



The Senate Connection

Connecting Davie and Rowan Counties
with news from the
Office of Senator Andrew Brock

1119 Legislative Building, Raleigh, NC 27601-2808
(919) 715-0690 • andrewb@ncleg.net



Sen. Andrew Brock
Republican

This Week:
**Medicaid
Relief**

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Senator Brock's Plan to Bring Medicaid Relief to NC

After years of calling for the State to provide Medicaid relief to North Carolina's counties, the Senate is beginning to see things Senator Brock's way. "Providing Medicaid relief has been a major issue for me since I was elected to the Senate five years ago," Senator Brock said. "It's taken a long time for the idea to catch on, but I'm glad it has. Our counties are really suffering under the heavy burden of paying for Medicaid. Also, hopefully, with the State in charge of one hundred percent of Medicaid we'll start getting the accountability we deserve, because the people who determine what services will be provided will be the same people paying for them."

Earlier in the legislative session, Senator Brock introduced a Senate bill 213 which would require the state to take on the counties' share of Medicaid over a five year period. Unfortunately, the Democratic leadership did not allow the bill to be voted on in committee, but apparently liked the idea. Both Senate Majority Leader Tony Rand (D-Cumberland) and Senator Dan Clodfelter (D-Mecklenburg) began floating proposals regarding Medicaid relief. Both could require a tax increase.

"I firmly believe that we can alleviate the burden on our counties without raising taxes. The counties' share of Medicaid is approximately \$517 million. By cutting the pork barrel spending that the Democrat leadership sends back to their chosen districts and other waste, I know we can come up with the money," said Senator Brock.

Although different from Senate bill 213, the Senate Republican leadership has offered it's own proposal which would address Medicaid without raising taxes. Under this plan, counties would begin diverting some local tax revenues to the State in exchange for the State taking on the cost of the program. "Although I still stand behind Senate bill 213, I'm also happy to support the new Republican plan for Medicaid, because, like my own proposal, it rejects the Democrats' false claim that we have no choice but to raise taxes to solve this problem," said the Senator.

Republican Medicaid Relief Plan

Press Release from the Office of the Senate Republican Leader

On June 19, Senate Republican Leader Phil Berger (R-Rockingham) and House Republican Leader Skip Stam (R-Wake) endorsed a Medicaid relief plan for North Carolina counties. North Carolina is currently the only state where local governments are required to fund a portion of Medicaid, a federally mandated health insurance plan for low-income individuals. Medicaid costs in North Carolina are paid primarily by federal appropriations (64.26 percent); the state picks up 30.38 percent and counties are required to pay the remaining 5.36 percent. The state has discretion to set certain benefit eligibility guidelines so long as the program meets a federal-mandated minimum. North Carolina's Medicaid program provides more benefits than required and more than other states; the result is higher overall cost, with a part of those cost being paid with local money. North Carolina county officials have long contended that they are required to increase local taxes in order to pay for a program over which they have no control.

There is near universal support for relieving counties of the Medicaid burden. Republican leaders expressed support for a Medicaid relief plan that does not increase taxes at the state or local level yet has the state assume the entire non-federal Medicaid expense. The proposal involves the state receiving certain revenues that are currently designated as local revenues in exchange for the state assuming the present local Medicaid expense. Current estimates are that the annual local Medicaid expense is approximately half a billion dollars.

Under the proposed plan, local revenues assumed by the state would include a portion of the local sales tax, retention by the state of the part of the state corporate income tax which is presently passed along to local government, and retention by the state of certain beer and wine tax revenues. The net impact on county budgets would be positive because the revenue lost is much less than the expense saved. The positive cash flow for counties exceeds \$100 million in the first full year of implementation. County governments would be required to hold cities harmless from loss of local sales taxes, but even with the hold harmless, there is a significant net benefit to North Carolina counties.

Senator Berger made the following statement:

"Republicans support Medicaid relief for counties and local taxpayers. Over the past several weeks, we have endorsed plans to keep the promised end to 'temporary' income and sales taxes and a plan to provide a significant infusion of capital for roads, water and sewer projects and other needed infrastructure, all without any increase in taxes. We now endorse this proposal to reduce the burden on local taxpayers while fully funding Medicaid without a tax increase."