



## Health Care: Higher Costs, Fewer Choices

The continued expansion of government control over your health care and little progress toward consumer-based reform were the major themes of the 2007 and 2008 North Carolina General Assembly sessions.

### What the Legislature Did

- **Relieve counties of their Medicaid burden**  
The state agreed in the 2007 session to assume the counties' share of Medicaid costs in a plan that is to be phased in over the next three years. In exchange for their Medicaid burden being lifted, counties will transfer the revenues from ½ cent of their 2 ½ cent local sales tax to the state.
- **Create a new government health care program for the middle class**  
NC Kids Care, a new program that would subsidize health insurance of middle class children, was approved but put on hold pending the federal government's re-authorization of the SCHIP program.
- **Make insurance premiums more expensive**  
During the 2007 Session, the General Assembly added mental health parity to increase the number of health insurance mandates in North Carolina to 47. Estimates predict premiums could increase by 5 to 10 percent.
- **Commission a study to facilitate socialized medicine in North Carolina**  
The 2008 Studies bill (HB 2431) authorizes a study to be conducted by the North Carolina Institute of Medicine (NCIOM) to "study issues related to access to appropriate and affordable health care for all North Carolinians." The inclusion of the word "all" in the statement implies that the study's purpose is to devise a strategy to implement some sort of universal coverage.
- **Rapidly increase Medicaid and NC Health Choice spending**  
The FY 2008-09 Budget marked a 20 percent increase in Division of Medical Assistance appropriations (the department that administers Medicaid) in just two years. NC Health Choice – a program for children whose families earn too much to qualify for Medicaid but below 200 percent of the federal poverty limit - grew by 34 percent.

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### What Do Voters Think?

78 percent of voters believe they should be able to tailor their insurance policy to their needs, while 86 percent feel they should be allowed to purchase out-of-state policies.

Source: Civitas Institute, DecisionMaker Poll, February 2008

## What the Legislature Didn't Do

- **Lower the cost of health insurance**  
No action was taken to allow North Carolinians to shop for more affordable health insurance policies offered in other states, or to allow citizens to choose from customized insurance plans. Instead, North Carolinians continue to be forced to purchase expensive in-state plans laden with 47 coverage mandates. Seventy-eight percent of voters believe they should be able to tailor their insurance policy to their needs, while 86 percent feel they should be allowed to purchase out-of-state policies (Civitas Institute, DecisionMaker Poll, February 2008).
- **Reign in Medicaid costs by providing more options for enrollees**  
The General Assembly failed to support legislation (SB 1017) that would allow Medicaid enrollees to opt out of the government program and instead use Medicaid dollars to purchase private insurance in a county-wide test project. Such an option would not only be a cheaper alternative to the current Medicaid reimbursement system, it would also provide greater access to preferred private coverage. A 2002 Commonwealth Fund nation-wide survey revealed that 65 percent of respondents would prefer private coverage to Medicaid or Medicare.
- **Reinstate the children's health insurance tax credit**  
Legislation (SB1317 and SB1318) to permit taxpayers to deduct premiums paid to insure dependents died quietly in committee. Such a tax credit, available in North Carolina from 1998 to 2001, would help make insurance attainable for countless North Carolina children.
- **Enact malpractice reform**  
The General Assembly made no attempt to enact real medical malpractice reform, such as capping malpractice awards for non-economic damages. Twenty-four other states have already passed such measures, easing upward pressure on health care costs.
- **Address the \$24 billion unfunded liability for state retiree health benefits**  
SB 71 would have created a Trust Fund dedicated to offsetting the growing unfunded liability for state retiree health benefits. When last calculated at the end of 2005, the liability stood at \$24 billion. The massive liability continues to grow every day. SB 71 died in committee.