

October 20, 2014

Honorable Justin Burr  
Honorable Ralph Hise  
Joint Legislative Oversight Committee on  
Health and Human Services, Medicaid Reform/  
DMA Reorganization Subcommittee  
North Carolina General Assembly  
16 West Jones Street  
Raleigh, NC 27601

Re: Medicaid Reform Comments

Dear Members of the General Assembly:

I am writing to offer comments about Medicaid reform on behalf of United Healthcare of North Carolina. Thank you for your consideration of this important issue.

United is proud to be an integral part of North Carolina's business and health care community. Our company employs more than 4,400 people in the State and serves about 1,000,000 North Carolinians. We have nine offices throughout North Carolina, including a corporate and customer service center in Greensboro that employs 2,000 people. In addition, United is a partner with the State providing Medicare Advantage coverage to retirees through the State Health Plan.

As you consider improvements to Medicaid, it is important to remember recent history and the trend lines. Overall Medicaid spending in North Carolina grew by almost 90% between 2003 and 2012. This was more than twice as fast as the growth in State revenue. Between FY 2011 and FY 2014, the State share for Medicaid grew by 38%.

Due to the dramatic increase in State spending for Medicaid, funds that would have otherwise gone to other policy priorities were not available. For example, the percentage of General Fund spending going to the three levels of education decreased from about 59 percent in FY 2010 to about 56 percent in FY 2015 appropriations. Other policy priorities that might have been funded at higher levels, but for the dramatic increase in Medicaid spending, include economic development, public safety, and transportation needs.

It is time for a new North Carolina approach to Medicaid to be implemented. As you create that new approach, I encourage you to focus on these guiding principles:

- \* Providing high quality health care delivery for Medicaid recipients;
- \* Budget predictability for the State and North Carolina's taxpayers;
- \* Fostering marketplace competition that drives a more efficient and effective health care system.

As was shared in the October 6<sup>th</sup> testimony of Medicaid officials from Florida, Ohio and Virginia, states around the country are modernizing their Medicaid systems in creative ways to effectively meet the needs of today's Medicaid recipients as well as ensure the program's sustainability in the future. Thirty-seven states use various forms of managed care to deliver quality health care and provide budget predictability and soundness for their taxpayers. I encourage you to examine and learn from those approaches as you chart North Carolina's path forward.

UnitedHealthcare looks forward to working with you to modernize Medicaid in North Carolina.

Sincerely,

Garland Scott  
CEO, UnitedHealthcare of North Carolina

Cc: Sherri Giorgio, Vice President, State Government Affairs  
Ed Turlington, Brooks Pierce  
Chris McClure, Brooks Pierce