

VIEWPOINT

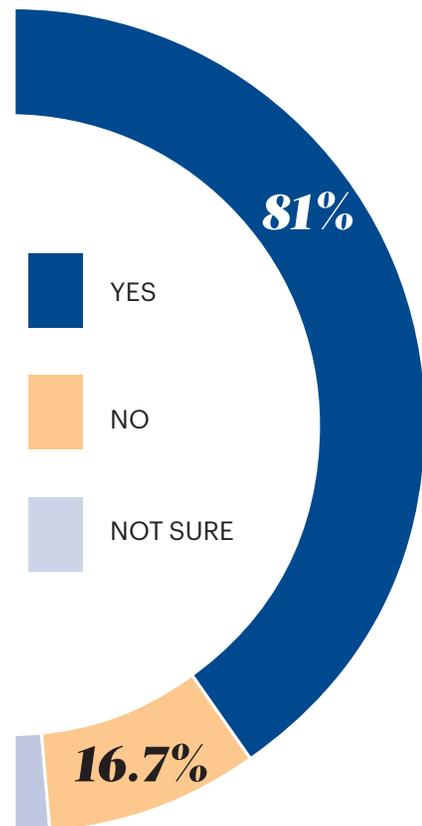
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► BUSINESS PULSE SURVEY

WE ASKED

SHOULD NORTH CAROLINA EXPAND MEDICAID FOR LOW-INCOME RESIDENTS?



2.3%

THIS WEEK'S QUESTION

SHOULD EMPLOYEES BE ALLOWED TO INTERVIEW CANDIDATES APPLYING TO BE THEIR NEW BOSS?

POINT OF VIEW

Nonexpansion of Medicaid: Still a bad idea for state

In October I wrote about North Carolina's decision not to expand Medicaid under the Affordable Care Act (ACA). I argued that purely from an economic standpoint, it was a foolish decision that will hurt the state.

I pointed to a study that showed that states rejecting Medicaid expansion will be unable to cut reimbursements to hospitals for covering the uninsured, and that these cuts would have more than offset the increased expense of expansion. As a result, not expanding Medicaid will cost the state more than expanding it.

Another study I cited estimated that North Carolina could have created 6,000 more jobs last year had it expanded Medicaid. Still another study projected that because Medicaid expansion would have removed many high-risk patients from the ACA exchanges, nonexpansion will raise insurance premiums for everyone.

Since then more research has been released. The Robert Wood Johnson Foundation looked at the effect of a lower federal reimbursement rate to hospitals, also for covering the uninsured. The ACA reduced that rate because hospitals would receive offsetting federal funding through an expanded Medicaid. But not if Medicaid isn't expanded. As a result, during the next 10 years, hospitals in North Carolina will lose out on \$11.3 billion in increased revenues.

Tax-preparation firm Jackson Hewitt estimated the effect of a key tax provi-



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sion of the ACA. If an employee buys insurance on the ACA exchange, it triggers a tax of about \$2,000 per year that must be paid by the employer. It's essentially a penalty for not providing health insurance. More low-income workers not covered by Medicaid means more workers buying their own insurance. Jackson Hewitt estimates that in North Carolina, the additional tax penalties will add up to between \$80 million and \$100 million next year.

Economists affiliated with the Chicago Federal Reserve Bank analyzed the Massachusetts health care reforms that served as the model for the ACA and found that they led to lower rates of personal bankruptcy and delinquency and higher credit scores. But when other economists commented on this research, the consensus was that we shouldn't expect the same nice results from the ACA. Why not? Because so many states

have rejected Medicaid expansion, which is a key element in how the ACA alleviates financial stress among households.

The Commonwealth Fund studied the effect of Medicaid nonexpansion on taxpayers. Medicaid is funded by all taxpayers, including those in North Carolina. So we're paying for it but not reaping any of the benefits. The study estimates that by 2022, the cost of nonexpansion to North Carolina taxpayers will rise to \$2.6 billion.

There are new anti-expansion arguments as well. Among them is that North Carolina's Medicaid system is too expensive and that should be fixed before we expand the program. It's true that North Carolina spends more per enrollee than many of our neighbors. But we're in the middle of the pack nationwide and only slightly above the national average. It's hardly a crisis.

An even weaker argument is that we shouldn't expand a program that will just drive up the federal deficit. But according to the Congressional Budget Office, the ACA as a whole, including Medicaid expansion, will slightly reduce the deficit during the next 10 years, precisely because it includes various taxes and fees. Expanding Medicaid might mean bigger government, but not a bigger deficit.

So there are strong economic arguments in favor of Medicaid expansion and weak ones against it. It's time for North Carolina to reverse itself and expand Medicaid.

► GAINERS & LOSERS



FILE PHOTO



JEFF MILLER

With a successor finally in place, Miller is set to retire Monday, ending a distinguished 25-year career heading High Point Regional. His legacy includes negotiating the merger between hospital and UNC Health Care last spring.



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TANGER PERFORMING ART CENTER

Wells Fargo pledges \$250,000 to the project, adding its name to a long list of private sector donors that have committed more than \$35 million combined. Organizers expect construction to start later this year.



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BASKETBALL IN N.C.

No Duke nor UNC-Chapel Hill in Sweet 16 for the first time since 1979. Still, what other state has two teams so consistently good that it can say that?



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CITY OF HIGH POINT

Rumors swirling that Heritage Home Group, the successor to Furniture Brands International, is considering moving its headquarters from St. Louis to High Point. With brands like Drexel Heritage, Hickory Chair and Thomasville, North Carolina would feel like home.