

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015**

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**SENATE BILL 365\***

Short Title: Expand Medicaid to All Below 133% FPL/Funds. (Public)

Sponsors: Senators Van Duyn, Foushee, Robinson (Primary Sponsors); J. Jackson, Smith, and Waddell.

Referred to: Rules and Operations of the Senate.

March 24, 2015

A BILL TO BE ENTITLED

1 AN ACT TO EXPAND ELIGIBILITY FOR THE MEDICAID PROGRAM TO INCLUDE  
2 ALL PEOPLE UNDER AGE SIXTY-FIVE WHO HAVE INCOMES EQUAL TO OR  
3 BELOW ONE HUNDRED THIRTY-THREE PERCENT OF THE FEDERAL POVERTY  
4 LEVEL, TO APPROPRIATE FUNDS FOR COSTS ASSOCIATED WITH THE  
5 EXPANSION, TO ACCOUNT FOR THE SAVINGS TO OTHER STATE PROGRAMS  
6 AS A RESULT OF THE EXPANSION, AND TO APPROPRIATE THE ADDITIONAL  
7 FUNDS GENERATED FROM EXPANSION TO THE MEDICAID REBASE.  
8

9       Whereas, Medicaid expansion would create positive economic benefits for the State  
10 of North Carolina by allowing our citizens' federal tax dollars to flow back into our State, and  
11 the value of these new federal dollars is estimated at two billion five hundred million dollars  
12 (\$2,500,000,000) for this budget biennium; and

13       Whereas, Medicaid expansion would create thousands of new health care jobs to  
14 serve the estimated 500,000 citizens covered by this expansion; and

15       Whereas, the economic benefits of Medicaid expansion would extend beyond the  
16 health care industry into the broader economy, and this "ripple effect" will also create  
17 thousands of new jobs; and

18       Whereas, the increase in new jobs and new taxpayers and the subsequent increase in  
19 income and sales and use taxes payable to the State is estimated to more than cover the State's  
20 cost of this expansion; and

21       Whereas, the new Medicaid expansion dollars are critical to the financial viability of  
22 our hospitals, and our rural hospitals, especially, are essential to the health and quality of life  
23 and economic viability of the communities they serve; Now, therefore,

24 The General Assembly of North Carolina enacts:

25       **SECTION 1.** Repeal of Prohibition on Medicaid Expansion. – Section 3 of  
26 S.L. 2013-5 is repealed.

27       **SECTION 2.** Medicaid Expansion Required. – Effective January 1, 2016, the  
28 Department of Health and Human Services, Division of Medical Assistance, shall provide  
29 Medicaid coverage to all people under age 65 who have incomes equal to or less than one  
30 hundred thirty-three percent (133%) of the federal poverty guidelines. The medical assistance  
31 provided to persons in this Affordable Care Act expansion group shall consist of the coverage  
32 described in 42 U.S.C. § 1396a(k)(1).

33       **SECTION 3.** Appropriation to Pay for Administrative Costs. – There is  
34 appropriated from the General Fund to the Department of Health and Human Services, Division  
35 of Medical Assistance, the sum of six million five hundred ninety-one thousand two hundred



1 twenty-four dollars (\$6,591,224) for the 2015-2016 fiscal year and the sum of seven million  
2 eight thousand seven hundred five dollars (\$7,008,705) for the 2016-2017 fiscal year for  
3 administrative costs associated with the Medicaid expansion required by Section 2 of this act.  
4 These funds shall provide a State match for an estimated nineteen million seven hundred  
5 seventy-three thousand six hundred seventy-three dollars (\$19,773,673) in federal funds for the  
6 2015-2016 fiscal year and twenty-one million twenty-six thousand one hundred sixteen dollars  
7 (\$21,026,116) in federal funds for the 2016-2017 fiscal year, and those federal funds are hereby  
8 appropriated to pay administrative costs associated with the Medicaid expansion required by  
9 Section 2 of this act. If the amount of federal funds available for this purpose exceeds the  
10 amounts set forth in this section, then the expenditure of State funds for this purpose shall be  
11 reduced by an amount equal to the amount of excess federal funds that are available, and these  
12 excess federal funds are hereby appropriated for the purposes described in this section.

13 **SECTION 4.** Appropriation to Pay for Medicaid Services in 2016-2017. – There is  
14 appropriated from the General Fund to the Department of Health and Human Services, Division  
15 of Medical Assistance, the sum of ninety-five million two hundred sixty-four thousand four  
16 hundred eighty dollars (\$95,264,480) in recurring funds for the 2016-2017 fiscal year as part of  
17 the Medicaid rebase. These funds shall provide a State match for an estimated two billion four  
18 hundred forty-five million one hundred twenty-one thousand six hundred forty-three dollars  
19 (\$2,445,121,643) in federal funds in the 2016-2017 fiscal year, and those federal funds are  
20 hereby appropriated to the Division of Medical Assistance to pay for Medicaid services.

21 **SECTION 5.** Reductions to Reflect Savings in Other State Programs. – Because  
22 the Medicaid expansion required by this act will generate savings to other State programs that  
23 currently serve the population to be included in the Medicaid expansion, the following  
24 reductions are made:

- 25 (1) The appropriation to the Department of Health and Human Services,  
26 Division of Mental Health, is hereby reduced by sixteen million three  
27 hundred seventy-one thousand nine hundred ninety-three dollars  
28 (\$16,371,993) in recurring funds for the 2016-2017 fiscal year. Since the  
29 expansion of Medicaid services under this act will affect only half of the  
30 2015-2016 fiscal year, this appropriation is hereby reduced by eight million  
31 one hundred eighty-five thousand nine hundred ninety-seven dollars  
32 (\$8,185,997) for the 2015-2016 fiscal year.
- 33 (2) The appropriation for the AIDS Drug Assistance Program (ADAP) in the  
34 Department of Health and Human Services, Division of Public Health, is  
35 hereby reduced by twenty-eight million six hundred seventeen thousand two  
36 hundred forty-six dollars (\$28,617,246) in recurring funds for the 2016-2017  
37 fiscal year. Since the expansion of Medicaid services under this act will  
38 affect only half of the 2015-2016 fiscal year, this appropriation is hereby  
39 reduced by fourteen million three hundred eight thousand six hundred  
40 twenty-three dollars (\$14,308,623) for the 2015-2016 fiscal year.
- 41 (3) The appropriation for the Inmate Health Care program within the  
42 Department of Public Safety, Division of Corrections, is hereby reduced by  
43 seventeen million dollars (\$17,000,000) in recurring funds for the 2016-2017  
44 fiscal year. Since the expansion of Medicaid services under this act will  
45 affect only half of the 2015-2016 fiscal year, this appropriation is hereby  
46 reduced by eight million five hundred thousand dollars (\$8,500,000) for the  
47 2015-2016 fiscal year.

48 **SECTION 6.** Appropriation of 2015-2016 Savings for Medicaid Rebase. – There is  
49 appropriated from the General Fund to the Department of Health and Human Services, Division  
50 of Medical Assistance, the sum of twenty-four million four hundred three thousand three  
51 hundred ninety-five dollars (\$24,403,395) for the 2015-2016 fiscal year as part of the Medicaid

1 rebase. This sum represents the General Fund savings for the 2015-2016 fiscal year generated  
2 under this act.

3           **SECTION 7.** Effective Date. – This act becomes effective July 1, 2015.