NC Capitol Connection

MARCH 2019
VOL 11, NO. 03

Inside

Alternatives to Medicaid Expansion, p. 9

Cooper's Budget: No Surprise Here, p. 12

Is socialism on the rise in North Carolina?

BY RAY NOTHSTINE



A new Civitas Institute poll reveals that socialism has a core segment of support in North Carolina, particularly with younger voters and registered Democrats. According to the poll almost a quarter (23 percent) of North Carolinians have a "favorable" or "somewhat favorable" view of socialism. Sixty percent opposed the ideology statewide.

In terms of generational support, the crosstabs on the poll reveal that socialism has the highest favorability amongst the 18-34 age group. Thirty-four percent in that age range have at least a favorable or somewhat favorable view of socialism. Most Americans advocating for socialism seem to be championing radical notions of equality and redistribution of wealth rather than the more traditional understanding of socialism where government controls the ownership of the means of production, and distribution of goods and services.

Support did drop in the poll for socialism when participants were given the following definition: "socialism is a political and economic system in which the government assumes control of much of private industry, including things like healthcare, education, banking, manufacturing, and energy production. Socialist countries aim to provide their citizens with basic services at the cost of significantly higher tax rates."

This clarifying statement led to even greater opposition to socialism, as both a political and economic model. Support, however, did tick up by a percentage point as well. Sixty-nine percent expressed opposition, while 24 percent favored. Fifty-one percent of Democrats and 67 percent of unaffiliated voters stated they opposed socialism after it was defined, which was a jump in opposition by double digits. Only 1.6 percent of Republicans surveyed had at least some support for socialism.

"North Carolina appears to continue its historical trend of being a small government state," said Civitas President Donald Bryson. "Support for socialism appears to not be partisan, but is driven by base ideological liberals, evidenced by a substantial shift against socialism by registered Democrats when given a description of socialism."

But the rise in socialism is now evident in our politics as figures like Vermont Sen. Bernie Sanders (I) and Rep Alexandria Ocasio-Cortez (D-NY) openly identify as socialist. Both are leading national figures amongst Democrats and extremely popular with younger Americans. Sen. Sanders is one of the frontrunners for the Democrat presidential

CONTINUED ON PAGE 3

CIVITAS INSTITUTE
NC Capitol Connection
805 Spring Forest Rd Ste. 100
Raleigh, NC 27609
Vol. 11, No. 03

NON-PROFIT ORG.
US POSTAGE
PAID
Permit #2483
Raleigh, NC

FROM THE EDITOR

North Carolina is a state with great political divisions. We saw many of those divisions ratchet up with HB2 and the election of Gov. Roy Cooper. Weaker in much of the American South, progressives desperately don't want to cede North Carolina to conservative policymakers. They hope continued urbanization will turn us blue, not unlike the recent political transformation of neighboring Virginia.

Gov. Roy Cooper offers a competing direction to the more recent conservative legislative boon in North Carolina, a state that has undergone a political transformation in large part because of fiscal responsibility and tax cuts. Patrick O'Hannigan highlights some of those divisions in his piece as well as the partisan edge from Cooper that is often overlooked. In fact, one could look at Cooper's recent budget as more of a political document to highlight divisions given its fiscal irresponsibility making it far from feasible.

Unfortunately, anytime there is a discussion of healthcare reform, it tends to emphasize more government involvement. Politicians know a lot about government, so inevitably the solutions are often more and more government. Republicans in Congress failed to pass a more comprehensive healthcare reform package, giving those on the Left an even bigger opening to keep pushing for their ultimate goal — single payer. Of course, there are lots of proven free-market solutions and reforms to lower cost and increase access. Brian Balfour covers some of that in an article addressing alternatives to Medicaid expansion.

There is a lot of other content in this issue. Included are some of the latest poll results and new information about the political shenanigans with the debate over the fiscal direction of the State Health Plan.

One of the most newsworthy aspects from our recent poll is that almost a quarter (23 percent) of North Carolinians have at least a somewhat positive view regarding socialism. It's undeniable that colleges and "the long march through the institutions" has had a cultural impact on transforming much of the thinking, particularly with younger generations. Organizations like the Civitas Institute exist to expand liberty and help individuals flourish in a free society. We appreciate your support and are thankful there exists a vibrant citizenry in North Carolina willing to push-back against the central planners and freedom squelchers, who even on their best day, can't even offer us mediocrity.

CIVI TALK

BRINGING CLARITY TO NORTH CAROLINA POLITICS

Listen on Google Podcasts

Podcast Available on iTunes

CYAN MAGENTA YELLOW BLACK

Bad bill watch: Senators want to make the will of North Carolina voters irrelevant

BY ANDY JACKSON

North Carolina is important in national politics, yet a handful of state senators what to consign us to political backwater status by making us junior partners to larger states such as California and ignoring the will of North Carolina voters in the next presidential election.

State senators Wiley Nickel (D-Wake), Jay J. Chaudhuri (D-Wake), and Joyce Waddell (D-Mecklenburg) are the primary sponsors of S104, a bill that would tie North Carolina to a national popular vote interstate compact. The compact requires all member states to cast their electoral college votes to the winner of the nationwide popular vote, regardless of the popular voter in their states.

North Carolina is one of a dozen or so swing states, states that are up for grabs in presidential elections. That means candidates from both major parties must campaign here and pay at least some attention to our priorities. According to the National Journal candidate tracker, presidential and vice-presidential candidates visited North Carolina 48 times between September 1 and election day in 2016. We received more visits than did any other state during that period, including perennial swing states like Florida (45 visits) and Ohio (33).

If the national popular vote interstate compact goes into effect, rather than paying attention to swing states like North Carolina, candidates will focus their attention on the largest media markets. And where are the 12 largest media markets?

1. New York, NY
2. Los Angeles, CA
3. Chicago, IL
4. Philadelphia, PA
5. Dallas-Ft. Worth, TX
6. Washington (Hagerstown), DC-MD
7. Houston, TX
8. San Francisco-Oakland-San Jose, CA
9. Atlanta, GA
10. Boston (Manchester), MA-NH
11. Phoenix-Prescott, AZ
12. Seattle-Tacoma, WA

My geography might be a bit hazy, but I do not recall any of those markets being in North Carolina. In fact, you must go all the way down to the 23rd position to find anything in the Old North State.

To make matters worse, the compact would commit North Carolina's electoral college votes to follow voting patterns from outside our state regardless of how North Carolinians voted. Had North Carolina been a member of an active national popular vote interstate compact in 2016, our 15 electoral college votes would have gone to Hilary Clinton even though Donald Trump won here by 173,315 votes.

So, Senators Nickel, Chaudhuri, and Waddell are pushing legislation that would make North Carolina politically subservient to states with larger media markets and make the wishes of North Carolina voters subservient to those of voters from other states. Our votes are ours and those senators are wrong to try to make our votes irrelevant.

All contents may be reproduced if used in context and if credit is given to the Civitas Institute

NC Capitol Connection

PUBLISHER
Civitas Institute

MANAGING EDITOR
Ray Nothstine

EDITORIAL & ADVERTISING
805 Spring Forest Rd. Ste 100
Raleigh, NC 27609

phone: 919.834.2099
fax: 919.834.2350

NC Capitol Connection is a publication of the Civitas Institute

The Civitas Institute is a 501(c)(3) non-profit dedicated to advancing conservative and free-market principles in the state of North Carolina.

© 2019 by Civitas Institute

Is socialism on the rise in North Carolina?

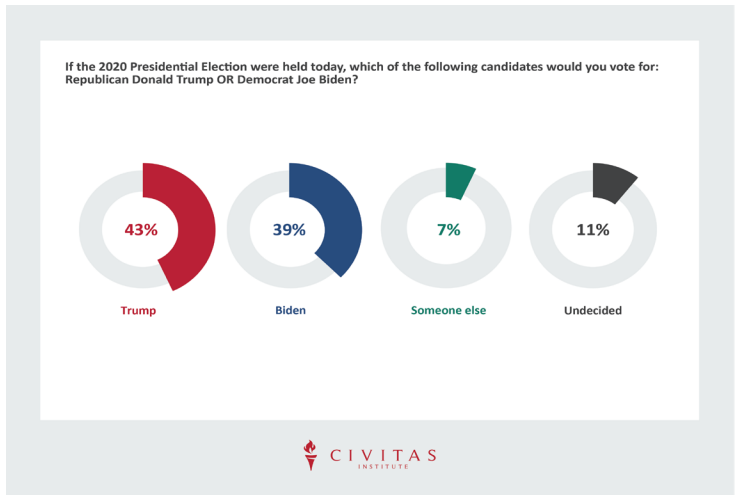
CONTINUED FROM PAGE 1

nomination after putting up a strong effort against Hillary Clinton, the eventual Democrat nominee in 2016.

A Gallup survey from 2018 showed that 58 percent of Democrats had a more positive view of socialism than they did of capitalism or the free market.

President Donald Trump has countered the rising tide of socialism on the political left by declaring in last month's State of the Union Address that "America will never become a socialist country." In most national polls, around three-quarters of Americans prefer a free market over socialism. Trump's socialism rebuke has now become a common refrain in his political speeches across the country.

Trump also bested the field of four Democrats in the Civitas Poll for the 2020 general election in North Carolina. He came out on top of Joe Biden, Kamala Harris, Cory Booker, and Bernie Sanders. Biden polled closest to Trump, trailing the incumbent by four points (43 – 39 percent). Trump was ahead of Sanders by 12 points (46-34 percent).



You can find the full results of the poll at Nccivitas.org. The sample size for the survey is 500 likely voters in North Carolina and the margin of error is +/-4.38 percent. Responses were gathered via landline and mobile telephone interviews conducted by live callers at a professional call center. The survey was conducted February 11 – 13.

The dogs that did not bark

BY PATRICK O'HANNIGAN

Gov. Roy Cooper's "State of the State" address to the General Assembly and its broadcast audience merits another look, not so much for what the governor said as for what he did not say. If you saw some of the "hot takes" from after that speech on the Civitas website, then you already know that Cooper hopes legislators join him in a bipartisan effort to grow government and spend more taxpayer money.

Reporters at the News & Observer ran Cooper through a gentle fact-checking exercise, rating his assertions as true, mostly true, "stalled," or "in the works." Anyone familiar with rhetorical sleight-of-hand sees immediately that those last two judgments (used for tuition-free community college programs and efforts to bring average salaries for public school teachers up to the national mean) absolve the governor himself of any responsibility for failure.

If an initiative is "stalled" or "in the works," then prevailing newsroom sentiment has it that Cooper should be forgiven for touting it as an accomplishment, because at least he's trying. Meanwhile, however, few people question our governor's assumptions. Perception matters.

Cooper knows how to sound folksy, and how to ask for applause by quickening his cadence and raising the pitch of his voice. Yet his speech used even Hurricane Florence for political purposes. It seemed more smooth than determined.

With regard to state spending on education, for example, raising average teacher pay has become the piñata at which every politician takes a swing. You're not supposed to ask whether jacking per-pupil expenditures thru the roof improves student performance on standardized tests or college admissions, much less whether raising teacher salaries involves tradeoffs in other areas.

Gov. Cooper wants us to do a better job of supporting public education, but he treats "public" as a synonym for "taxpayer-funded," rather than in the broader sense of relating to "all the people or the whole area of a nation or state." There were no bouquets in his speech for charter schools, private schools, or homeschooling parents, all of which educate younger members of the public.

A recent Civitas poll on school choice revealed that nearly a quarter of the children in North Carolina attend charter, private, or home schools. But Cooper sees their parents as rivals rather than as allies. When he said, "Our message to educators should be clear: We trust you to educate our children," the governor was talking only to dues-paying NEA members with North Carolina zip codes. They're the teachers who can be used as props in future State-of-the-State addresses.

What Gov. Cooper means by "public" in education does not carry over into other political conversations. That's clear from what he said about House Bill 2, where his argument about what we still have to do and "who we really are" clearly included every state resident, not just taxpayers.

"When I took office, House Bill 2 was hurting North Carolinians and holding our economy back," he said. "Two years ago, I stood right here before you and said we must repeal it. And with bipartisan support, HB2 is gone."

"But there's more to do to fight discrimination," he added. "We must show the rest of the nation and the world who we really are: a state that values diversity, that is welcoming, and that is open for business."

What the governor did not mention were the assumptions behind that plea. Cowed as he had been by the fallout from crusading executives who withheld business from North Carolina because they felt HB2 was discriminatory, Cooper sailed instinctively into the sheltered harbor of diversity and inclusion without stopping to ask what those words mean, or why invoking them does not ensure charitable treatment for people who think, for example, that expanding Medicaid to cover 500,000 more enrollees will not actually help poor people get healthcare. Cooper also showed contempt for anyone opposed to Medicaid expansion by asserting that a respected pediatrician in Boone believes we should expand it. Republicans did not in turn ask whether expertise in medicine was the same as expertise in economics.

Cooper has no time for anyone who thinks that people in rural areas suffer more from opioid abuse and food insecurity than from lack of access to broadband Internet, because it's lack of rural broadband infrastructure that he called "a monster of a problem."

He closed the address with a list of constituents used as setup lines so that he could say half a dozen times, "Are we willing to help them? It's time!" The rhythmic phrasing in that pep talk portion of the speech paid homage to Shakespeare (think of Mark Antony repeating in his oration for Caesar's funeral that "Brutus is an honorable man." Skilled actors say that with the same inflection that the rest of us dial up for "Bless your heart!") Gov. Cooper's redundancy also advanced the idea that disagreement with one of his proposals amounts to cruelty or timidity.

Despite what he says about working together, Cooper is as cheerfully partisan as they come. Of course, the same could be said about other politicians, but North Carolina's motto, "Esse quam videri" (Latin for "to be rather than to seem") warns against hypocrisy. Our chief executive ought to be mindful of that.

Patrick O'Hannigan is a Civitas contributor, a father of two, and a technical writer and editor. He resides in Morrisville, North Carolina.

> *"Cooper knows how to sound folksy, and how to ask for applause by quickening his cadence and raising the pitch of his voice."*

CYAN MAGENTA YELLOW BLACK

State Health Plan: follow the money, part 1

BY DONALD BRYSON

The North Carolina State Health Plan is an annual $3.3 billion budgetary behemoth servicing 727,000 state employees and retirees.

More than that, however, according to State Treasurer Dale Folwell (R):

Taxpayers spend more than $3.3 billion a year on the plan — more than the state spends on the entire university system or on public safety.

Health care costs, on average, have increased 7 percent to 9 percent a year while the state's budget provides only a 4 percent annual increase. At current expenditure rates the plan will run out of money in 2023.

In addition, the plan's unfunded liability for retiree health care is $32 billion — right behind Illinois. The path we are on is unsustainable.

Folwell has been working on a proposal to bring the State Health Plan under some fiscal restraint by implementing a reference-based pricing model tied to federal Medicare reimbursement rates. This model would bring needed pricing transparency to the State Health Plan and allow state lawmakers to implement policies to bring costs further under control. After all, the first step in controlling the cost of something is to know the price in the first place.

However, on February 6, State Representative Josh Dobson (R-McDowell) filed House Bill 184 – Study State Health Plan Design. Though it is innocently named, the bill contains two sections. The first section does require a legislative study of the State Health Plan.

Section 2, however, is not a study at all, but a hard-nosed policy change away from Folwell's plan. Section 2 reads:

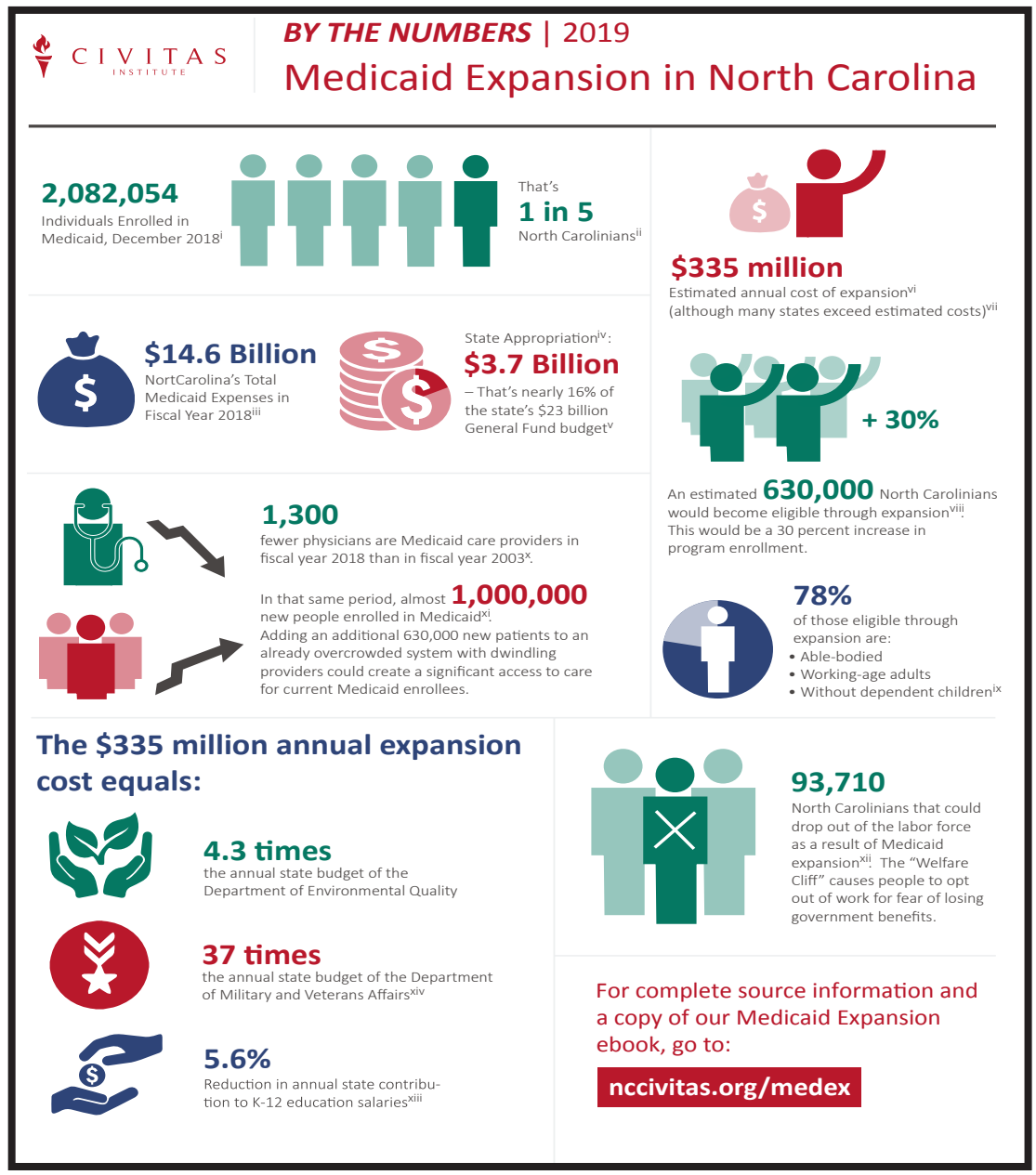
For the period of January 1, 2019, through December 31, 2021, the State Treasurer, the State Health Plan for Teachers and State Employees (State Health Plan), the Board of Trustees of the State Health Plan, and the Executive Administrator of the State Health Plan shall continue to utilize the Blue Cross Blue Shield of North Carolina Blue Options provider network and to reimburse participating network providers in accordance with one hundred percent (100%) of the applicable fee schedule. Further, the State Health Plan, the Board of Trustees of the State Health Plan, and the Executive Administrator of the State Health Plan shall not implement or utilize any reference-based pricing model to reimburse providers during the period specified by this section. This section shall not apply to any Medicare advantage plans or plans described in G.S. 135-48.40(e) offered by the State Health Plan.

In other words, if a legislator unknowingly voted for House Bill 184, assuming they were voting for a long-needed study of the State Health Plan, they would also vote for stopping Folwell's plan to rein in the long-term costs of the very thing they want to study.

Why would legislators – particularly Republican legislators – file legislation to stop a plan that would "save $300 million for the Plan and another $66 million for teachers, state troopers and other state and local public servants (?")

Hint: It's related to campaign contributions and a new advocacy group called Partners for Innovation in Health Care.

Part two is on page eight.



CYAN MAGENTA YELLOW BLACK

Changes represent the difference in voter registration between January 19 and Frebruary 23, 2019										
County	Total Voters	Total Change	Democrats	Democrat Change	Republicans	Republican Change	Libertarians	Libertarian Change	Unaffiliated Voters	Unaffiliated Change
Totals	6575952	9,141	2,459,004	-2,032	1,984,040	2,358	36,204	337	2,094,379	8,225
Alamance	96754	228	35,589	-19	31,934	73	511	1	28,692	171
Alexander	22888	53	5,447	-27	10,399	15	83	2	6,954	63
Alleghany	6845	3	2,287	-11	2,521	2	28	0	2,008	12
Anson	15436	23	10,114	-6	2,278	11	24	0	2,991	17
Ashe	17666	1	4,669	-14	7,711	6	70	-1	5,211	9
Avery	11016	-59	1,299	-11	6,470	-40	47	1	3,198	-10
Beaufort	31364	10	12,103	-34	10,450	9	86	2	8,715	32
Bertie	12485	21	8,700	-7	1,360	3	27	0	2,396	25
Bladen	21109	-116	11,074	-103	3,904	-7	39	0	6,090	-6
Brunswick	98117	257	25,060	-85	37,639	128	408	7	34,989	206
Buncombe	186409	246	71,452	-38	43,340	-14	1,411	13	70,089	274
Burke	52274	223	15,696	-4	19,296	97	266	2	16,999	127
Cabarrus	129752	369	39,126	74	46,998	107	811	16	42,757	163
Caldwell	49167	103	11,651	-19	22,940	45	334	-1	14,217	75
Camden	7289	20	1,903	1	2,373	0	52	4	2,960	15
Carteret	49637	113	10,784	-12	21,686	68	227	-3	16,935	58
Caswell	14261	-31	6,938	-43	3,127	-2	32	0	4,160	13
Catawba	96977	269	22,288	-23	42,255	75	406	5	32,010	208
Chatham	51269	84	19,716	-7	12,532	38	229	3	18,766	48
Cherokee	20334	88	4,343	-15	9,225	54	121	2	6,636	45
Chowan	9441	5	4,272	-10	2,507	1	24	0	2,636	14
Clay	8183	17	1,632	0	3,561	2	46	-1	2,941	16
Cleveland	60208	89	23,232	-41	20,251	77	261	6	16,450	46
Columbus	33490	-116	17,616	-202	6,935	23	62	3	8,870	59
Craven	65558	201	21,211	-14	23,472	89	370	-3	20,484	129
Cumberland	196983	364	88,969	78	45,126	65	1,159	2	61,662	207
Currituck	18627	60	3,500	-4	7,157	29	158	1	7,804	33
Dare	27780	31	7,864	-30	8,831	21	209	1	10,868	38
Davidson	101579	181	23,191	-52	48,389	59	437	0	29,535	169
Davie	28142	46	4,878	-17	14,508	32	116	4	8,632	25
Duplin	27839	-7	12,401	-49	7,732	15	103	0	7,592	27
Durham	216558	-924	118,531	-573	25,547	-124	1,090	2	71,295	-237
Edgecombe	33674	21	23,242	-16	5,548	0	84	0	4,790	36
Forsyth	244308	72	98,528	-89	71,585	-80	1,255	9	72,857	225
Franklin	41422	175	16,495	3	12,767	71	207	0	11,939	99
Gaston	132426	254	39,785	-10	51,178	87	712	13	40,711	157
Gates	7535	4	3,832	-1	1,620	3	28	0	2,054	2
Graham	5600	0	1,550	-15	2,575	0	25	0	1,450	15
Granville	36175	114	17,174	29	8,932	17	143	1	9,917	65
Greene	10729	6	5,936	-16	2,041	9	19	0	2,730	13
Guilford	347337	-464	155,544	-388	88,714	-139	1,837	24	101,118	22
Halifax	35261	33	22,841	-23	4,218	27	89	0	8,108	29
Harnett	70866	229	24,160	-2	25,087	54	497	11	21,095	162
Haywood	41243	110	14,654	-50	12,963	68	259	12	13,354	79
Henderson	78242	-160	16,320	-54	29,596	-107	450	8	31,850	-12
Hertford	14088	-21	10,140	-34	1,314	-2	33	0	2,595	14
Hoke	28713	174	13,446	34	5,995	43	192	6	9,062	88
Hyde	2987	0	1,647	-10	489	2	12	0	839	8

Iredell	113732	410	27,655	26	47,704	148	590	8	37,746	226
Jackson	26662	-176	9,301	-72	7,191	-36	176	-2	9,984	-66
Johnston	122435	693	36,553	110	47,446	238	733	5	37,653	335
Jones	6936	-4	3,253	-6	1,828	2	21	0	1,833	0
Lee	34281	68	13,421	-33	9,928	33	182	2	10,742	65
Lenoir	35575	23	18,777	-25	9,109	20	101	-1	7,585	29
Lincoln	54181	160	12,068	-2	24,606	71	260	5	17,230	83
Macon	24434	42	5,911	-14	10,147	30	131	2	8,238	21
Madison	15848	0	5,846	-17	4,195	-4	106	2	5,694	18
Martin	15623	19	9,014	-11	3,106	15	39	0	3,460	16
Mcdowell	26817	103	7,126	-1	10,624	67	142	2	8,911	34
Mecklenburg	701678	1,708	305,951	638	160,307	-139	4,626	54	230,539	1,130
Mitchell	10000	17	1,028	-3	6,024	12	28	0	2,919	8
Montgomery	15346	-27	6,384	-40	4,845	18	65	0	4,045	-9
Moore	65878	82	15,528	-37	27,203	44	361	5	22,770	69
Nash	63438	87	31,268	-33	17,991	48	214	-5	13,951	75
New Hanover	159063	215	48,999	-31	50,427	35	1,121	13	58,451	192
Northampton	13104	-22	9,193	-30	1,356	3	24	1	2,529	4
Onslow	98076	452	23,973	0	36,478	171	915	-1	36,654	278
Orange	105123	-92	48,980	-45	14,599	-19	664	3	40,839	-34
Pamlico	8953	13	3,343	-13	3,059	19	40	-1	2,511	8
Pasquotank	25519	26	11,190	-14	5,711	16	146	-1	8,463	25
Pender	38861	89	11,383	-27	14,933	47	236	0	12,294	67
Perquimans	9147	28	3,490	5	2,617	6	33	0	3,003	17
Person	25001	13	10,987	-11	6,359	1	93	0	7,559	23
Pitt	114786	99	51,317	-51	29,750	8	674	6	32,986	127
Polk	14894	-5	3,934	-11	5,314	-6	74	0	5,559	11
Randolph	85301	117	16,605	-43	43,787	51	476	5	24,406	102
Richmond	27216	77	14,247	-35	5,600	27	75	2	7,284	81
Robeson	69726	-19	43,217	-144	8,896	66	186	1	17,404	53
Rockingham	56340	89	20,084	-22	20,209	44	227	-5	15,805	71
Rowan	87276	174	24,304	9	36,318	49	383	5	26,240	107
Rutherford	41684	28	12,499	-26	16,260	4	203	0	12,704	49
Sampson	34568	58	14,154	-36	13,106	37	118	3	7,182	54
Scotland	20257	13	11,236	-22	3,385	15	68	1	5,556	17
Stanly	39405	127	9,852	-17	17,880	76	138	2	11,523	63
Stokes	28866	70	6,603	-5	14,370	39	153	3	7,729	31
Surry	42423	24	11,742	-52	18,483	37	120	1	12,070	37
Swain	9060	18	3,376	-10	2,471	21	38	0	3,172	7
Transylvania	24373	-71	6,145	-38	7,941	-19	114	-3	10,171	-11
Tyrrell	2191	1	1,200	-3	337	3	7	0	647	1
Union	147341	465	36,608	61	61,181	121	717	21	48,791	259
Vance	27453	-10	17,983	-39	3,986	-8	58	-2	5,419	40
Wake	709672	1,454	262,161	320	180,419	-149	4,929	43	261,899	1,216
Warren	12672	32	8,570	-6	1,751	15	37	2	2,312	21
Washington	8021	-9	5,319	-15	1,043	-1	22	-1	1,637	8
Watauga	43066	-161	11,366	-67	13,084	-47	487	-2	18,115	-46
Wayne	69583	125	29,317	-9	22,613	36	327	9	17,299	86
Wilkes	39648	24	8,536	-27	20,836	7	135	4	10,136	40
Wilson	52728	24	27,075	-62	12,736	24	171	-1	12,730	59
Yadkin	22533	42	3,536	-10	12,733	33	85	3	6,173	16
Yancey	13115	29	4,566	-27	4,682	19	46	-3	3,816	39

State Health Plan: follow the money, part 2

BY DONALD BRYSON

Earlier, I wrote about State Treasurer Dale Folwell's plan to control costs in the State Health Plan (SHP), and new legislation (HB184) introduced at the North Carolina General Assembly to block its implementation.

The issue of health care, specifically Medicaid and the SHP, are contentious issues that will be debated at the General Assembly this session.

With all the new attention given to the SHP and the treasurer's plan, a new special interest group has arrived on Jones Street to peddle influence — the Partnership for Innovation in Health Care (PIHC).

A cursory glance at the PIHC website or Twitter page will show that this group has tunnel vision in a single target — stopping Dale Folwell's plan to change reimbursement rates on the SHP and implement a reference-based pricing model.

On social media and their website (and potentially at the General Assembly) PIHC make arguments regarding a potential loss of health care jobs if the state implements Folwell's plan, while claiming that the treasurer already has transparency in hospital pricing (false). They also claim that Treasurer Folwell is attempting to politicize the SHP.

In their arguments, PIHC provides no clarity on who Folwell's political target is or any solutions on how to fix the $32 billion unfunded liability of the SHP. Meanwhile, the group that will be most directly affected by any change to the SHP – the State Employees Association of North Carolina — has endorsed Folwell's plan.

Here is the critical question: who is the Partnership for Innovation in Health Care?

A glance at the group's website shows a post office box in Cary:

Post Office Box 4449
Cary, NC 27519

A bit of rummaging at the Federal Election Commission and the State Board of Elections reveals that this is the same post office box used by the North Carolina Healthcare Association (formerly known as the North Carolina Hospital Association), and the North Carolina Hospital Association Political Action Committee (PAC). It seems that the hospital lobby has very close ties to PIHC.

"Jones Street needs solutions before we bankrupt ourselves."

Since PIHC and the North Carolina Hospital Association PAC share a post office box, is there a correlation between legislators that have sponsored HB184 and political contributions made by the PAC? It seems so.

According to records from the North Carolina State Board of Elections, of the four primary sponsors on HB184, all four received contributions from the North Carolina Hospital Association PAC. The maximum contribution for state legislative races in 2018 was $5,200 per election. Of the four primary sponsors, which are listed below, two received maximum contributions while the average contribution for the primary sponsors was $3,280.

Of the 21 co-sponsors on HB184, 12 received contributions from the North Carolina Hospital Association PAC. Two of the co-sponsors received the maximum contribution, and the average contribution for co-sponsors was $1,762.

In all, the North Carolina Hospital Association PAC made $39,300 in political contributions to legislators that have signed on to HB184.

Admittedly, there are plenty of legislators who received contributions from the Hospital Association PAC and did not sign on to this legislation but zeroing in on that misses the larger point.

There is clear evidence that the North Carolina hospital lobby has a great deal of interest in defeating Treasurer Folwell's plan to reform the SHP. So why has the hospital lobby created a shell-organization to advocate on its behalf? Why is the hospital lobby opposed to having transparency in their pricing? And why is the hospital lobby fighting pricing transparency on the state health plan while some lawmakers are proposing a new hospital tax to pay for Medicaid expansion?

These are critical questions that lawmakers need to ask themselves when considering the situation on the SHP. The treasurer's plan is not necessarily a silver bullet, but the unfunded liability is at least 130 percent larger than our state government's annual budget. Jones Street needs solutions before we bankrupt ourselves.

Meanwhile, expect PIHC and the North Carolina Healthcare Association to retreat to the same tired boogeyman that they use to advocate for Medicaid expansion and fight Certificate of Need reform – the impact on rural hospitals.



CYAN MAGENTA YELLOW BLACK

Alternatives to Medicaid expansion

BY BRIAN BALFOUR

- *Expanding Medicaid would be a disaster for North Carolina*
- *But just stopping expansion is not enough, we must offer alternatives*
- *There are several other measures NC legislators could take to expand access and reduce costs of healthcare*

There is mounting pressure on North Carolina legislators to expand the state's Medicaid program, as provided for in Obamacare. While conservatives in the legislature have fought it for several years, this has become one of Gov. Roy Cooper's signature issues, and some legislative Republicans have joined Democrats in support.

North Carolina must stop Medicaid expansion. But that is only part of the issue. Other reforms to our healthcare system are needed.

Health insurance premiums in North Carolina continue to climb higher and higher, becoming unaffordable for more and more. Too many lack reasonable access to care. Our state needs to take positive action to ensure all North Carolinians have access to affordable healthcare.

Solving this problem requires policies that eliminate government barriers preventing families from having more control and options in their healthcare decisions. Policies must be put in place that create a sustainable, affordable healthcare system without reducing quality or limiting choice.

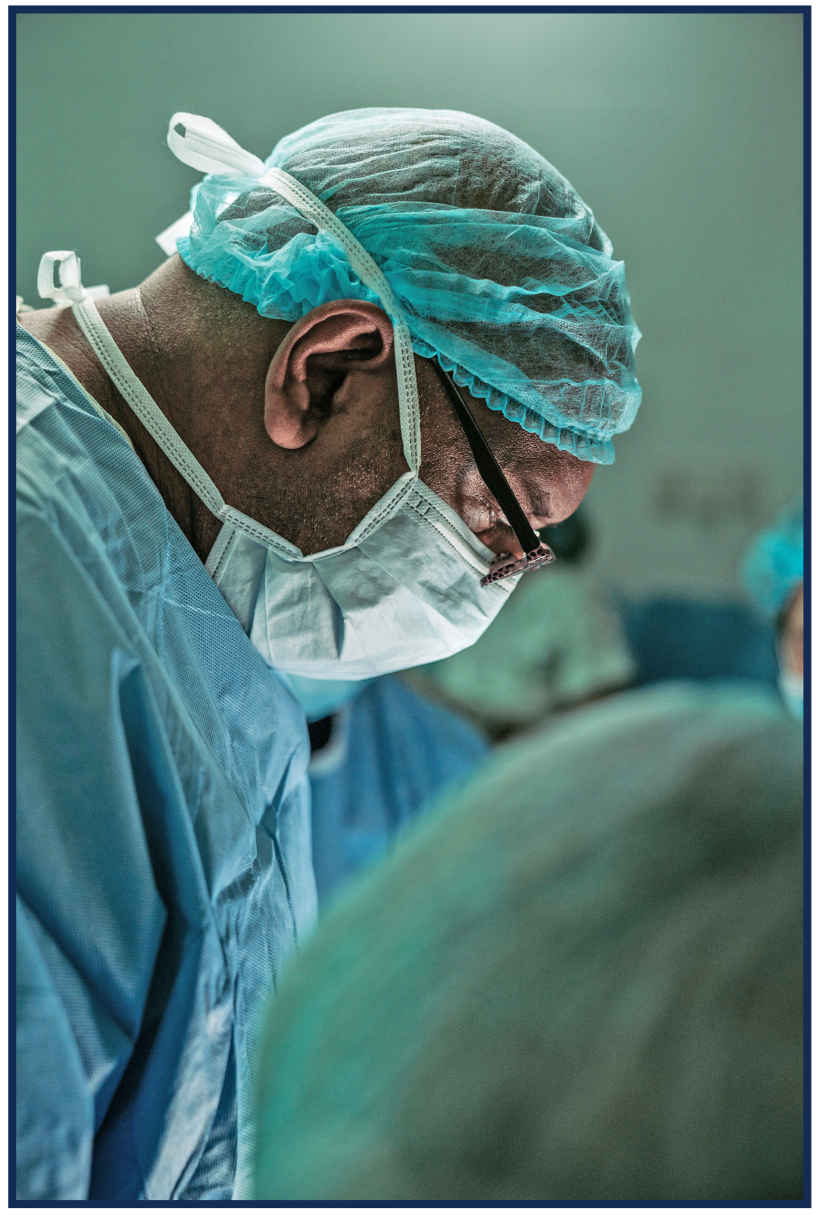
We can make insurance more affordable by giving consumers more choices. We can eliminate supply restrictions like Certificate of Need laws and scope of practice restrictions that drive up prices and restrict access, while encouraging cost-saving services like telemedicine and direct primary care. More freedom, and less government control, is the answer.

The Civitas Institute urges legislators to consider the following policies to help reform North Carolina healthcare for the better:

Eliminate Expensive and/or Unnecessary Insurance Coverage Mandates

While the federal government requires states to include a certain number of coverage mandates in their insurance policies, states have discretion over many more. Coverage mandates require all insurance plans to include coverage of certain services or providers, regardless whether or not the consumer wants or needs them. North Carolina currently has at least a dozen state optional mandates, costing an estimated $218 million. Our state imposes the second-most total coverage mandates in the Southeast.

These mandates should be re-evaluated for elimination, and legislators should strongly oppose adding mandates in the future. Consumers should be able to choose which coverages they want included in their plan.



Allow for Association Health Plans

In June of 2018, the Trump administration gave authorization to allow professional associations to offer insurance coverage to their members, with plans avoiding Obamacare's numerous and expensive mandates.

Association Health Plans (AHPs) allow the self-employed and workers in small businesses not offering coverage to buy in to a group plan offered by the association, even across state lines. Group coverage is typically more affordable than insurance on the individual market, meaning this measure could provide more affordable insurance options to tens, if not hundreds, of thousands of North Carolinians.

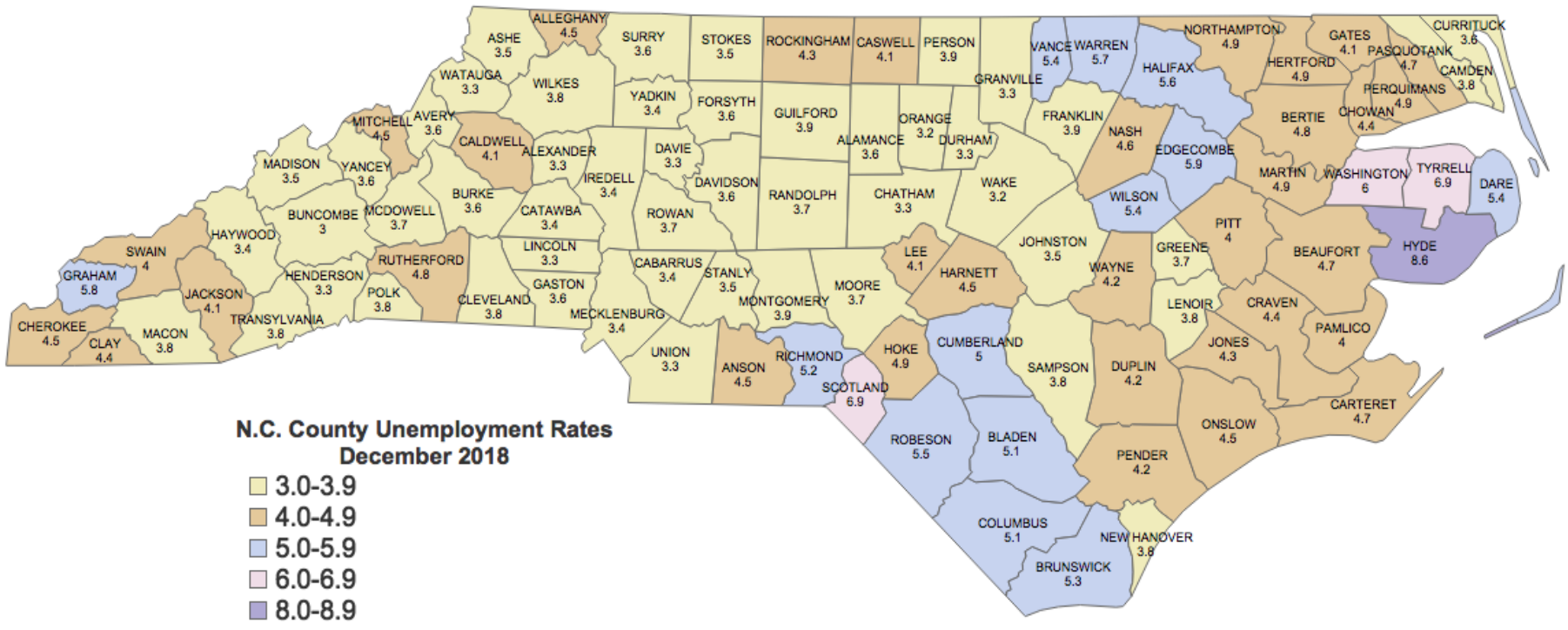
For instance, according to news reports, "the Nebraska Farm Bureau and Medica announced they were teaming up to offer a menu of association health plans in 2019 for individual farmers, ranchers and small agriculture-related businesses." The plans are expected to deliver a premium savings of up to 25 percent.

Allowing for and promoting AHPs in North Carolina could generate significant premium cost savings for health insurance consumers, especially farmers and small business employees.

Allow Consumers to Purchase Health Insurance from the U.S. Territories

A 2014 ruling from DHHS exempted the U.S. Territories from many expensive Obamacare

CONTINUED ON PAGE 11



The above map shows the December 2018, (not seasonally adjusted) unemployment rates for all 100 North Carolina counties. (data from N.C. Department of Commerce) The December statewide unemployment rate was 3.8 percent. The unemployment rate increased in 99 of 100 North Carolina counties for December. The November statewide unemployment was 3.5 percent.

Hyde County had the highest unemployment rate at 8.6 percent, while Buncombe County had the lowest at 3.0 percent.

All 15 of the state's metro areas experienced rate increases. Rocky Mount had the highest at 5 percent and Asheville the lowest at 3.1 percent.

When compared to the same month last year, not seasonally adjusted unemployment rates decreased in 99 counties and increased in one. All 15 metro areas experienced rate decreases over the year.

Is the push for aggressive gun control on the horizon for North Carolina?

BY RAY NOTHSTINE

The short answer is that more gun restrictions are not likely in the very near future. However, we all know that might change if the General Assembly shifts to Democrat control in the next election. Now we have more proof. The "Gun Violence Prevention Act" was introduced in February. The bill was rolled out on the first anniversary of the tragic Parkland shooting massacre.

The legislation is chockfull of new regulations including permits for long guns and semi-automatic rifles, expanded waiting periods and upping age requirements, mandating liability insurance for gun-owners, and allowing the destruction of seized guns by law enforcement. It also utilizes the "California Roster of Certified Handguns" on what will be allowable for purchase in the state on top of a myriad of other restrictions. Any Second Amendment supporter and supporter of our Bill of Rights should be appalled that lawmakers would think these restrictions are sensible.

California type gun control is an apt description here. The legislation is extremely radical even by today's quest by the Left for more gun restrictions. It's quite a leap from the plain meaning of the Second Amendment text, "shall not be infringed."

Furthermore, some lawmakers in North Carolina are pushing for more gun restrictions while many states are expanding inherent rights spelled out in our state and U.S. Constitution. Oklahoma and Kentucky are now the latest state to push for expanded gun rights by enacting constitutional carry, and when compared to conservative states, North Carolina is falling behind.

I think it was a mistake for Republicans and other Second Amendment supporters in the General Assembly to not make any attempt to expand our rights in this way while there was a friendly super-majority in both chambers. Again, most every other conservative state did. Even if Gov. Roy Cooper vetoed the bill, they would have put him on record of being against the expansion of an inherent right.

Finally, it sounds like a lot of lawmakers need to relearn that the people are the government. We should be the ones who are putting restrictions on them and not the other way around.

CYAN MAGENTA YELLOW BLACK

Alternatives to Medicaid expansion

CONTINUED FROM PAGE 9

health insurance mandates, enabling the territories to offer less expensive, and more flexible, insurance options.

North Carolina could provide an exemption similar to the one extended for health care sharing ministries to enable North Carolinians to purchase insurance offered by the territories.



Allow Private, Prepaid Agreements Between Doctors and Consumers

Direct primary care (DPC) is a growing medical care delivery mechanism in North Carolina. It involves patients paying a low monthly fee for virtually unlimited access for primary care services from their chosen physician. DPC doctors also frequently dispense prescription medications at wholesale costs.

This arrangement allows providers to avoid the hassle of insurance billing, and generates tremendous savings for patients. While already growing in North Carolina, state legislators could help facilitate the further growth of this practice by passing legislation clarifying that direct care providers shall not be classified as insurance providers, ensuring they can avoid costly compliance measures. Twenty-three states have already passed such legislation.

Don't Hinder Telemedicine Growth

Telemedicine is the practice of patients connecting with doctors via electronic means – these days largely by video consultation or smart phone apps.

Such services significantly increase patient convenience, expanding access to care – especially enabling those in rural areas experiencing doctor shortages to access a doctor they may otherwise need to drive hours to see. Telemedicine can also encourage more frequent preventative updates and monitoring of patients' condition, at a low cost.

Telemedicine services are growing rapidly in North Carolina, and state government should avoid any legislation that would impede its growth. One possible impediment would be the implementation of a "parity law" for telemedicine.

A parity law could require insurance providers to bill services rendered via telemedicine at the same rate those services would cost for an in-person visit.

Adding a parity law to telemedicine would subject these services to greater government oversight, increase insurance premiums and shield patients from the actual cost of telemedicine care. All these factors would harm patients and likely slow telemedicine innovation.

Eliminate Certificate of Need Laws

Certificate of Need laws (CON) force medical care providers to get permission from the state government to expand their facilities, introduce new procedures they can perform, and purchase new equipment to provide better service.

This law restricts the amount of medical care options available for patients, limits competition and drives up costs to patients. Placing strict constraints on the supply of any good or service will inevitably drive up its costs.

CON laws are outdated and need to be repealed.

Scope of Practice

North Carolina has an acute health care provider shortage in its rural areas. In a January 2018 meeting of the Committee on Access to Healthcare in Rural North Carolina, experts revealed that in North Carolina, 20 counties do not have a pediatrician; 26 counties do not have an OB-GYN; and 32 are without a psychiatrist. Moreover, 70 of 80 rural counties in NC are currently designated "medical deserts" for their lack of primary care availability.

Current North Carolina law restricts the scope of care that registered nurse practitioners, advanced practice registered nurses, and physician assistants can provide, while also requiring a certain level of supervision by a licensed physician.

With so few licensed physicians choosing to practice in rural areas, laws restricting the ability of highly-trained medical care providers to provide much-needed care are devastating to rural populations.

Freeing them to perform many of the basic evaluation and treatment functions — currently limited to physicians — would drastically improve rural populations' access to needed care.

Passing legislation empowering registered nurses and other physician assistants would not only expand access to care for rural patients, it would help to lower healthcare prices and create thousands of jobs as well.

When Arizona removed the physician supervision of nurse practitioners, the number of nurse practitioners serving rural areas jumped by 73 percent within five years. North Carolina can do the same for nearly 15,000 advanced practice nurses and physician assistants.

A similar approach could also be taken for dental therapists, to allow them to perform certain duties instead of requiring a licensed dentist.

Additionally, North Carolina could expand scope of practice for pharmacists to allow them to prescribe certain low-risk prescription drugs, enabling patients to avoid the costlier trip to a physician to obtain the prescription.

Cooper's budget: no surprise here

BY BOB LUEBKE AND BRIAN BALFOUR

Gov. Roy Cooper's $25.2 billion budget proposal would add nearly $1.3 billion in new spending over last year – an increase of 5.4 percent. Moreover, it would mark a whopping $4.1 billion increase in the state budget over just five years ago – an alarming increase of 20 percent.

Perhaps most troubling is that $1 billion of Cooper's proposed new spending would be recurring obligations. His own document warns of recession in the near future, yet he insists on ratcheting up unsustainable, permanent spending levels.

Payroll Costs. Dominating expenditures in the state budget is payroll costs. A total of $16.27 billion of the $25 billion budget is dedicated to state worker salaries and benefits. Salaries under Cooper's plan are expected to rise by $418 million from last year to $12.5 billion. The cost of benefits like pension fund payments and the State Health Plan are rising quickly. Cooper's proposal includes $2.2 billion in taxpayer funds for state worker pension funds, up $200 million from last year and a stunning $1.4 billion from FY 2012-13. Taxpayer funding for the State Health Plan is projected to come in at $1.57 billion, a $61 million increase over last year.

State Bond. The increased spending, however, does not nearly satisfy Cooper's appetite for more spending. His budget plan includes a massive $3.9 billion bond proposal, with most of the spending directed to education-related projects. This plan is virtually twice as much as plans floated by the House and Senate and would come with at least an additional $1.5 billion in interest payments. Such a move would strap future budgets with sizeable debt payments for decades to come.

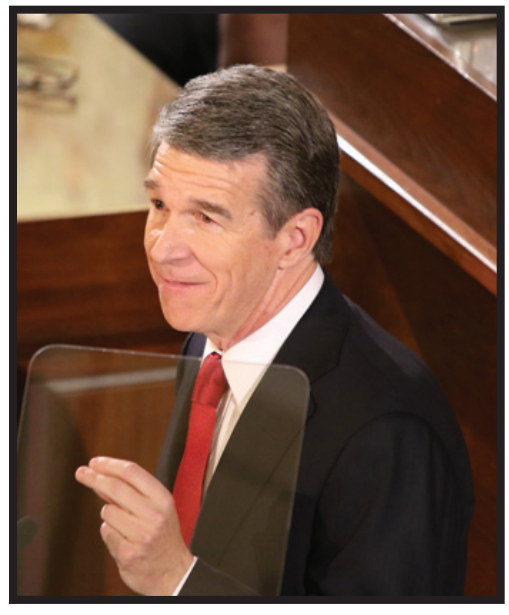
Debt. Receiving much less attention is Cooper's proposed $288 million in additional debt. That debt would be issued without voter approval. Most of this borrowed money would fund the moving of HHS offices.

Medicaid Expansion. Cooper's plan to expand Medicaid would cost health care providers at least an additional $410 million a year in new taxes – a cost that is sure to be passed on to patients already struggling to pay their rising premiums. The expansion would crowd half a million more people into the already strained Medicaid system, leaving many needy people with a Medicaid card but little access to actual care.

Rainy Day Funds. While Cooper sets aside $400 million over the biennium into the rainy day fund and $250 million into repairs and renovations, those amounts fall short of the more aggressive savings strategy of conservative budget writers the last several years. His lackluster $10 million set aside into the State Emergency Response and Disaster Relief Fund are especially disappointing given how depleted those funds are in wake of the costly and significant disasters that hit North Carolina last year.

K-12 Education. Cooper saves some of his largest spending increases for the public schools, calling for hefty spending increases of 5.9 percent for 2019-20 and 8.7 percent for 2020-21. Cooper's first budget recommended K-12 budget increases of 6 percent and 9.9 percent. While the new budget totals are slightly less than the 2017-19 levels, they are significantly higher than the general budget increases Republican legislators have approved in recent years, which have been largely in the range of 2.1-2.3 percent.

Teacher Pay Raises. Cooper spends $600 million over the next two years to raise teacher pay by 9.1 percent and to make teacher and administrator compensation "the highest average salary in the Southeast by 2023." Cooper's proposals reverse recent changes by restoring masters pay and longevity pay for teachers and by developing a principal pay proposal based on experience and school size. Moreover, Cooper's proposal provides $9 million for professional development and to expand the Teaching Fellows Program, a program Republican legislator voted to abolish just a few years earlier.



Back to the Future. Fighting for higher salaries and pro-union policies like tying pay to seniority endears the governor to teacher unions and administrators. After all, they are some of his most loyal constituencies. However, doing so is also asking the legislature to refight a war from several years ago. It may also explain why Republican legislators are dismissive of Cooper's budget proposals.

K-12 education is the single largest item in the state budget. Since 2011 the K-12 education budget has experienced eight consecutive budget increases. After five consecutive pay raises, average teacher compensation has increased from $46,605 to $53,975. Proposing $600 million for teacher and administrator salaries is as ambitious as it is telling. It will also be a hard sell for a majority party who has spent the last eight years decoupling teacher pay from years of experience – a variable that has little influence on student achievement – and tying it to academic performance. The lines are drawn.

CYAN MAGENTA YELLOW BLACK