

Fact Sheet

Medicaid Expansion Population and Cost Estimates for North Carolina

Tobey Oliver and Sari Siegel
AARP Public Policy Institute

As enabled by the Affordable Care Act, most states have now expanded Medicaid eligibility to people with incomes of up to 138 percent of the federal poverty level (FPL), putting the eligibility threshold at about \$20,000 in annual income for an individual.

North Carolina passed a law expanding Medicaid in March 2022, however, implementation is contingent on the passing of a budget which it has not yet done.

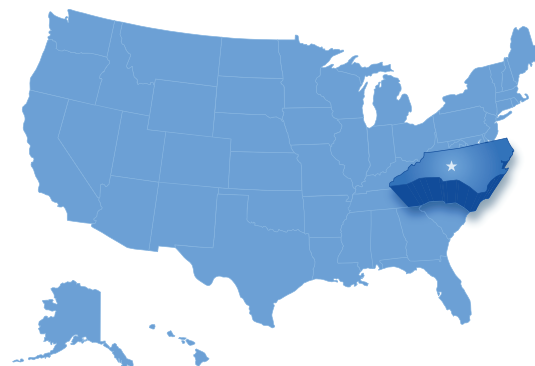
Under Medicaid expansion:

- an additional 716,000 North Carolinians will be eligible for Medicaid in 2024, and
- in the first two years, 2024 and 2025, the state could save more than \$2 billion.¹

Newly Eligible Adults

North Carolinians who stand to benefit the most from expanding Medicaid are those who are currently uninsured. Most of this population is likely to transition to Medicaid coverage within two years of expansion. These 362,000 uninsured North Carolinians include:

- **Older North Carolinians:** 87,000 between the ages of 50 and 64,
- **Both women and men:** 185,000 men and 187,000 women ages 19 to 64 and 44,000 men and 43,000 women ages 50 to 64, and
- **People of different races and ethnicities** (ages 19 to 64): 159,000 white; 81,000 African American; 109,000 Hispanic;



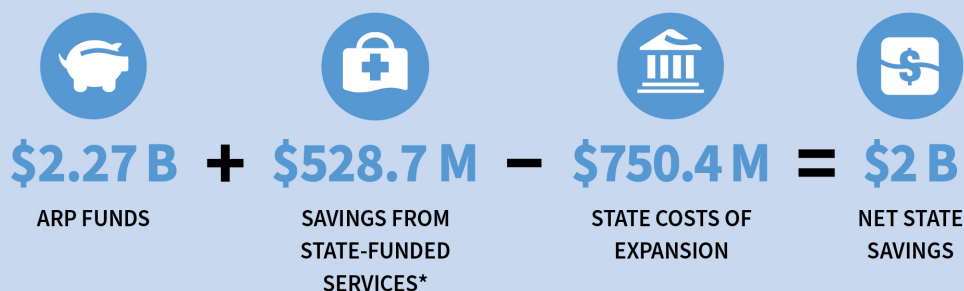
9,000 American Indian and Alaska Native; 5,000 Asian American, and 200 Native Hawaiian and Pacific Islander.

In addition to people currently without insurance, about 236,000 individuals currently covered under employer-sponsored insurance (ESI) but earning under 138% of the FPL will also be eligible for Medicaid, as well as about 118,000 individuals who currently purchase their coverage through the Health Insurance Marketplace (Marketplace). Based on the experience of other expansion states, Avalere projects that only a small percentage of North Carolinians with ESI are likely to enroll in Medicaid.

*Millions of people in the United States are still ineligible for Medicaid health coverage in states that have not expanded their programs as allowed under federal law. To date, 10 states have yet to modify their income eligibility limits since the Affordable Care Act (ACA) was passed in 2010. Implementation in North Carolina will mean that up to **716,000 individuals** will be eligible for Medicaid in 2024, and in 2024 and 2025 alone, **the state could save more than \$2 billion.***

* According to analyses conducted for AARP's Public Policy Institute by the health policy consulting firm Avalere, using 2021 Census data.

By expanding Medicaid, North Carolina could save \$2 billion over two years (2024 and 2025):



*American Rescue Plan Act of 2021

**Programs include those for behavioral and mental health, substance use disorder, women's health, uncompensated care, services to general populations, and individuals in corrections facilities, individuals in corrections facilities. American Rescue Plan

State Savings

By implementing Medicaid expansion, North Carolina will benefit from both new funding and savings, coming from several sources. For 2024 and 2025, funding and savings will come from:

- **New funds:** \$2.27 billion over two years in enhanced (90%) federal matching funds provided under the American Rescue Plan Act (ARP).
- **Savings from state-funded services:** \$528.7 million from accessing federal matching (90%) funds for newly covered enrollees. These funds will cover current services now paid for with state-only funds, allowing the state to achieve savings in multiple areas:
 - \$32.6 million in its behavioral, mental health, and substance use disorder services,
 - Nearly \$75.5 million in medical services for individuals in corrections facilities,
 - \$142.3 million on the cost of uncompensated care—that is, funds paid to hospitals and other providers to help offset the costs of providing care for which they don't get paid,

- \$138.3 million on women's health care program services, and
- \$140.1 million on programs that provide services to vulnerable populations.

Revenues from the ARP incentive funds, plus savings in state program funds, are expected to more than offset the 10% state-only costs to North Carolinians for adding expansion enrollees to its Medicaid population. Program savings would extend beyond 2025.

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- 1 Analyses conducted for AARP's Public Policy Institute by the health policy consulting firm Avalere, using projections from 2021 census data.

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601 E Street, NW
Washington DC 20049

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