

Health Care: Escalating Costs, Government Control, Fewer Consumer Driven Options

Health care reform ranks highly among the top policy issues this year. However of all the reform options put forward in the debate none reflect the need for more consumer driven health care options. What we see at the state level is an increase in spending and the expansion of inefficient and ineffective government run programs.

What the Legislature Did:

Finally Phased-Out the Counties' Medicaid Contribution:

The 2007 legislative session established the state would assume the counties' share of Medicaid costs in a plan scheduled to be phased-in over the next three years. The exchange resulted in the subsequent transfer of revenues from ½ a cent of the 2 ½ cent local sales tax to the state. The final phase out increased the state's appropriations to Medicaid by \$252 million.

Further Increased Cost of Health Insurance Premiums:

The legislature approved the addition of yet another health insurance mandate to the 47 state mandates already in place. The move will further raise premiums for North Carolina, which already ranks among the top states in the nation for number of health insurance mandates. The new law (HB 535) requires health insurers to provide coverage for the diagnosis and treatment of Lymphodema. Consumers purchasing insurance coverage will be forced to pay for this coverage whether they want to or not.

Substantially Increased Medicaid and NC Health Choice Spending:

The legislature provided \$17 million in funds to increase NC Health Choice enrollment by 10% in the next two years, and allotted \$154 million for Medicaid enrollment growth.

Reduced Mental Health Spending:

Reduced funds by \$40 million for state funded mental health services provided through local operations, as well as eliminated 350 positions within the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

What the Legislature Didn't Do:

Lower the Cost of Health Insurance:

Proposed legislation (SB 725) would have allowed for the purchase of health insurance across state lines. This bill, which would have increased competition and thereby driven down the cost of health insurance premiums, was stopped in committee without a hearing.

Enact Medical Malpractice Reform:

There was no attempt made by the General Assembly to enact malpractice reform – even though such legislation has proven to greatly ease health care costs in half the nation’s states.

Lower Costs by Providing More Health Insurance Options:

There was no proposed legislation that would have allowed Medicaid recipients to use their Medicaid receipts to purchase private health insurance, or to give people the option to have greater control over their own policies in a more consumer driven market.

Federal Stimulus Money directed to Health Care in North Carolinaⁱ:

- Child Support Enforcement Program **\$2,908,484**
- Disproportionate Share Hospitals (DSH) Allotments for Fiscal Year 2009 **\$7,224,526**
- ARRA Funding Distribution for Nutrition Services to States **\$2,768,783**
- State Adoption Assistance and Foster Care Funding **\$3,211,600**
- State/Territories Medicaid and Territories Prescription Drug Program Funding **\$904,468,803**
- Increased Demand for Community Health Care Services (IDS) Grants by States **\$8,636,285**
- American Recovery and Reinvestment Act, Section 317 Immunization Funding **\$5,153,105**
- FY 2009 Child Care and Development Fund American Recovery and Reinvestment Act (ARRA) State and Territory Allocations **\$67,543,134**
- Recovery Funding for Community Services Block Grant **\$26,243,124**
- New Access Points Community Health Care Services Grants by State/Territory **\$2,600,000**
- HRSA Recovery CIP Announcement **\$20,139,445**

North Carolina Total **\$1,050,897,289**

ⁱ <http://transparency.cit.nih.gov/RecoveryGrants/grantstate.cfm?state=nc>