tears when he tested positive for COVID-19. He was having chest pains and his oxygen levels were low enough to require hospitalization, but his mind was on the medical bills.

“He had recently been hospitalized for another health issue, and he and his wife were facing bankruptcy,” said Dr. Ucik. “He refused to go to the hospital because he didn’t want to grow his medical debt. It is heartbreaking to see my patients have to choose between getting the treatment they need and financial ruin.”

Now, because of provisions in the American Rescue Plan, Dr. Ucik’s patient and other North Carolinians without health insurance will have 100 percent of their COVID-19 treatment covered. That means that if they get sick with COVID-19 they can focus on getting better and not be anxious about a medical bill they can’t afford.

**WATCH** ▶ as Dr. Laura Ucik, a physician in rural North Carolina talks about the horrible choices her uninsured patients have to make between their physical health and facing bankruptcy. the uninsured, retroactive to February 2020.

*Disclaimer: Dr. Ucik’s remarks are her own, and do not reflect the opinions of her employer.*



## ENDNOTES

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19. US Department of Agriculture, Economic Research Service - <https://www.ers.usda.gov/data-products/food-access-research-atlas/documentation/> A census tract is determined to be low income if the poverty rate is 20 percent or more, the tract's median family income is less than or equal to 80 percent of the statewide family income or if the tract is in a metro area has a median family income less than or equal to 80 percent of the metro area's median family income. That same tract is also considered as being low access, and consequently a food desert, if at least 33 percent of the population is greater than 1 mile from the nearest supermarket, supercenter, or large grocery store in an urban area and greater than 20 miles in a rural area.
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