The Affordable Care Act in North Carolina – A Look Back and Review of Coverage Changes

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Prior to the passage of the Affordable Care Act, many individuals across the state and country faced numerous barriers to accessing affordable and quality health care. This paper provides a review of health coverage in North Carolina before the ACA, the impact the ACA has had on access to health care, and how North Carolina could continue to benefit from "complete" implementation of the ACA.

Health Coverage Before the Affordable Care Act

In 2008, nearly 45 million people in the United States were uninsured; approximately 1.4 million of those individuals lived in North Carolina [1]. On March 23, 2010, President Barack Obama signed the Patient Protection and Affordable Care Act (ACA) into law just as states were beginning to emerge from the Great Recession. Unemployment in March 2010 was approximately 11% in North Carolina, meaning many people were unable to gain health coverage through their jobs [2]. The Great Recession had created hardship for many as the majority of people in the country have access to health care through employer-sponsored insurance. The first open enrollment period for the ACA's Marketplace—where individuals could shop for coverage, determine eligibility for subsidies, and then enroll online—took place in the fall of 2013 through early 2014.

Impact of the ACA

Examining trend data for North Carolina, over 350,000 North Carolinians gained health insurance coverage through the Marketplace during the first open enrollment period, and over 500,000 people selected plans using the Marketplace in 2020 [3]. Marketplace enrollment peaked in 2016 with nearly 613,000 people selecting plans [3].

The ACA has many effects on North Carolinians' health coverage, with provisions that impact benefit inclusions, Medicare, Medicaid, and even employer-sponsored insurance. One of the most debated and litigated provisions is the individual mandate, which required most US citizens and legal residents to obtain health coverage. While there were some exceptions to the requirement, a financial penalty was phased in starting in 2015 for those who did not meet the exceptions [4]. However, Congress passed the Tax Cuts and Jobs Act in December 2017, eliminating the individual mandate penalty starting in 2019 [5]. While many predicted that enrollment would decline without the penalty, nearly half a million North Carolinians continue to enroll in the Marketplace to obtain health insurance [3]. A second provision that impacts many North Carolinians, whether they have employer-sponsored insurance, a Marketplace plan, or seek other options for private insurance, is the end of the insurance practice of discriminating based on preexisting conditions. In North Carolina, 28%, or approximately 1.7 million nonelderly people in the state, have conditions that could have prevented them from having health insurance before the ACA became law [6].

Additional provisions have received favorable reception over the last 10 years (Table 1). The ACA allows parents to keep their children on their employer-sponsored health insurance plans until they turn 26, and the law removed costs associated with many preventive services [7]. The ACA added many preventive services women need throughout their lifespan that are considered essential health services, including contraception, gestational diabetes screening, breastfeeding counseling and support, cervical cancer screening, and osteoporosis screening [8]. In connection with the aforementioned provision, the ACA also eliminated the practice of charging different premiums based on gender [9]. The ACA has also helped people with jobs obtain health insurance, requiring employers with 50 or more employees to pay a fine if they do not offer health insurance [7].

The law also created a new cadre of insurance navigators (or assisters), who helped people understand their insurance options and enroll in coverage. In regard to the thousands of North Carolinians who enroll in the Marketplace annually, the most impactful provision concerns subsidies that help reduce financial barriers for individuals and families with low incomes who lack coverage. Recognizing how expensive health insurance was in the private market, the ACA provided premium tax credits. These credits are available to individuals between 100% and 400% of the federal poverty level who are not eligible for Medicaid, CHIP, or Medicare and

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TABLE 1.
Favorable ACA Provisions

Most Say It Is Important That ACA Provisions Remain In Place

Percent who say it is "very important" that each of these parts of the ACA are kept in place:	Total	Democrats	Independents	Republicans
Prohibits health insurance companies from denying coverage for people with pre-existing conditions	72%	88%	73%	62%
Prohibits health insurance companies from denying coverage to pregnant women	71	89	73	49
Prohibits health insurance companies from charging sick people more	64	76	64	55
Requires health insurance companies to cover the cost for most preventive services	62	80	58	49
Prohibits health insurance companies from setting a lifetime limit	62	72	65	48
Gives states the option of expanding their Medicaid programs	57	84	55	36
Provides financial help to low- and moderate-income Americans to help them purchase coverage	57	82	54	31
Prohibits private health insurance companies from setting an annual limit	51	67	46	38
Allows young adults to stay on their parents' insurance plans until age 26	51	68	50	36

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Source. KFF Health Tracking Poll (conducted July 18-23, 2019). See topline for full question working and response options.

do not have access to affordable employer-based coverage. According to the 2020 poverty guidelines, North Carolinians with incomes between $12,740 and $51,040 qualify for the premium tax credits [10]. Marketplace enrollees in this range can select how much of the tax credit—up to the maximum amount—to put toward their monthly premium. In 2019, 501,271 North Carolinians selected a health plan in the Marketplace [11]. Of these, 453,991 had premium subsidies, reducing their average monthly premium to $114/month, with an average monthly tax credit of $675 [11]. North Carolinians with incomes up to 250% of the federal poverty level and who choose silver plans—those considered "middle" level plans out of the four tiers of plans offered on the Marketplace [12]—are eligible for additional financial assistance or cost-sharing subsidies. In 2019, 290,128 individuals also had cost-sharing subsidies [11]. These subsidies help individuals avoid financial barriers by reducing the out-of-pocket costs they may incur in obtaining health care services.

The Marketplace in North Carolina

Session Law 2013-5 made it so that North Carolina opted out of creating a state-based Marketplace and expanding Medicaid, thus relying on the federal Marketplace, or HealthCare.gov, to help consumers determine eligibility and enroll in plans [13]. When states rely on the federal Marketplace, they pay a fee to use the platform and that fee has increased in recent years [14].

Like many states, North Carolina experienced some instability and uncertainty regarding the Marketplace during the first few years of enrollment. During the first year, only two insurers, BlueCross BlueShield of North Carolina and Coventry Health Care of the Carolinas (also known as Aetna), offered Marketplace plans. United Health joined the Marketplace in 2015, but later exited along with Coventry. Of the insurers, only BlueCross BlueShield North of Carolina offered plans in all 100 counties, with Cigna only offering plans in a few counties starting in 2017 [15].

In addition to concern about the number of plans offered throughout the state, premiums also increased during the first few open enrollment periods as insurers were concerned about the stability of the individual market. Many insurers offering Marketplace plans sought higher premium increases for 2018 as the Trump administration announced an end to subsidies to insurers that helped them offer reduced cost-sharing to Marketplace enrollees with low incomes as mandated by the ACA [16]. Considering the uncertainty about the individual mandate and the end of cost-sharing reductions, insurers took a few approaches to cover the potential loss and market instability. One approach, which BlueCross BlueShield of North Carolina took, was to seek higher premiums. However, the insurer lowered its initial premium increase as the individual market began to stabilize and it gained more information to better predict costs [17].

Complete ACA Implementation

In 2012 the US Supreme Court's landmark decision in *National Federation of Independent Businesses v. Sebelius* allowed for the ACA to remain the law, but made it optional for states to extend Medicaid coverage to individuals with incomes up to 138% of the federal poverty level [18]. North Carolina is one of 12 states that has not fully implemented the ACA through expanding Medicaid, thus leaving many people in the Medicaid coverage gap where they continue to experience access and financial barriers to obtaining health insurance. Because Congress envisioned that all uninsured low-income people would gain Medicaid coverage, they only made Advanced Premium Tax Credits available to individuals with incomes above 10% of the federal poverty level ($12,760/year for an individual or $26,200 for a family of four in 2020). People with incomes below that amount, who

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were not already eligible under the states' Medicaid eligibility rules, would not be eligible for the tax credits. North Carolina does not provide Medicaid coverage to nonelderly adults without minor children if they are not disabled, regardless of how poor they are. And it only provides coverage to parents if their annual income is less than approximately 34% of the federal poverty level for a family of four (or < $9,000/year). The Urban Institute estimates that approximately 591,000 North Carolinians would gain coverage if the state expanded Medicaid [19]. In addition, the state could cut its percentage of uninsured by almost 30% in 2020 if it were to expand Medicaid, from approximately 12.3% of the nonelderly to 8.7% [19]. This would bring in almost $4 billion in new federal dollars to the state, though

it would cost the state an additional $575 million in the ACA 90:10 cost-sharing formula to cover the costs of the newly insured in Medicaid [19]. The Urban Institute estimates do not include the people who lost coverage due to COVID-19, many of whom will fall into the coverage gap.

Consumers, providers, and insurers have all expressed support for expanding Medicaid. New polling from a statewide coalition shows that 75% of voters are in favor of closing the coverage gap, which is a phrase many use to explain the health insurance gap in non-expansion states [20]. In addition to fiscal benefits, Medicaid expansion addresses issues concerning equity. As a result of historical and systemic racism, many people of color have low incomes and face many barriers to gaining health insurance coverage

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[21]. In states that have expanded Medicaid, the difference in the uninsured rate between Latinx and white adults dropped by 9.4 percentage points and 4.1 percentage points for African Americans [22]. Most states that have opted out of Medicaid expansion are located in the South; a disproportionate number of African American adults who would gain coverage live in southern states [21].

In addition to addressing equity and health disparities by race and ethnicity, closing the Medicaid gap in North Carolina would help to address geographic disparities in the state. Research highlights that hospitals in rural areas are more likely to close in states that have not expanded Medicaid. Furthermore, states that have expanded Medicaid report a steeper decline in the uninsured rate in rural areas compared to states that have not closed the Medicaid gap [23].

The ACA Today

Despite a decrease from peak enrollment in 2016, North Carolinians continue to sign up for insurance plans in the Marketplace. Furthermore, the state legislature has started to show signs of bipartisan support for expanding Medicaid. Two bills—Carolina Cares, which was introduced in 2017, and the Health Care for Working Families Act, which passed committee in 2019—were sponsored by conservative lawmakers in the House. During a special session in early 2020, business leaders, farmers and workers in rural areas, providers, and law enforcement continued expressing support for expanding Medicaid [24].

As North Carolina continues to face an economic downturn during the COVID-19 pandemic and many residents lose employer-sponsored health insurance, the ACA's Marketplace is helping people maintain access to critical health care services. The ACA's provision of not discriminating coverage based on preexisting conditions also provides support as people recover from COVID-19 and some experience long-term health conditions. The COVID-19 public health crisis is drawing more attention to the disparities between expansion states and non-expansion states like North Carolina. One report shows that expansion states received $1,755 per resident from the Coronavirus Aid, Relief, and Economic Security (CARES) Act compared to $1,198 per non-expansion-state resident [25].

Although not perfect, most people in the United States view the ACA favorably [26]. States led by both Democratic and Republican governors and legislators support Medicaid expansion. Some states that rely on the federal Marketplace are even exploring whether to create state-based exchanges to better control costs and address the issue of broad special enrollment periods, especially considering the increased demand for coverage during the COVID-19 public health cri-

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sis [14]. During this 10th year, the ACA continues to face opposition in the court and changes under the Trump administration, however the law is still playing an important role in determining how people gain access to affordable, comprehensive, and high-quality coverage. NCMJ

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