

What is HASP – and why does it matter to North Carolina?

The current legislative solution to expand Medicaid in North Carolina only makes sense if HASP is passed.

In North Carolina, the Department of Health and Human Services reports that [approximately 600,000 people do not qualify for Medicaid](#), nor can they afford commercial health insurance. But no one is turned away from needed healthcare. When a patient doesn't have health insurance, our hospitals and health systems shoulder the cost of their care – providing approximately [\\$1.2 billion in charity](#) care each year.

Caring for uninsured low-income patients is just one reason [over 60% of the state's hospitals](#) will see financial losses this year, according to Roxie Cannon Wells, MD, president of Cape Fear Valley Health-Hoke Healthcare in Raeford. The North Carolina Healthcare Association (NCHA) [reports that in 2021](#), losses due to Medicaid reimbursing at less than the total cost of patient care totaled \$820 million. Losses from Medicare totaled \$3.1 billion, and bad debt from patients cost hospitals \$920 million. Those annual losses limit the services that hospitals can provide to all North Carolinians – even those with health insurance.

How can hospitals and health systems continue caring for all who need them and survive financially? One proposed answer is the Healthcare Access and Stabilization Program, or HASP. In short, HASP is a reimbursement program targeted for those hospitals that have been experiencing financial losses. But to fully understand that need, it's important to highlight the underlying issue.

North Carolina is just one of 12 states that has not yet expanded eligibility for Medicaid coverage. Doing so would provide financing to cover the 600,000 North Carolinians stuck in the gap: They're not eligible for Medicaid and can't afford private health insurance. In 2022, it looks probable that Medicaid expansion may be coming to North Carolina. However, expansion is only as effective as hospitals' ability to pay for it. If hospitals do not have the funds to cover the cost of hundreds of thousands more Medicaid patients, the impact may be felt by all patients.

That's where HASP comes in. Administered by the Centers for Medicare and Medicaid Services (CMS), HASP will reimburse hospitals at a rate closer to the cost of care. Through HASP, health systems may receive up to \$1.8 billion in federal dollars to care for patients covered by Medicaid.

In many other states, the state government funds the non-federal share of the cost of Medicaid expansion. In North Carolina, however, the state taxes hospitals to cover the state's share of the cost.

North Carolina hospitals agree that affordable healthcare for over 600,000 people is a critical step to ensuring health equity and keeping services accessible for all North Carolinians, particularly in our rural communities. Yet, without the North Carolina legislature passing HASP,

expanding Medicaid expansion will put hospitals at even greater financial risk than they are now.

States that choose to expand Medicaid do not pay more in federal taxes than states that do not expand Medicaid. A study by the Commonwealth Fund suggests that passing HASP along with Medicaid expansion would bring [no additional cost to residents](#). HASP helps the state reinvest taxpayer money in our local communities. The program could provide the North Carolina General Fund up to \$60 million per year to support infrastructure and education and other priorities that matter to us all.

This fall, if the North Carolina General Assembly passes Medicaid expansion and HASP simultaneously, North Carolina hospitals will have the necessary funding to help provide coverage to [an estimated 600,000 additional North Carolinians](#), per Care4Carolina's 2022 Community Education Handbook. Without HASP, our [health systems would lose \\$400 million](#), which is an especially hard financial hit for struggling rural hospitals, according to the North Carolina Justice Center.

NCHA believes that expanding Medicaid and passing HASP are two steps that will impact North Carolina's hospitals greatly and will allow them to expand their care to those who need it most. These steps will not only increase equitable care, it will ensure financial stability for our most necessary industry, healthcare. NCHA urges hospitals, legislators and voters to work together to create a healthy future for all of North Carolina.

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