

# In the Spotlight: Health Care Reform and Medicaid

The Affordable Care Act (ACA) directs states to expand the eligibility of their Medicaid programs to include all childless adults and families up to 133 percent of the federal poverty line<sup>1</sup> (including: single childless adults; parents; children ages 6-19; and former foster care children under age 26) or risk losing all federal assistance for state Medicaid programs. In the summer of 2012, the Supreme Court weighed in on the expansion, rendering it optional for states.

## The Expansion

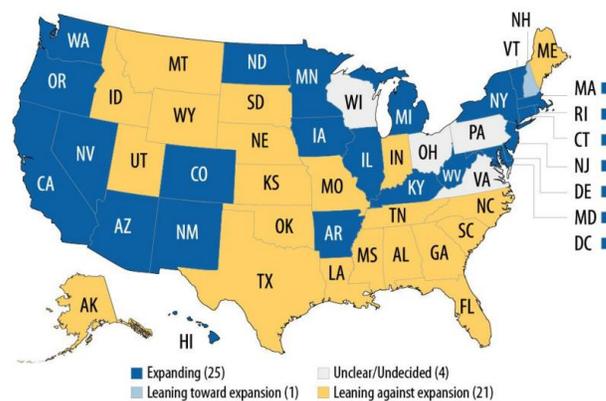
The Medicaid expansion, combined with an individual mandate and subsidies, make up the foundation of ACA efforts to cover the uninsured in health care reform. According to a [July 2010 Kaiser Family Foundation estimate](#), the expansion would extend coverage to 17 million newly eligible low-income adults nationwide. The expansion would be effective January 1, 2014. The federal government will cover the cost of coverage of newly eligible individuals in expansion states in its entirety from 2014 (for the first year states could expand) until 2016, gradually reducing its share to 90% by 2020 and will offer some additional assistance for coverage of individuals who are not newly eligible.

## Supreme Court

In June 2012, the United States Supreme Court officially upheld ACA, but ruled that states could not be required to expand Medicaid. While [Medicaid](#) expansion was upheld, the Supreme Court ruled that the money for the existing Medicaid program may not be put at risk for states that choose not to participate in the expansion.

As of September 2013, according to the [Center for Budget and Policy Priorities](#), about 25 states were planning to expand their Medicaid programs and 21 states were not. About five states were still undecided.

Figure 1. Status of State Medicaid Expansion for 2014



## North Carolina and Medicaid

In early 2013, the North Carolina General Assembly passed and Governor Pat McCrory signed [SB4](#) which prohibited North Carolina from expanding its Medicaid program. This means that Medicaid eligibility would remain at current levels:

Current Medicaid Eligibility Levels for Select Groups (as % of poverty line)				
North Carolina	PARENTS		ADULTS without DEPENDENT CHILDREN	
	Jobless	Working	Jobless	Working
	34%	47%	0%	0%

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Individuals and families who make at least 100 percent of the federal poverty level may be eligible for subsidies on the Marketplace. According to [the Urban Institute](#) the Medicaid expansion in NC would have covered 587,000 individuals. About 149,000 of those who would have been covered by the Expansion are eligible for subsidies through the Marketplace (leaving the remaining 438,000 uninsured). In North Carolina we expect about 850,000 total individuals to shop on the Marketplace with subsidies.

## Other Medicaid Changes

In addition to the Medicaid expansion, the ACA directs certain benefits be included in Medicaid packages, namely, prescription drugs, mental health, and all those benefits deemed “essential” that are required for plans to participate in the Exchanges. Other changes include:

- Effective immediately through October 2019, Maintenance of Effort provisions in ACA require states to maintain existing eligibility standards for all Medicaid populations;
- October 1, 2010, States were required to provide coverage for comprehensive tobacco cessation services for pregnant women at no cost share for the beneficiary;
- Beginning July 1, 2011, payments will be prohibited to States for Medicaid services related to healthcare-acquired conditions;
- In 2013 and 2014, primary care physicians will receive an increase in reimbursement, raising their payment rates to match those of Medicare and provides 100% federal funding for the incremental cost to States meeting this requirement;
- Also effective January 1, 2014: Modified Adjusted Gross Income of an individual or a family is used to determine eligibility.

## BCBSNC Views

Blue Cross and Blue Shield of North Carolina (BCBSNC) supports broad access to health care for low-income individuals. BCBSNC and the BCBSNC Foundation are currently involved in efforts to help improve and increase safety net providers in North Carolina. BCBSNC is following the issue closely.

**For More Information**

Community Care of North Carolina: [www.communitycarenc.com](http://www.communitycarenc.com)

North Carolina Division of Medical Assistance: <http://www.dhhs.state.nc.us/dma/>

Healthcare.gov Fact Sheet on Medicaid: <http://www.healthcare.gov/foryou/generalinformation/medicaid/>

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<sup>i</sup> The law required a 5 percent buffer in eligibility, called a “disregard,” so that technically the Medicaid eligibility is up to 138 percent of the federal poverty level.

<sup>ii</sup> According to the [Center for Budget and Policy Priorities](#).

This information has been prepared by Blue Cross and Blue Shield of North Carolina to assist our customers in understanding Health Care Reform. This publication is for information purposes only. It is not legal or tax advice. Please consult with your attorney or tax advisor for further advice. As regulations and other interpretive guidance are published, this information may change. We will continue to work with our customers going forward to provide updates and further assistance. ®SM are registered marks of the Blue Cross and Blue Shield Association. ©, 2013 Blue Cross and Blue Shield of North Carolina is an independent licensee of the Blue Cross and Blue Shield Association. U#7259k