



# CAROLINA JOURNAL

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# CRACKS AND FISSURES

NORTH CAROLINIANS FALLING INTO HEALTH CARE COVERAGE GAP



BY JULIE HAVLAK AND  
BROOKE CONRAD

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**Interview:**  
**Robert Pondiscio**

Senior Fellow at the Thomas B. Fordham Institute contends that education reform hasn't lived up to its promise.

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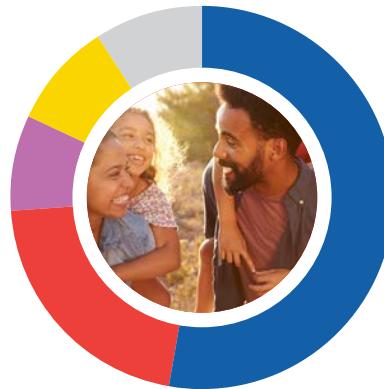
# POLL

## Health care and Medicaid expansion

Harper Polling, on behalf of the Civitas Institute, surveyed 500 likely voters from Aug. 1 to Aug. 4. The poll used live callers on landlines and mobile phones. The margin of error is plus-or-minus 4.38%. The total percentages of responses may not equal 100% due to rounding.

### You and Your Family

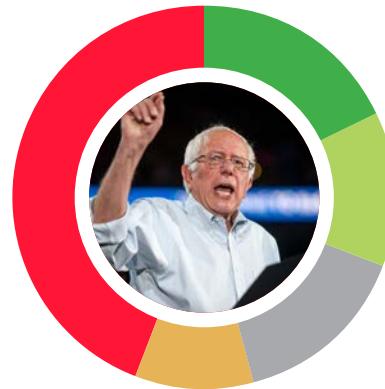
If you could choose any type of health care coverage and cost were not a factor, which of the following would you choose for yourself and your family?



■ PRIVATE INSURANCE 53%  
■ MEDICARE 22%  
■ MEDICAID 8%  
■ OTHER 9%  
■ UNSURE/REFUSED 9%

### Medicare for All

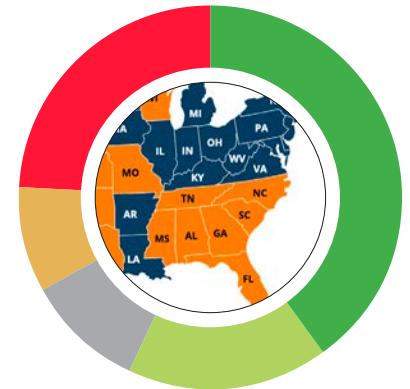
U.S. Sens. Bernie Sanders, I-Vermont, and Kamala Harris, D-California, have introduced health care plans commonly referred to as "Medicare for All." Essentially, these plans would move all Americans from private health insurance to a Medicare program run by the federal government. Do you favor or oppose Medicare for All?"



■ STRONGLY FAVOR 18%  
■ SOMEWHAT FAVOR 13%  
■ STRONGLY OPPOSE 43%  
■ SOMEWHAT OPPOSE 10%  
■ UNSURE/REFUSED 15%

### Medicaid Expansion

Medicaid is a joint federal and state program that provides medical coverage for some lower-income people. Under the Affordable Care Act – commonly called Obamacare – some states have expanded eligibility for Medicaid. Do you favor or oppose Medicaid expansion in North Carolina?"



■ STRONGLY FAVOR 40%  
■ SOMEWHAT FAVOR 17%  
■ STRONGLY OPPOSE 23%  
■ SOMEWHAT OPPOSE 9%  
■ UNSURE/REFUSED 10%

## Nonprofit that employs the blind says rival violating Veterans First legislation

A nonprofit that employs the blind says it's illegally losing its contracts with the Department of Veterans Affairs to a business that subcontracts the work to a nonveteran-owned large business. U.S. Rep. Virginia Foxx, R-5th District, followed with a letter highlighting the dilemma of the nonprofit, Winston-Salem-based IFB Solutions.

IFB Solutions accuses rival PDS, based in Sparta, New Jersey, of violating the rules of Veterans First legislation by subcontracting the contract work to Korrek Optical. It also alleges the VA failed to conduct an appropriate analysis before skinning the nonprofit of its contracts.

"This 'transition' is tantamount to an illegal sole-source contract to an entity that does not even qualify as a service-disabled veteran-owned small business," IFB Solutions wrote in its protest to the U.S. Government Accountability Office filed Aug. 13. "For purposes of its contracts with the VA, it appears that PDS simply operates as a pass-through entity for Korrek."

This is IFB Solutions' latest move as it fights a federal court ruling that could strip the nonprofit of its contracts with the VA and force it to terminate 137 employees who work in its optical factory in Winston-Salem.

When Congress passed Veterans First, legislation meant to help veteran-owned small businesses, it set off a wave of unforeseen consequences. By failing to specify who enjoyed preference for VA contracts, the legislation created a tug-of-war for the VA's business, which has pitted veteran-owned businesses against AbilityOne nonprofits that employ the blind and disabled.



**I ask for your personal attention to ensure the VA continues contracting with nonprofit agencies that employ the blind and significantly disabled.**

- U.S. Rep. Virginia Foxx, R-5th District

After veteran-owned business PDS sued for precedence, the U.S. Court of Appeals for the Federal Circuit ruled veterans outranked AbilityOne nonprofits, following the standard practice of weighing more recent laws over their older counterparts.

The loss will cost IFB Solutions dearly. It expects to lay off 137 employees, including 76 blind workers and 15 veterans, when the VA contracts expire.

The contracts were originally set to expire this fall, but IFB Solutions expects its contracts to continue so long as the GAO considers its protest, winning its workers up to 100 days before their jobs are axed.

Blind workers face a 70% unemployment rate. Getting a job is so difficult that more than half of IFB Solutions' blind employees moved to

North Carolina to find employment, said IFB Solutions CEO David Horton.

IFB Solutions will file an appeal to the U.S. Supreme Court.

It's also fighting the federal court's decision through Congress. In July, some 34 legislators signed a letter to Veterans Affairs Department Secretary Robert Wilkie detailing the plight of AbilityOne nonprofits.

Foxx sent a follow-up letter to Wilkie requesting his attention.

"I ask for your personal attention

to ensure the VA continues contracting with nonprofit agencies that employ the blind and significantly disabled," Foxx wrote in the letter. "It is my intent to work tirelessly with the VA and other parties to find a swift, permanent, and equitable solution to preserve current AbilityOne contracts and provide further contracting opportunities in the future. Our blind and significantly disabled Americans deserve nothing less."

Julie Havlak

## COMMENTARY BY JOHN HOOD



### Cooper has taken extreme positions

Roy Cooper didn't run for governor in 2016 as a hard-left progressive. He won the election by convincing ticket-splitters who voted for Donald Trump and Richard Burr that Cooper would be a reasonable, consensus-building leader in Raleigh.

It wasn't an unrealistic expectation. Cooper has been a public servant for decades. He has a track record. If you used his votes and policies before 2016 to place him on a political gridiron, he'd have been somewhere around the blue team's 35- or 40-yard line.

As governor, however, Cooper hasn't come close to fulfilling

that promise. He's wandered leftward.

He's also kept a relatively low profile, which wasn't hard to do given ongoing public fascination with the circus in Washington. As a result, Cooper isn't exactly unpopular. But nearly a quarter of voters have mixed or unfixed views about him. As voters begin tuning into the 2020 campaign, Republicans will seek to define him as a left-wing ideologue, not a pragmatist.

They will point out, for example, that regardless of how the current budget impasse is-

see HOOD PAGE 21

## HEALTH CARE

# Cracks and fissures

*North Carolinians falling into health care coverage gap*



**How one career mishap plunged an uninsured Charlotte woman into poverty**

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**Waiting: Mother watches her disabled son grow old on wait lists**

PAGE 9



**Stuck: Disabled adults struggle to get care**

PAGE 7

BY JULIE HAVLAK

**N**orth Carolina doesn't just have a health care gap. Large fissures riddle the system.

North Carolina has the 10th highest uninsured rate in the country, but it fares just as badly for how it cares for the disabled in the Case for Inclusion rankings.

In North Carolina, only low-income children, pregnant women, the elderly, disabled or blind people, or parents with dependent children qualify for Medicaid. For people 19 to 64 years old, simply being low-income isn't enough. Unless they fit into one of these narrow categories, **THEY CAN'T GET MEDICAID**, and many don't earn enough to qualify for subsidies to afford a private plan.

The budget remains a hostage in the stalemate between Gov. Roy Cooper and the Republican legislature. Cooper pushed Medicaid expansion but the legislative majority remained firm in saying expansion would exacerbate systemic flaws and lead to spiraling debt.

The legislature's wariness is partly an inheritance from the 2000s, when the state's Medicaid program ran massive deficits and the legislature scrambled to shore up the program each year. The Republican legislature restructured the program in 2015, solving the program's annual financial woes. But those fixes merely paved over the cracks.

An estimated 300,000 people remain in the coverage gap, and North Carolina also hosts medical waiting lists, where the disabled dwell in ranks thousands strong.

On the most infamous of these lists, the N.C. Innovations Waiver waitlist — a Medicaid program that helps people with disabilities remain in their communities rather than being institutionalized — more than **12,000 PEOPLE WAIT FOR A SYSTEM** that provides roughly 12,500 slots. Most of them will wait for seven to 10 years.

Some of the cracks in North Carolina's health care system are more subtle still, for disabled adults have coverage on paper — but, all too often, on paper only.

For adults with disabilities, finding in-home nurses and primary providers can be **A NIGHTMARE**, advocates say. Medicaid's reimbursements are low, and they shrink when disabled children turn 18 and qualify as adults. For disabled adults, who often present more challenging cases and require more specialized treatment, that means few doctors will see them.

With fewer physicians going into primary care, some experts worry ex-

panding Medicaid would exacerbate provider shortages.

Cooper proposes eliminating the coverage gap by fully embracing Medicaid expansion. Sympathetic Republicans have offered their own version of expansion, in which full expansion would be augmented with heavier premiums and a work requirement.

Ohio and Arkansas tried to slap similar work requirements on Medicaid, but those remain tangled in the courts.

**OHIO EMBRACED FULL EXPANSION** under Republican Gov. John Kasich. As uninsured rates plummeted, treatment centers gained resources to fight the opioid epidemic, but the state has also faced soaring enrollment and ballooning costs.

**WHEN ARKANSAS' REPUBLICAN** legislators rolled out a privatized version of Medicaid expansion, they sliced the percentage of uninsured in half, but privatizing expansion had unintended consequences. It squeezed the disabled population's access to health care by leaving them on traditional Medicaid, while the expansion population enjoyed the benefits of privatized Medicaid plans.

In North Carolina, a series of laws and obscure regulations make such provider shortages worse.

Controversial certificate-of-need laws require providers to apply to the state whenever they want to build a new facility, expand, or buy more expensive equipment. Along with its CON laws, North Carolina imposes some of the most restrictive regulations on nurse practitioners. The Federal Trade Commission has declared both regulations anti-competitive.

As for bringing down the cost of Medicaid, there exists a multitude of possible reforms, from controversial voucher programs to pharmaceutical patent reforms to whole-scale system overhauls. For legislators who fear expansion would prove unsustainable with the **GROWING NATIONAL DEBT**, the most politically feasible reforms in North Carolina would likely target inefficiencies and waste.

"We need to re-evaluate how we're spending money. If there are problems, we need to address them instead of saying that this is how the program works," says Jordan Roberts, John Locke Foundation health care policy analyst. "Tackling the inefficiencies for eligibility and the wasted money would be the biggest thing. We know that a lot of the money isn't really spent on actual care for these folks, and if we tackle improper payments, we could better direct resources into caring for the Medicaid population."



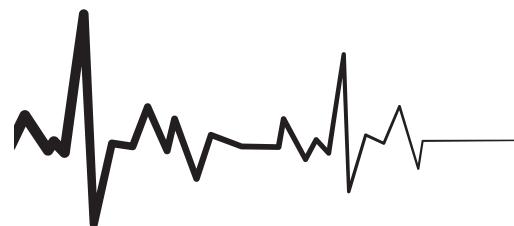
**Coverage climbs and costs soar in the Buckeye State**

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**Arkansas' Republican option: A harder Medicaid pill to swallow**

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**Dollars and debt: How long can expansion last?**

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# HEALTH CARE

COMPARE: MEDICAID EXPANSION IN OHIO

## Coverage climbs and costs soar in the Buckeye State

BY JULIE HAVLAK

For people looking to sink talk of Medicaid expansion in North Carolina, Ohio is the go-to state to paint as a Medicaid debacle.

It has made the news for its waiting lists, for budget overruns, for pharmacy deserts, and for a major health insurer looking to leave the state.

Ohio first embraced full Medicaid expansion when Republican Gov. John Kasich overrode the protests of a Republican legislature in 2013. It was a stormy expansion, as Kasich circumnavigated the legislature, and irate Republicans called in the Ohio Supreme Court. When it ruled against them, expansion went through.

At first, Kasich expected fewer than 300,000 adults to sign up in the first year and predicted that today the state still would have added fewer than 447,000 able-bodied adults to its rolls.

All of the predictions at the time proved low. Enrollment broke past Kasich's seven-year projection in just 10 months, and, as of June 2018, 639,000 people had signed up. One in five Ohioans are now on Medicaid, but almost 60 percent of spending still goes to the elderly and disabled, according to a Kaiser Family Foundation report.

The program has succeeded in slicing the number of uninsured in



**In the first 18 months, Ohio's Medicaid program ran almost \$1.5 billion over budget, and a major insurer has threatened to leave the state.**

half. When Kasich began talking about expansion, one in three people in or near poverty lived without insurance. After the expansion, only one in eight were uninsured.

And that targets the opioid epidemic, as it covers addiction treatment for those who couldn't otherwise afford it. In Dayton, Mayor Nan Whaley has credited Medicaid for cutting the death rates from opioid overdoses in her town in half.

But the expansion didn't come without costs. In the first 18 months, Ohio's Medicaid program ran almost \$1.5 billion over budget, and a major insurer has threatened to leave the state. Paramount, which covers some 240,000 Medicaid patients, said Medicaid's low reimbursement rates cost the insurer some \$28.5 million in three months.

There has also been concern over growing pharmacy desert ar-



**WELCOME TO OHIO.** Republican Gov. John Kasich overrode the protests of a Republican legislature in 2013 to pass full Medicaid expansion.



**John Kasich**  
Former governor of Ohio  
2011-19

John Kasich is a Republican politician who served as a representative from Ohio in the U.S. House of Representatives (1983–2001) and as governor of Ohio (2011–19). In 2000 and 2016 he was an unsuccessful candidate for the U.S. Republican presidential nomination. As governor of Ohio he signed a law restricting collective bargaining rights of government workers, but broke with the Republican legislature when he accepted President Barack Obama's expansion of Medicaid coverage.

reas, as pharmacies complain of bleeding revenue to low Medicaid reimbursement rates. This has become its own scandal, with many blaming CVS Health for exploiting its control over Medicaid's drug benefits to milk taxpayers and crush the competition. More than 400 pharmacies in Ohio have closed since 2013.

Ohio's legislature has tried to freeze enrollment into Medicaid ex-

pansion, but past attempts have crumpled under the governor's veto. Lawmakers fear the federal government will lower its matching rate, leaving states on the hook to make up the difference.

"What's concerning from our perspective is that we have a red-hot economy with lots of job openings, but even with an economy that is running on all cylinders and adding people back to the

workforce, we still have a Medicaid population that is significantly above estimates," said Rea Hederman, executive director of the Economic Research Center and vice president of policy at the Buckeye Institute.

### TIMELINE

## Medicaid in North Carolina

BY LINDSAY MARCHELLO

**MEDICAID FORMED** in 1965, when Congress created the joint federal-state program to provide more standardized access to health care for low-income individuals and families. The program required participating states to provide certain core benefits, but left states room to determine scope of coverage. Medicaid expansion began with President Obama's 2010 Affordable Care Act, which kicked in during 2014, but failed to reach all 50 states after the U.S. Supreme Court ruled an expansion requirement on states unconstitutional. In the 37 expansion states, eligibility was expanded to include adults with incomes up to 138 percent of the federal poverty level.

**Feb. 1, 2013**

A state audit reveals that North Carolina's Medicaid program is in a major state of disarray, costing taxpayers "hundreds of millions of dollars" in mismanagement.

**Sept. 24, 2015**

Gov. Pat McCrory signs House Bill 372, a Medicaid reform bill ending a fee-for-service system that pays health care providers for each visit by Medicaid recipients.

**Jan. 4, 2017**

Gov. Roy Cooper announces plans to circumvent the General Assembly and expand North Carolina's Medicaid enrollment during the 15th Annual Economic Forecast Forum. Cooper said he would seek an amendment to the state's Medicaid plan from the Obama administration. Republican leaders reject the governor's plans and challenge the legality of the proposed move.

**Jan. 6, 2017**

Cooper submits his request to federal officials to expand Medicaid coverage under the Affordable Care Act.

**Jan. 14, 2017**

U.S. District Judge Louise Flanagan issues a 14-day restraining order blocking federal officials from approving Cooper's \$6 billion plan expanding Medicaid coverage.

**March 6, 2013**

The state passes Senate Bill 4, which says that future Medicaid eligibility determinations will be made by the state — not the federally facilitated exchange. The law rejects the Affordable Care Act's optional Medicaid expansion.

**April 12, 2016**

McCrory announces plans to expand the state's Medicaid rolls for mental health patients, people with developmental disabilities, and substance-abuse patients, as part of his Health and Human Services budget priorities. He plans to seek a broader expansion from the White House.

**Jan. 5, 2017**

The N.C. Hospital Association says it won't support Cooper's plan to expand Medicaid without legislative and congressional backing.

**Jan. 5, 2017**

Senate Leader Phil Berger, R-Rockingham, and House Speaker Tim Moore, R-Cleveland, send a letter to the federal Centers for Medicare and Medicaid Services opposing the governor's plan to expand Medicaid.

**Jan. 13, 2017**

Republican leaders in the General Assembly announce plans for a federal lawsuit to block Cooper's proposal to expand Medicaid.

**Jan. 20, 2017**

President Trump issues an executive order commanding federal agencies to "minimize the unwarranted economic and regulatory burdens of the [Affordable Care] Act" until the law is repealed.

## HEALTH CARE

## COMPARE: MEDICAID EXPANSION IN ARKANSAS

## Arkansas' Republican option: A harder Medicaid pill to swallow

BY BROOKE CONRAD

The U.S. Supreme Court in 2012 made it optional for states to expand Medicaid, and several immediately signed on. A small number resisted and have yet to pass an expansion bill. Still others opted for a more Republican-friendly expansion, encouraging competition among health insurers and personal responsibility among enrollees.

Arkansas was the first state to request expansion via one such Medicaid hybrid. Through the so-called "Private Option," Arkansas uses Medicaid funding to place eligible adults — those whose incomes fall between 100% and 138% of the federal poverty level, or \$17,000 for a single adult — in private health plans, instead of being lumped together with the rest of the Medicaid rolls. Later on, the Republican-dominated legislature added a work requirement.

But even with conservative tweaks, Medicaid expansion has rocked the state government to perhaps an even greater degree than traditional expansion would have.

The Private Option was intended to increase competition in the Obamacare marketplace, said Joe Thompson, director of the Arkansas Center for Health Improvement and one of the policy's crafters. Since the program's inception, he said,



**WORK REQUIREMENT.** Republican Gov. Asa Hutchinson persuaded Arkansas legislators not to slash an additional year of Medicaid expansion.

Arkansas has increased the number of health insurance carriers in the state, avoided rural hospital closures (except for one two months ago), and cut the percentage of uninsured Arkansans by about half — from 25% to 12%.

But the program isn't without its flaws.

An ACHI report shows the program costs double what traditional Medicaid expansion would have. That amounts to a grand total of

\$7 billion in Medicaid expenditures during the state's 2017 fiscal year. Arkansas also vastly underestimated the number of expansion enrollees it would attract. The state said it wouldn't enroll more than 215,000 but ended up with 324,000 in the first 18 months.

The incentives are also bad, says Nic Horton, research director at the Foundation for Government Accountability. The expansion population — the group earning some-

**I think North Carolina should be proud they haven't given in to this. It would be a mistake to go back on that now.**

- Nic Horton,  
Foundation for Government  
Accountability

where between 100% and 138% of the federal poverty level — are mostly able-bodied adults. They're the ones with private insurance plans — those granting higher reimbursement rates to doctors and more likely to solicit actual treatment. The more needy population — people with severe disabilities, seniors, or low-income kids — have regular Medicaid plans that oftentimes don't allow them the same access.

"If you're on regular Medicaid in Arkansas, you can have a hard time finding a doctor to see you, because a lot of them don't accept Medicaid because it reimburses so poorly," Horton said.

On the upside, the work requirement Arkansas passed in 2017 might not deserve nearly the amount of media flak it has received. Contrary to reports, the

18,000 Arkansans who lost their coverage weren't all staring blankly at computer screens, confused about how to log their hours. Eighty-seven percent, in fact, simply failed to meet the work requirement, Arkansas State Welfare Agency records show.

Then, in a dramatic twist, a federal judge struck down the work provision in March, and the Trump administration is appealing the case. The judge's decision dealt such a blow to Arkansas Republicans, who control the state's legislature, that they almost slashed an additional year of Medicaid expansion. Republican Gov. Asa Hutchinson persuaded them otherwise, in hopes of reviving the work requirement after an appeal.

"I voted against it the first time because I wanted more time and discussion," Arkansas Rep. Julie Mayberry, R-Hensley, told *CJ*. "But then the governor and several others spoke to us. We're hoping that by voting for it, we'll keep the work requirements in there."

Nevertheless, even personal responsibility initiatives like work requirements still aren't enough to stabilize the state's budget. N.C. Republicans have grappled with a similar dilemma this session.

"I think North Carolina should be proud they haven't given in to this," Horton said. "It would be a mistake to go back on that now."

**Jan. 26, 2017**

The U.S. Department of Health and Human Services joins Berger and Moore in a motion in the federal lawsuit that aims to block Cooper's proposal to expand Medicaid.

**Jan. 27, 2017**

A U.S. District Court holds a hearing on the temporary restraining order in the lawsuit among Berger, Moore, and Cooper over Medicaid expansion.

**May 3, 2017**

State Health and Human Services Secretary Dr. Mandy Cohen launches a listening tour to solicit opinions about Medicaid reform.

**Aug. 8, 2017**

Cohen said the state Department of Health and Human Services proposes to expand Medicaid and restructure the state's controversial mental health provider networks. The plan is to transfer Medicaid to a managed care system.

**Oct. 24, 2018**

The federal Centers for Medicare and Medicaid Services approves a required waiver that North Carolina requested to launch a demonstration program to integrate physical health, behavioral health, and pharmacy benefits.

**March 6, 2019**

Cooper introduces a \$25.2 billion General Fund budget plan for 2019-20 that includes taxes to pay for expanding Medicaid enrollment by 600,000 people. His proposal directs spending \$268 million from a Medicaid reserve fund to begin moving Medicaid operations into a managed-care system.

**April 9, 2019**

State Reps. Donny Lambeth, R-Forsyth; Josh Dobson, R-McDowell; Greg Murphy, R-Pitt; and Donna McDowell White, R-Johnston; hold a news conference introducing House Bill 655, the N.C. Health Insurance for Working Families Act. The plan mirrors Carolina Cares.

**May 28, 2019**

The Senate releases a budget that appropriates more than \$32 million over two years to fund 1,000 slots on the Intellectual/Developmental Disability Medicaid Program waiting list. Cooper criticizes the budget for failing to expand Medicaid.

**April 6, 2017**

Republican representatives introduce House Bill 662, Carolina Cares, as an alternative to Medicaid expansion. The bill would see participants pay a nominal premium and small co-pays, and have to work to receive care. N.C. hospitals would be charged an assessment to help pay costs.

**July 21, 2017**

Berger and Moore dismiss the Medicaid expansion lawsuit against Cooper. The Republican leaders say the federal Centers for Medicare and Medicaid Services informed them Cooper failed to follow through on his expansion request.

**Aug. 3, 2018**

DHHS will pay an estimated \$17 million to MAXIMUS, a government services provider based in Reston, Virginia, to help participants in Medicaid managed care choose health care plans.

**Jan. 23, 2019**

State Auditor Beth Wood releases a report claiming DHHS and its Division of Medical Assistance, which oversees Medicaid programs, engaged in poor management and monitoring practices.

**Jan. 30, 2019**

During a *News & Observer* Community Voices series event, Lee Lilley, Cooper's director of legislative affairs, says, "The session ends when we get Medicaid expansion."

**April 8, 2019**

Wood releases a report showing DHHS improperly paid more than \$100 million in Medicaid claims in fiscal 2018.

**May 6, 2019**

Wood releases an audit finding major problems with the state's tax-supported managed-care agencies for mental health. The audit states DHHS failed to monitor the LME/MCOs according to state policies and best practices.

**June 28, 2019**

Cooper vetoes the budget bill in part because it doesn't expand Medicaid. Republican leaders vow to overturn the veto.

**July 9, 2019**

H.B. 655 is placed on the House calendar.

# HEALTH CARE

## Dollars and debt: How long can expansion last?

BY JULIE HAVLAK

To bear the burden of expanding Medicaid, states rely on Uncle Sam to pick up 90% of the costs. So far, the federal government hasn't failed. But how sustainable is the Medicaid program, really?

Expanding Medicaid in North Carolina would cost roughly \$2 billion in the first year, but the federal funds cover 90% of the cost, according to Gov. Roy Cooper's 2019-20 budget proposal. Under the Republican alternative, N.C. Healthcare for Working Families, even that remaining 10% is covered by hospitals, providers, and patients.

"Read my lips: There is no state funding. Why is that? It is because the feds fund 90%," Rep. Donny Lambeth, R-Forsyth, said. "There is no local cost."

At least not yet, critics say. Weighing the federal debt, they doubt the federal government's ability to keep its promise to pay 90% for long.

And while there may not be a local cost, there's certainly a federal cost. The federal debt has already climbed to 78% of the gross domestic product — reaching heights not seen since shortly after World War II.

Health care is one of the main culprits. The U.S. already spends more than a quarter of the federal budget on the major health programs. Within 30 years, 40% of all federal noninterest spending would be poured into the major health care programs, according to a Congressional Budget Office report.

Supporters of expansion argue Medicaid match rates have remained stable in the past, and that any legislator seeking to lower them would face serious political and popular opposition.

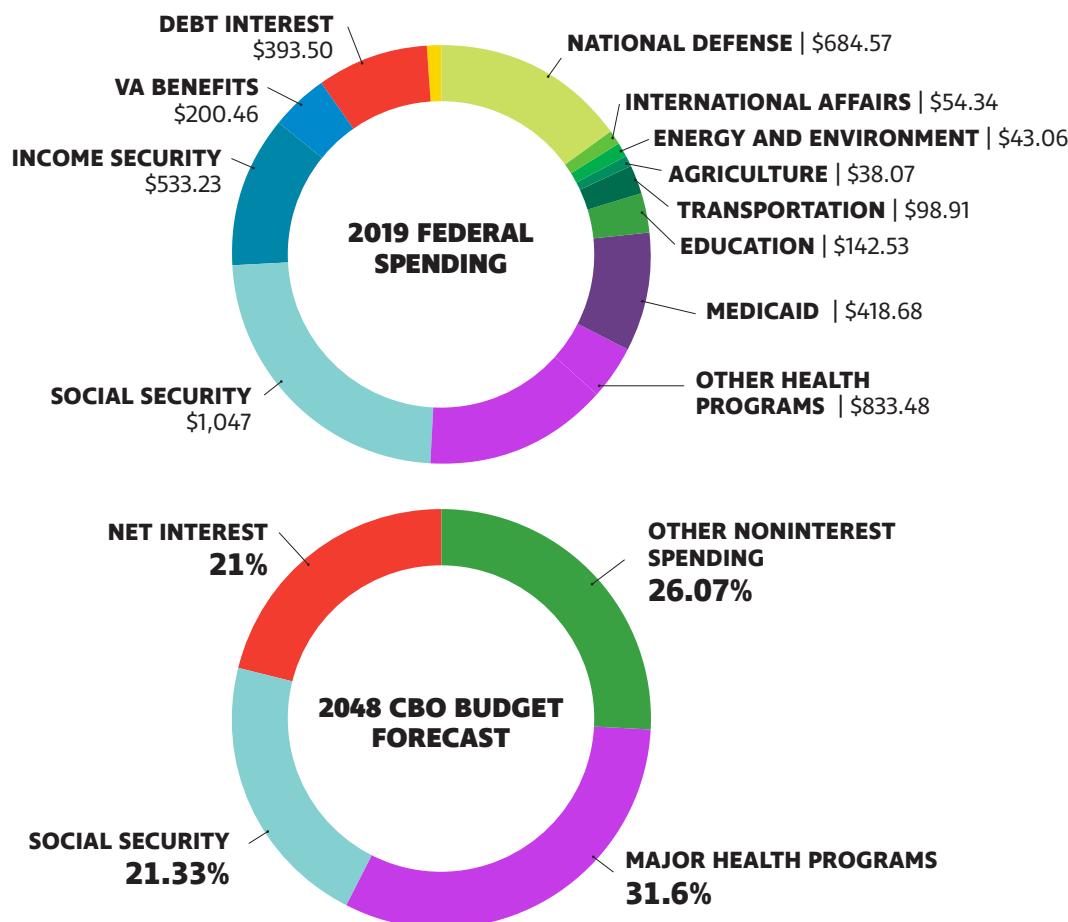
"I think the match rates will stay in place. I don't see that as a problem," Sen. Paul Lowe, D-Forsyth, said. "I know we've got an individual in the White House who wants to see the collapse of a lot of things. ... But I think that, all and all, they've tried to kill the Affordable Care Act several times, but it's still living. It's still alive."

Medicaid is slimmer than Medicare, but as a means-tested program it's also much more vulnerable to budget cuts, said Heritage Foundation expert Romina Boccia.

The Congressional Budget Office has already recommended lowering the federal match rate as one way to combat the rising \$22 trillion national debt.

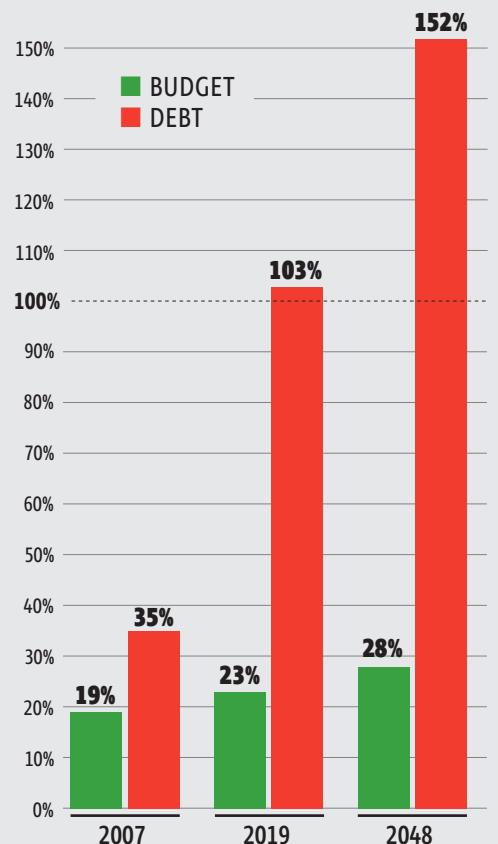
"Uncle Sam can't keep that promise forever," said Duke University research scholar Christopher Conover. "Everyone knows in their heart of hearts that somebody's

### U.S. 2019 Spending and 2048 CBO Budget Forecast (in Millions USD)



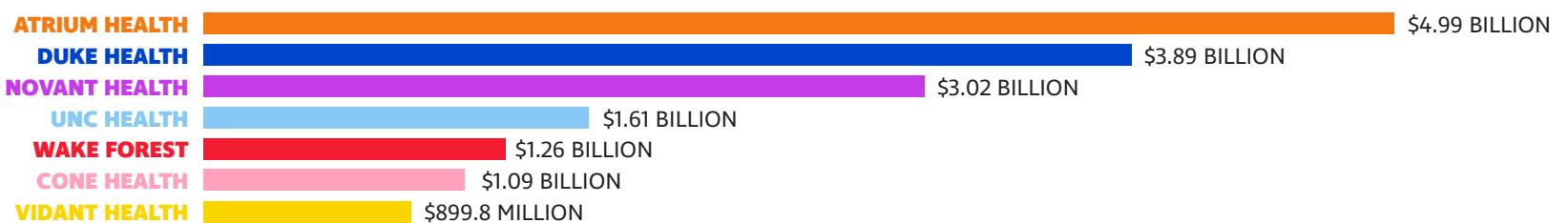
SOURCE: White House Office of Management and Budget, Congressional Budget Office

### U.S. Budget and Debt as a percentage of Nominal GDP



SOURCE: Congressional Budget Office

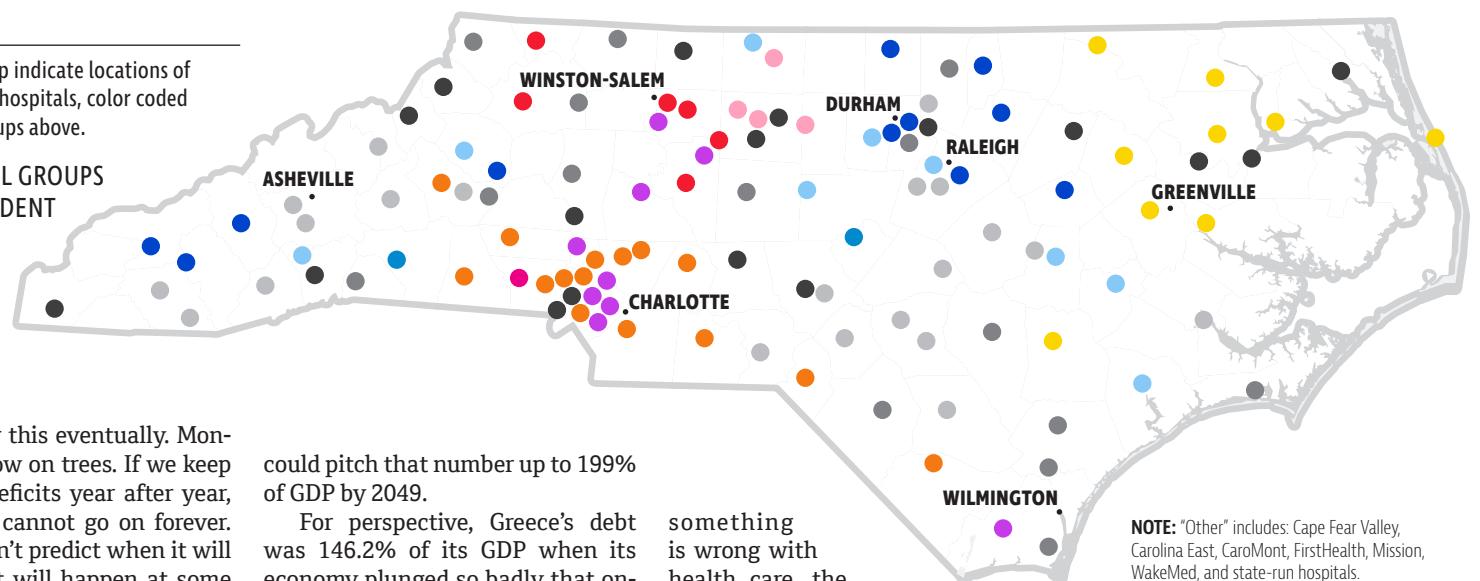
### Unrestricted Reserves of North Carolina Hospital Groups



#### KEY

Dots on the map indicate locations of individual N.C. hospitals, color coded to hospital groups above.

- NATIONAL GROUPS
- INDEPENDENT
- OTHER



NOTE: "Other" includes: Cape Fear Valley, Carolina East, CaroMont, FirstHealth, Mission, WakeMed, and state-run hospitals.

SOURCES: S&P 2017, 2018 Global Ratings, Carolina Journal Research

got to pay for this eventually. Money doesn't grow on trees. If we keep on running deficits year after year, that literally cannot go on forever. Even if we can't predict when it will hit the fan, it will happen at some point."

Thirty years out, the outlook is even more bleak. The CBO expects the debt to be 144% of gross domestic product.

That number is fluid, however, as even a 1% hike in interest rates

could pitch that number up to 199% of GDP by 2049.

For perspective, Greece's debt was 146.2% of its GDP when its economy plunged so badly that only two of five of its youth 16 to 24 years old had jobs in 2013. Greece's overall unemployment rate was more than double that of America's during the worst years of the Great Recession.

"If the question is whether

something is wrong with health care, the answer is everything," says David Hyman, author of "Overcharged: Why Americans Pay Too Much for Healthcare."

"You've heard the phrase, throwing gasoline on the fire? Unless you reform the system in ways

that make it work better, dumping more individuals into the market is just throwing more money at it without actually helping people."

# HEALTH CARE

## THE CURRENT MEDICAID PLAN



2.1 MILLION  
CHILDREN, PREGNANT WOMEN, THE  
DISABLED, AND THE ELDERLY

### CURRENT ANNUAL COST:

**\$14.6 billion**

67% OF THIS IS PAID BY THE FEDS. NORTH CAROLINA PAID  
ABOUT \$4 BILLION IN THE 2017-18 FISCAL YEAR.

## COOPER'S EXPANSION



2.1 MILLION  
CHILDREN, PREGNANT WOMEN, THE  
DISABLED, AND THE ELDERLY



200,000  
WITH PRIVATE INSURANCE  
300,000  
WITHOUT INSURANCE

**138%**

Maximum percentage of poverty level to be covered. Individuals earning **\$16,642** per year or a family of four earning **\$33,948** would qualify.

### ADDITIONAL COST

**\$6 billion**

ESTIMATED COST TO NORTH  
CAROLINA OVER THE NEXT DECADE

## LAMBETH'S EXPANSION



2.1 MILLION  
CHILDREN, PREGNANT WOMEN, THE  
DISABLED, AND THE ELDERLY



200,000  
WITH PRIVATE INSURANCE  
300,000  
WITHOUT INSURANCE

**138%**

Maximum percentage of poverty level to be covered. Individuals earning **\$16,642** per year or a family of four earning **\$33,948** would qualify.

### ADDITIONAL COST

**\$6 billion+**

ESTIMATED COST TO NORTH  
CAROLINA OVER THE NEXT DECADE

- » Would add a work requirement, a premium of 2% of income, with a few exceptions, and a focus on preventative care.
- » That premium, hospital fees, and premium taxes from insurers are supposed to cover the 10% the feds won't pay.

# Stuck: Disabled adults struggle to get care

BY JULIE HAVLAK

It's just a matter of time before Matt Potter is on his own. He knows that eventually he will have to rely on staff — to lift him, to change him, to prepare his meals — but that, all too often, the staff just might not be there.

"It keeps him up at night. He sees that we're aging, and he knows what he has to face. He's too smart, and he knows," Sarah Potter said.

Matt Potter, her 32-year-old son, has the face of a politician and the fire to match any advocate, with a degree from Wake Forest University.

But he will never walk. With cerebral palsy, he has metal in his back, metal in his hips, and a body that acts like a stranger's.

For the disabled already on Medicaid, finding providers or in-home caregivers can be a nightmare. Many providers either aren't interested in taking Medicaid's low rates or can't afford to. Still more aren't prepared to meet the specialized needs of the disabled population.

"There is a massive, massive issue with getting full staff coverage. It's basically impossible," says Matt Potter. "My parents are 70. If they weren't here — and I know there is going to be a time when that is the case — I don't know what would happen. I don't know. I can tell you that I would not be able to get out of bed by myself, I would not be able to get to the bathroom, get food, change clothing."

One of his nurses, who has been with him for almost three years, fi-



**STUCK.** Matt Potter faces an uncertain future with getting the health care services he needs.

nally got a raise — to \$8.25 an hour.

"People can literally make more money working at a fast-food joint," Matt Potter says. "Your priorities are a little messed up if someone can make more slinging burgers than they can caring for a person with disabilities, who would be in a health crisis or institutionalized without the support staff."

Matt Potter, too, has spent the better part of a decade on the Innovations Waiver waitlist.

But for the disabled, even getting a waiver doesn't necessarily translate into getting health care. All too often it amounts to switching families from one waiting list to

another, said Jennifer Mahan, N.C. director of public policy for the Autism Society.

"There are a lot of families who have waited patiently and done what they could," said Autism Society spokesman David Laxton. "But even if you get a spot on the innovations funding for your kid, it doesn't always mean that there will be somebody in that community that can provide those therapies."

Part of the problem stems from Medicaid itself. It offers doctors low reimbursement rates, and those rates only sink lower once disabled children turn 18 and qualify as adults.

"For adults with disabilities, their doctor is the urgent care," FIRST disability resource center executive director Janet Price-Ferrell said.

Further complicating care are the needs those with disabilities often have.

"Imagine that you're a person with severe autism. You might have some challenges in the dental care, you might need sedation, and you're an adult. And you have a dentist who is nervous," said Mahan, exasperated. "The number of dentists in this state who take Medicaid and adults with autism is like two."

For those with the severest disabilities, who are the most vulnerable, the problem is even worse.

"Parents feel like they're a rat on a wheel, that they are sent on an endless chase. Try this person; they may have spots. Try this provider; they may be able to get you in," said disability counselor Rose Reif. "The reality is that very few people can support seeing a full caseload of folks that are on Medicaid. For the families, it's a nightmare."

She's known families to uproot their lives, to abandon family farms and give up their livelihood, just to go to where the services are.

The existing shortages have experts concerned about adding 500,000 people to the Medicaid system. By 2020, Medicaid expansion would increase the unmet demand for physician services by more than 25%, says a model developed by the Cecil G. Sheps Center for Health Services Research at the Universi-

ty of North Carolina at Chapel Hill.

"If we're talking about adding a half a million people to the Medicaid rolls, and we have a fixed number of providers who are willing to take Medicaid card in the first place — something has got to give," Chris Conover, a health policy analyst at Duke University, said. "Not everyone is going to be able to get in."

Both Potters support Medicaid expansion, on moral and practical grounds. But others eye the forecasted provider shortages and worry.

"The Medicaid expansion is going to help the uninsured and underinsured folks, but I think it's going to flood the market," said Dave Curro, facilitator for the developmental disability support group Next Step. "More consumers, less providers. That's the argument against it. Republicans wanted to provide innovations-of-labor slots instead of expanding Medicaid, and I'm all for that."

But regardless of whether Medicaid expands, the problems will remain.

"If I were stuck in my bed, it'd be horrible, but I more than likely would not die. It's not something that should happen ever, but I know people who could die if they don't have that full coverage," Matt Potter said.

"Yet there are legislators who are looking at this as nothing more than a balance sheet, and we are talking about people who could potentially die. I'm sorry that I can't mince my words. I find it disgusting."

## HEALTH CARE

# Falling through the coverage gap

How one career downturn plunged an uninsured Charlotte woman into poverty

BY BROOKE CONRAD

After about 100 jumping jacks and a few laps across the pool, Vanina Melendez began to think something was wrong.

She plunged headfirst into the water for another toe-touch when she suddenly felt heavy, as though she couldn't breathe.

"I was trying to smile," the 60-year-old Melendez said. "My family was there. Somebody's wife was being a beauty on the side — you know, she didn't want to get her hair wet. I didn't want to alarm anyone because they were having a good time."

But someone noticed.

"I said, 'I'm fine,' but I guess I didn't look fine, because my neighbor kept saying, 'Let me help you. Let me help you,'" Melendez said.

Her neighbor helped her to her apartment, where her son saw her struggling to speak.

"When she came home, we instantly knew something was wrong," said Sterling Melendez, now 25. "She was saying she couldn't breathe, so we called 911."

Melendez had suffered from a sudden heart failure, drowning as internal fluid filled her lungs. She stayed three days at the hospital as physicians worked to regulate her blood pressure and help her to breathe on her own. That was four



Vanina Melendez suffered sudden heart failure. She didn't have health insurance.

COURTESY VANINA MELENDEZ

years ago. Since then, two similar incidents have landed her in the intensive care unit. She had no health insurance, so the visits left her with nearly \$100,000 in medical bills.

Melendez is one of an estimated 300,000 people in North Carolina who fall into the so-called health insurance coverage gap. Although she's considered low-income, Melendez can't get Medicaid because she doesn't have any of the qualifying conditions — such as pregnancy, a disability, or dependents.

"I have bills up the ying-yang," she said. "And all of that prevents you from getting a job once it affects your credit."

It wasn't always this way. Melendez used to work a full-time insurance job that paid around \$30,000 to \$35,000 a year. Her employer covered her health insurance through Blue Cross Blue Shield.

But four years ago, several insurance carriers left North Carolina,

**BY THE NUMBERS**

**300,000**

**Coverage gap:** Estimated number of people in North Carolina who are considered low-income but don't qualify for Medicaid.

causing her insurance company to lay off several employees, including Melendez. A month afterward, she suffered her first heart failure, with no job or health insurance to cover the bills, much less the rehabilitation treatment her doctor recommended.

Despite her fragile health and family's concerns, Melendez knew she would have to find a new job.

"I'm not Oprah Winfrey," she said. "I have to go to work."

But when Melendez pulled up for her first day at a call center, she couldn't walk to the door. She stood there, frozen, in the middle of the parking lot.

"I could feel complications in my chest," she said. "I just stood there with tears running down my face because I wasn't able to move."

Melendez didn't go back to work for another two years. Melendez's son, who works a warehouse job, covered a lot of her bills.

The situation is not uncommon. A Danish study shows one-third of adults who suffer heart failure don't return to their jobs afterward. It also shows young people (18 to 30 years old) are more than three times as likely to return to work post-heart failure as older people (51 to 60).

Melendez's financially tight situation means she can't afford an echocardiogram to check up on her heart's activity and ward off a future hospital emergency.

"I don't want to go back to the hospital again," she said. "I may never come out."

Melendez still worries about her health and her ability to support herself.

"Medicaid expansion should be a right, not a privilege," she said. "That doesn't mean people don't have to work or contribute to society. They need to be healthy, which is good for the economy overall. A healthy work force is a profitable work force."

Stephanie Tyndall, a nurse at Kinston Community Health Cen-

ter in eastern North Carolina, helps provide treatment to low-income residents like Melendez who have little to no insurance coverage. Tyndall emphasizes that Medicaid is meant to help people get back on their feet, not to make them dependent on government funds.

"Society has lost sight of what Medicaid is supposed to do," she said. "It's not a means to live by. It's there to help you to get where you need to be."

**They say most people that are working are just one paycheck away from being homeless. You know, you have an emergency, and just like that, it's gone.**

- Vanina Melendez

Melendez now works part-time for a standardized testing company and hopes to work back toward full-time hours once her health improves. With her current Social Security and disability benefits, she makes about \$15,000 annually.

"Annually. Can you believe it? Annually. I never thought I'd see the day."

Melendez does her best to eat well and stay active. But high blood pressure runs in her family, and she will probably be taking medicine to treat it for the rest of her life. She's managed to pay off around \$30,000 of her medical bills, but she still has a long way to go.

"They say most people that are working are just one paycheck away from being homeless," Melendez said. "You know, you have an emergency, and just like that, it's gone. It takes all your life to make it, and it's gone in a blink."



## A power-hungry president, a constitutional crisis, and a democracy in peril...

President Jerome Elliott was elected with overwhelming support from the American people. His populist platform and soaring promises captivated voters. But now, after a series of increasingly unorthodox policy decisions and suspicions of sinister motives, a shadow gathers over the White House.

When thirty-four state governors call for a constitutional convention to reform the federal government, Elliott fears losing control. In a desperate attempt to maintain power, he orders the revered 82nd Airborne Division to march on the convention and arrest its participants as domestic insurgents. The Georgia National Guard mobilizes to stop them, and the two forces clash in the small town of Madison. These actions echo across the nation, polarizing the populace and threatening to erupt into violence between the people and their government.

Meanwhile, television reporters Nicole Marcel and Luke Harper race to discover the truth behind the president's actions, while United Nations investigator Percy Leach digs deep into Elliott's past. Chasing facts and whispers alike, they uncover the roots of dark truths that, if realized, risk sundering the very fabric of American democracy.

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# HEALTH CARE

## Waiting: Mother watches her disabled son grow old on wait lists

BY JULIE HAVLAK

**T**hey saw a helicopter hover for a moment above the hospital and head east. They weren't sure, but they thought their son was inside.

Jean and Dale Andersen didn't know how bad it was. An hour before, he had been calling his 19-year-old son up from the basement, wanting to believe his son was there, instead of where the police said he was — in his dad's car, wrecked and upside down a half mile down the road.

"We went in, and none of the firemen would look us in the eye," Jean Andersen, 61, said. "And that was how we got started with this whole thing."

Her son, Sam Andersen, almost recovered. At one point, they hoped he could return to college. But after a stroke, brain swelling, a bone infection, and surgery, he came home, and they knew he would never be able to leave on his own again.

"I was afraid to go to sleep because he had one word at that point; he could say 'mom,' but he couldn't say it very loud. I was afraid to go to bed because I might not hear him," Andersen said. "I was so exhausted

### BY THE NUMBERS

**12,000**

Number of North Carolinians on the Innovations Waiver waitlist.

**5-15 Years**

Length of time applicants can expect to wait for services.

**41st**

Where North Carolina's Medicaid system ranks nationwide in its ability to serve the disabled.

I went to sleep I might not wake up, would have a heart attack and then what would happen? Who would take care of him."

She called lists of numbers looking for help. She slept in a recliner in his room, waking up every 15 minutes to check his breathing. And she put him on the waitlist for a N.C. Innovations Waiver — a Medicaid program designed to support people with disabilities who want to remain in their homes or communities rather than in an institution.

More than a decade later, he's still waiting on that list.

For how it has served the disabled, North Carolina's Medicaid system scored 41st out of all the



COURTESY JEAN ANDERSEN

**WAITING.** The Andersens have been waiting for over a decade for the Innovations Waiver.

states and the District of Columbia — just 10 spots from rock bottom, in the Case for Inclusion rankings.

Among disability communities, nothing is quite so infamous as the N.C. Innovations Waiver. More than 12,000 people — not counting their families — are waiting for a waiver. For most of them, their wait won't be over any time soon.

Officially, applicants can expect to wait seven to 10 years for ser-



**Andersen herself is mostly wheelchair bound, as she has Ehlers-Danlos syndrome, a connective tissue disease.**

vices. But advocates place the range at anywhere from five to 15 years, depending on where the applicants live. Parents have watched their children grow up still waiting.

That funding can be critical for those needing home care.

In the beginning, when Andersen tried to phase away from her private insurance — which her husband's company asked them to leave — Medicaid offered her 2.5 hours of in-home nursing. The doctors had said he needed 16 hours.

Andersen herself is mostly wheelchair-bound, as she has Ehlers-Danlos syndrome, a connective tissue disease. Before the accident, her son used to tease her by sitting in her wheelchair.

So she decided to cling to private health care, and she was able to. But

she says she knows other mothers who weren't so lucky.

Attempts have been made to expand the waiver system. This year, Sen. Ralph Hise, R-Mitchell, proposed adding a 1,000 slots in Senate Bill 361, and then resurrected the proposal in the state budget.

"When it comes to a budget — maybe you're someone who thinks you can spend it all — but every budget I've been in involves a limited resource," Hise said. "When you look at the basic core of what Medicaid is and should be, you have individuals with severe disabilities. We've had all these conversations about Medicaid expansion and covering able-bodied adults, but we have 12,000 individuals with severe disabilities waiting for coverage."

Both Medicaid expansion and the extra slots on the Innovations Waiver program remained locked in a stalemate at the time of publication.

"You feel like you're always trying to get the point across that it's not like caring for a goldfish. This is my child," Andersen said. "You get really concerned that if you're not there to make sure that this is happening, who will? Because nobody cares like a parent does."

### Public Affairs, Policy Issues & Perceptive Commentary

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## QUICK TAKES

### Cooper allows Association Health Plan law, cheering small business owners

Small businesses will be able to band together to slash the costs of their health insurance after Gov. Roy Cooper let Senate Bill 86 become law.

The new law will allow small businesses to cluster under Association Health Plans when bargaining with health insurers over their premiums. Small businesses could save from \$8,700 to \$10,800 a year per employee by moving from the individual market, and those migrating from the small-group market could save up to \$4,100 a year, according to an Avalere report.

But that comes at a cost. Those left on the ACA individual market could see a 3.5% premium hike be-

cause of the AHPs.

Cooper said he refused to sign the bill because he doubted the plans' quality of care and their legal standing. While he didn't veto the bill, he was critical of the plans and pushed Medicaid expansion as an alternative. Cooper did acknowledge the bill's bipartisan support. Trade associations representing small businesses and the self-employed supported the bill.

Many of the people who are expected to move to AHPs wouldn't be helped by Medicaid, even under expansion. For individuals who make more than \$50,000, both Medicaid and ACA subsidies are off the table.



**Small businesses could save from \$8,700 to \$10,800 a year ... and those migrating from the small group market could save up to \$4,100 a year.**

Health insurance can cost small businesses \$25,000 a year per employee, said N.C. Retail Merchants Association President Andy Ellen.

In the N.C. Realtors Association alone, an estimated 6,000 members could have opted to live uninsured rather than eating the costs, according to a Harper Polling survey.

Even though AHPs became law without Cooper's help, the plans still face an uncertain future. Their fate hinges on the definition of "employer" by the Department of Labor.

A 2018 executive order by President Trump made it possible for AHPs to offer insurance policies under some looser regulations that applied to large employer groups. The rules reduce insurance premiums. But that order is stuck in court.

A federal judge ruled it was "clearly an end run around the ACA," arguing that the order stretched the definition of "employer" beyond the bounds of reason.

AHPs also face lingering skepticism from their checkered past, which featured some plans going broke and others involved in fraud over bogus entities. Legislators who supported the law called that past the "Wild West" and emphasized stricter regulations on the modern AHPs. Advocates for S.B. 86 say AHPs now have safeguards in place to prevent these problems.

Julie Havlak

### Divided elections board approves voting machines, including touch screens

**THE STATE BOARD** of Elections has authorized several voting technologies for the 2020 election — including an updated version of controversial touch-screen devices.

In a 3-2 decision Aug. 23, the board approved Election Systems & Software, followed by unanimous approval of two other companies, Hart InterCivic and Clear Ballot.

County election boards will choose among the approved vendors.

ES&S provides a touch-screen device. After voting, the results are printed on a paper slip with a barcode, which is read and recorded by the machine. While barcodes are unreadable to voters, ballot slips allow voters to verify the machine recorded their votes.

About a third of North Carolina's counties — including Mecklenburg, the state's largest — have used touch-screen devices. Officials in those counties have balked at re-

jecting them.

The other vendors use an optical scanner that reads the paper ballots voters have marked. Voters feed their ballots into the scanner.

Democratic board members Stella Anderson and Jeff Carmon opposed the barcode technology, saying if voters can't verify that the machine accurately recorded their vote, it could jeopardize their faith in the election process. Those in favor — Republicans Kenneth Raymond and David Black, along with newly appointed board chairman, Democrat Damon Circosta — say they're giving county officials the freedom to choose the technology they prefer.

Circosta acknowledged that every piece of new technology needs to be tested for hacking vulnerabilities, but also noted the board uses technology in all aspects of voting.

"We use it in our scanners, we use it in our poll books, we use it

currently for voters who need assistance," he said. "We have a technology-based system. It is important for us to make sure that we have everything we need so that we can trust that technology."

The state board isn't compelling counties to do anything, Circosta said. They're simply approving optional equipment. He said he wouldn't endorse any of the technologies if he didn't have full confidence in them.

The board already has agreed to decertify its direct-recording electronic, or DRE, voting machines in December. DRE devices are touch screens, some of which don't produce a paper receipt voters can review. Some voting-rights activists view them as unreliable and more prone to tampering or hacking than using paper ballots.

Brooke Conrad



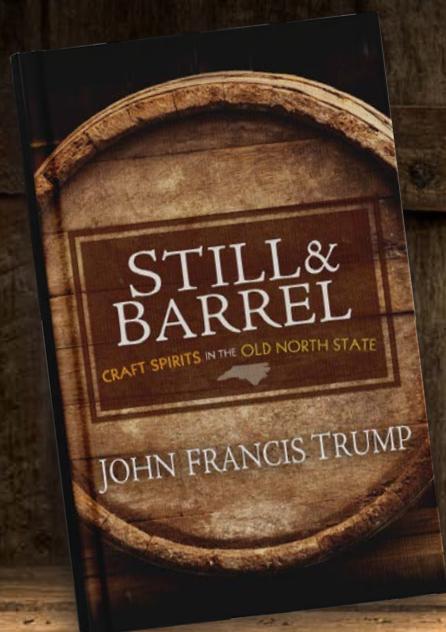
**APPROVAL.** The State Board of Elections voted 3-2 on Aug. 23, to approve ES&S as a voting-machine vendor for the 2020 election cycle. From left are members David Black, Jeff Carmon, Chairman Damon Circosta, Stella Anderson, and Ken Raymond.

PHOTO BY BROOKE CONRAD

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**John Trump**  
Managing Editor,  
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## QUICK TAKES

### Governor vetoes Excellent Public Schools Act, Senate leader's priority



**G**ov. Roy Cooper announced late Aug. 23 that he vetoed Senate Bill 438, the Excellent Public Schools Act of 2019.

On Aug. 21, he vetoed House Bill 370, a measure requiring local law officers to cooperate with U.S. Immigration and Customs Enforcement officials who have issued detention orders on illegal immigrants who were being held in city or county jails. The next day, he vetoed House Bill 645, a bill modifying billboard regulations.

Cooper, as of press time, had vetoed 35 bills since January 2017.

S.B. 438 aimed to improve Read to Achieve, the state's K-3 literacy program tasked with improving low reading scores. The legislation, introduced by Senate leader

Phil Berger, R-Rockingham, would establish individual reading plans, expand the Wolfpack WORKS program, align the literacy curriculum and instruction with Read to Achieve, as well as a few other provisions.

In his veto message, Cooper said S.B. 438 tries to put a Band-Aid on a program where implementation has clearly failed.

"Teaching children to read well is a critical goal for their future success, but recent evaluations show that Read to Achieve is ineffective and costly," Cooper said. "A contract dispute over the assessment tool adds to uncertainty for educators and parents."

Cooper's comments allude to the ongoing dispute over how the

contract for a reading diagnostic tool was awarded to Istation.

Berger's office fired off a response as soon as the news of the veto broke. Bill D'Elia, Berger's spokesman, said the real reason Cooper vetoed S.B. 438 is because Berger is the primary sponsor.

"Blocking a kids' reading program written in part by his own appointees is a clear failure of leadership from Governor Cooper and another black eye for an administration floundering in its attempt to govern our state," D'Elia said in a statement.

On Aug. 8, the House passed S.B. 438 by a 68-48 margin. The Senate passed the measure, 28-4.

Lindsay Marchello

### Financing company challenges revenue department's tax-credit rejection

**A MAJOR SOLAR** energy financing company says the N.C. Department of Revenue may be breaking the law. The company has formally asked DOR to justify a regulation rejecting state tax credits the company's clients have claimed.

The request came Aug. 1 from Monarch Tax Credits, a Georgia-based company that facilitates investments in renewable energy, historic redevelopment, and other economic development projects in North Carolina and 25 other states. Monarch lawyer Joseph Dowdy filed the request asking DOR to issue formal declaratory rulings defending a rule it announced last September rejecting credits to some partner-

ship arrangements.

Dowdy says the rule violates N.C. statutes because a department regulation can't trump state law. N.C. statutes require DOR to issue a declaratory ruling defending any rules that are challenged formally by aggrieved parties.

DOR's September 2018 notice disallowed some state-issued tax credits for solar projects. Some lawyers familiar with tax law say DOR's interpretation is wrong. They say DOR has rejected state tax credits from partnerships that had filed state tax returns. Some version of the tax credit program had been around for roughly two decades.

Dowdy told *Carolina Journal*

DOR's ruling could affect as many as 200 Monarch customers. It also could threaten credits claimed by at least four other companies that facilitate similar investments. He estimates DOR could be putting more than \$500 million in tax credits at risk, along with other investments made in North Carolina.

Monarch's nine-page request said a 35% tax credit passed by the N.C. General Assembly encouraged investment in renewable energy projects that wouldn't be viable without the credit. Taxpayers complied with the state's renewable energy mandate and the legal requirements established by the legislature and DOR.

"NCDOR's disallowance of these tax credits punishes taxpayers for accepting the General Assembly's invitation to make investments in North Carolina by participating in a politically identified priority and socially responsible initiative," the request said.

In January 2018, investors in Monarch-sponsored partnerships began receiving audit notices from DOR for tax years 2014 through 2016. Monarch requested a meeting with DOR to address the agency's concerns and try to resolve issues. In May 2018, Monarch officials met with DOR Secretary Ron Penny and four top DOR officials. Monarch says DOR failed to explain

the agency's position on the rejected tax credits. In July, Monarch officials had a second meeting with four different DOR officials. It didn't go well, according to Monarch. DOR personnel "commenced an interrogation of Monarch's attendees while refusing to discuss a resolution as previously promised."

Monarch says the September 2018 notice led to significant and substantial business losses by Monarch and that DOR needs to render a final decision. Once that happens, the dispute can go before an administrative law judge for resolution.

Don Carrington

### GoTriangle partners with Uber, Lyft to subsidize rides in RTP

**B**us riders to Research Triangle Park are now able to get free or discounted rides from Uber or Lyft to reach the last stretch of their destination. One transportation expert says this is a sign that public transit is on the way out.

"The partnerships between transit agencies and ride-hailing companies are the last gasp of a dying industry," Randal O'Toole, a senior fellow at the Cato Institute, said. "The only question is when will politicians stop throwing money at the transit industry and let it die."

RTP Connect is GoTriangle's new pilot program. In it, the regional transportation agency is partnering with Uber and Lyft to provide subsidized rides in between bus stops and the many offices and other businesses throughout RTP.

GoTriangle will pay as much as \$10 for bus riders to take Uber or Lyft to their final destination. Riders will have to pay the extra cost of rides that extend beyond the RTP zone.

The new pilot program will replace the Go OnDemand program, which allowed people to call or use an app to summon a GoTriangle-operated shuttle to take passengers from the bus stop to their destination.

Even with the subsidies to Uber and Lyft, switching to a private-public partnership will save the agency \$200,000 in the 2020 fiscal year.

O'Toole said mass transit ridership has been on the decline. Ride-sharing, an increase in car ownership, and more people deciding to work from home has led to fewer people choosing to take public mass transit.

Some studies have indicated a rise in ride-sharing has hit public mass transit ridership directly. Meanwhile, partnerships between ride-sharing companies and public transit have become more popular.

Lindsay Marchello



The headquarters of Uber on Market Street in San Francisco.

## QUICK TAKES

# McCready solar tax credits may be at risk from Cooper's DOR

Tax credits claimed by clients of Dan McCready's solar investment company may be jeopardized by Gov. Roy Cooper's Department of Revenue.

McCready, the Democratic nominee in the 9th Congressional District special election, started the investment firm Double Time Capital in 2013. The company set up partnerships letting investors in solar projects take advantage of a 35% state tax credit.

*Carolina Journal* has tried without success to speak with McCready and other Double Time representatives. Double Time's physical address, based on records filed with the Secretary of State's office, is a mailbox at a UPS Store in North Raleigh.

Earlier this month, *CJ* reported that a September 2018 DOR ruling appears to hit some solar investors hard. DOR is denying some tax credits to partnerships. It said investors had set up partnerships for solar tax credits that didn't satisfy the federal Internal Revenue Code, and N.C. law should match the federal code.

Monarch Tax Credits, a Georgia-based investment company in-



**PHYSICAL ADDRESS.** This UPS Store in North Raleigh is where Double Time Capital rents the mailbox that serves as its official address.

involved in financing solar projects, was one business affected by DOR. McCready's Double Time Capital and Monarch appear to operate similarly. *CJ* has been unable to determine whether Double Time's customers are also affected.

The special election is Sept. 10. McCready's main opponent is Republican state Sen. Dan Bishop. Both are from Charlotte. McCready's campaign website features his involvement in solar energy. "Dan played a key role in North Carolina

becoming second in the nation for solar power, and today North Carolina supports over 30,000 clean energy jobs," the website says.

A 2017 *Forbes* article profiled McCready and his partner Rye Barcott, U.S. Marine Corps veterans who formed Double Time to bundle investments in late-stage, utility-scale solar projects.

After several unsuccessful efforts to speak with someone from Double Time, *CJ* contacted McCready's campaign press secretary, Dory MacMillan, and requested a phone interview with McCready. MacMillan hadn't responded at press time.

A March 2018 *Business North Carolina* story about McCready reported Double Time collected about \$80 million and invested in 36 N.C. solar projects.

In early August, *CJ* first reported the DOR is denying tax credits for some solar energy investments. One tax lawyer said investors could lose as much as \$500 million. Several tax experts and lawyers say DOR's insistence that the state had to define partnerships based on the federal tax code was incorrect. They argue

the Cooper administration lacked the power to change who qualifies for the credit without the legislature's approval.

In a subsequent story, *CJ* reported Monarch asked DOR to issue formal rulings defending its partnership rule. Monarch lawyer Joseph Dowdy told *CJ* the ruling could affect as many as 200 Monarch customers.

Double Time Capital doesn't appear to have an actual office. The company's website lists its address as 14460 Falls of Neuse Road, Suite 149-226, Raleigh, N.C., 27614.

The same address is listed as the principal office street address on Double Time's 2019 annual report filed with the N.C. Secretary of State.

The address is a mailbox in a UPS Store in a North Raleigh shopping center.

Secretary of State spokesman Tim Crowley told *CJ* the secretary of state accepts private mailboxes as business addresses because the U.S. Postal Service recognizes them as street addresses.

Don Carrington

## New law gives veterans option to seek oxygen-based therapy for PTSD

North Carolina's veterans gained another way to treat battlefield trauma.

With Gov. Roy Cooper signing House Bill 50 into law, Veterans Affairs physicians can treat veterans with post-traumatic stress disorder or a traumatic brain injury with hyperbaric oxygen therapy.

The bill aimed to sweep the cobwebs off the MISSION Act, which allowed veterans to take their Veterans Administration-based coverage to private providers if the VA couldn't provide certain types of health services. The VA has remained reluctant to prescribe hyperbaric oxygen therapy to these patients, however, because of lingering doubts that surround its efficacy.

The theory behind the therapy is part of the growing push to relabel PTSD as an injury rather than a disorder, and to treat it as such, rather than relying on drugs and psychiatrists. Advocates are relying on the publicity from H.B. 50 to help oxygen therapy become accepted as a mainstream treatment.

On average, 20 veterans kill themselves every day. But Vietnam vet James Hooker said he has seen hyperbaric oxygen therapy restore veterans whose lives were

ravaged by traumatic brain injuries. Patient testimonials are filled with the stories of averted ruin, restored memory, dispelled headaches, and saved marriages.

The oxygen therapy is a relatively new treatment for PTSD. Although the theory behind the therapy is old — physicians were treating patients with compressed air as far back as the 1800s, when they used bellows to pressurize the chambers — American doctors began using it to treat PTSD about a decade ago.

Oxygen therapy speeds up the healing of burns, infections, and other wounds by forcing oxygen-rich blood into damaged areas. Advocates of the treatment believe it does the same thing for the brain.

Some scientific studies support the therapy's ability to improve cognitive functions and the quality of patients' lives, but others list its success with patients as a placebo effect. The entire field of studies surrounding the treatment is littered with controversies, as skeptics disparage the treatment as a sham, while supporters debunk the control groups of negative studies.

Julie Havlak

# Court rules against U.S. Fish and Wildlife Service on ACP

**THE ATLANTIC COAST** Pipeline remains on hold. The 4th U.S. Circuit Court of Appeals ruled July 26 that the U.S. Fish and Wildlife Service failed to follow the Endangered Species Act when it approved a permit for the ACP. This is the second time this court has considered the issue.

The pipeline is supposed to transport natural gas from West Virginia to Virginia and North Carolina. The major partners in the project are Dominion Energy and Duke Energy.

The Federal Energy Regulatory Commission approved the project in October 2017, but FERC conditioned the approval on ACP's getting all state and federal permits, including one from FWS.

Three environmental groups — Defenders of Wildlife, Sierra Club, and Virginia Wilderness Committee — filed the lawsuit. They challenged a 2017 FWS opinion related to the taking of four species in the pipeline's footprint.

The opinion, required by the Endangered Species Act, concluded the pipeline wouldn't jeopardize the continued existence of the rusty patched bumble bee; club shell; Indiana bat; and Madison Cave isopod. The FWS anticipated some incidental taking of the four species and is-



Atlantic Coast Pipeline right-of-way in Halifax County.

sued an Incidental Take Statement with its Biological Opinion.

The groups challenged the take limits. The court agreed. "After reviewing that agency action, we determined that FWS' take limits were arbitrary and capricious. Accordingly, we vacated the Incidental Take Statement," the court concluded in the previous challenge.

After the earlier court ruling the FWS issued a new Biological Opinion and Incidental Take Statement. The environmental groups challenged them, and the court sided

with the environmentalists. It said FWS reached arbitrary conclusions and failed to correct shortcomings in the take limits the court noted in the earlier appeal.

The three-judge panel included Chief Judge Roger Gregory, Judge James Wynn, and Judge Stephanie Thacker.

ACP spokesman Aaron Ruby has not responded to a *Carolina Journal* request for comment on the latest decision.

Don Carrington

## QUICK TAKES

### Legislature announces \$896 million surplus for latest fiscal year

The General Assembly's nonpartisan Fiscal Research Division said the state collected nearly \$900 million more than anticipated for the fiscal year, which ended June 30.

Senate Majority Leader Harry Brown, R-Onslow, who also chairs that body's budget committee, used a news release to announce the findings.

Brown said personal income-tax payments ran \$150 million above expectations, and sales tax collections were \$74 million higher than anticipated.

Brown used the opportunity to zing Democratic Gov. Roy Cooper, who has slammed the tax and spending policies of the Republican-led legislature:

"After Governor Cooper's office predicted a \$600 million shortfall for this year, responsible Republican budget policies actually produced a \$900 million surplus. The same people who made wildly inaccurate doom-and-gloom predictions are now telling us that Medicaid expansion won't cost the state a dime, and they're holding the entire budget hostage over that one issue. They have no credibility."

CJ staff

## Drug giant Merck lands state, local tax incentives

N.C. taxpayers are paying Merck, the \$210 billion pharmaceutical company that produces Viagra, among other drugs, some \$12.5 million in tax incentives to build in Durham.

North Carolina has a robust history of giving targeted tax breaks to encourage certain businesses. The state's Job Development Investment Grant Program alone will need \$71.6 million to cover its obligations this year.

Of the \$12.5 million in tax incentives Merck will receive over 12 years, some \$8.8 million will come from the state, \$3 million from Durham County, and \$750,000 from

Wilson County.

As one of the world's largest pharmaceutical companies, Merck made news recently for lowering the prices of several drugs in response to criticism from the public and pressure from President Trump.

But it also drew fire for only discounting drugs that had already lost their patents or failed to sell well.

Merck isn't new to North Carolina. Since 2004, Merck has had a facility in Durham, where it has invested some \$1.6 billion in Durham County, according to N.C. Commerce Secretary Tony Copeland.

The company plans to build a 225,000-square-foot drug manu-

facturing facility in North Durham, which will produce the active ingredients for the Gardasil shot, which targets HPV and helps prevent cervical cancer.

At the same time, Merck will jettison 150 full-time employees and a similar number of contract employees, as it moves the production of its varicella drug to Pennsylvania.

To receive state payments, Merck will have to add 550 jobs to make up the difference.

Merck promises to create 400 jobs that boast an average salary of \$73,382, as well as investing up to \$650 million in its Durham location.

"It's favoritism. Every time

you're giving money away like this, you're picking who you want to win," said John Locke Foundation Senior Fellow Joseph Coletti.

"At the local level, they could be using that money for their poor residents, for government services, or for lowering property taxes for everybody.

"At the state or local level, if you took this money and turned it into broad tax cuts or productive services, you could have multiple companies flourish and succeed instead of tying yourself to one company," Coletti added.

Julie Havlak

## North Carolina launches new teacher recruitment initiative with TeachNC

NORTH CAROLINA has a new program to attract teachers. TeachNC officially launched during an Education Cabinet meeting attended by myriad state and education officials.

The initiative aims to address critical teaching vacancies by boosting teacher recruitment and retention efforts through a statewide media campaign and a new website. It's the result of a partnership among the Department of Public Instruction, nonprofit Best NC, and Teach.org, a nonprofit teacher recruitment organization. Grants from The Belk Foundation, the Bill & Melinda Gates Foundation, Coastal Credit Union, IBM, the John M Belk Endowment, and Microsoft help support TeachNC.

"As business leaders, we know that the talent in our organization is key to our success. The same is true for education in North Carolina; our teachers and other educators need to be recruited and valued like other high-skill professionals," Walter McDowell, Best NC's board chair, said.



Members of the Education Cabinet listen as State Superintendent Mark Johnson explains how TeachNC will draw more people to teaching.

Princess Brown, communications and engagement coordinator with Best NC, said in the meeting Aug. 14 that several factors contributed to the initiative. Critical vacancies in hard-to-staff schools and subjects, misperceptions of the teaching profession, and fragmented resources on licensure, educator preparation, and job openings all add to the need to recruit more teachers.

TeachNC will target middle school and high school students, as well as college students looking to switch majors and mid-career

adults considering a new profession. The website, TeachNC.org, will feature information on the licensing process, educator preparation programs, application checklists, and financial aid options.

More than 30 of the state's 54 public and private educator preparation programs have joined TeachNC so far. The website will continue to be updated with more information and tools for teacher candidates to explore and review.

Lindsay Marchello

## Cooper names Circosta to state elections board

GOV. ROY COOPER named Damon Circosta to fill the vacancy on the State Board of Elections.

In an Aug. 7, news release, Cooper picked Circosta, a Democrat and executive director and vice president of the A.J. Fletcher Foundation, to fill the seat left vacant when former board Chairman Bob Cordle abruptly resigned. The Fletcher Foundation funds a number of left-leaning organizations.

Cordle told an off-color joke involving sex and cows in late July to a Cary audience of several hundred elections officials. Outcry from the joke forced Cordle to resign, leaving the board with a 2-2 partisan split.

Circosta joined the board by the time it met to discuss and certify voting machine vendors for the 2020 election cycle.

CJ Staff



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## COMMENTARY

# How different are local economies across the U.S.?



**MICHAEL WALDEN**  
COLUMNIST

**M**y wife and I just returned from a short vacation to Buffalo. “Buffalo,” you might respond. “Not the beach or the mountains?”

Mind you, we both love North Carolina’s mountains and beach, as well as many fun places in between. But my wife was born near Buffalo. And Buffalo also has the largest home garden tour in the country — with more than 400 gardens available for admiring. This year marked the tour’s 25th anniversary, and since my wife is an avid gardener, we just had to go.

Buffalo is one of those older cities in the country whose time of prominence has passed. Buffalo’s glory days were in the 19th century, when it served as the western point of the Erie Canal.

Later it developed a significant manufacturing sector. But with the downsizing of manufacturing employment since the 1970s, Buffalo’s population is half of what it was 50 years ago.

Indeed, a new report from the McKinsey Global Institute, a private business management firm, includes Buffalo among cities experiencing only a modest recovery since the Great Recession. McKinsey says cities like Buffalo are at a tipping point, where their future direction could be either up or down.

McKinsey reached this conclusion by analyzing reams of data for more than 300 cities and more than 3,000 counties in the country. They used their findings to classify the geographic areas into 13 individual types.

There’s one immediate take-away from the McKinsey report. It’s that economic geography is complicated. For example, we frequently hear the term “urban-rural” divide. The term is meant to imply a large economic division between urban areas and rural towns and regions, with the urban



**McKinsey put two North Carolina regions into their distressed category. They are the Fayetteville and New Bern areas.**

areas prospering and rural areas struggling.

But the McKinsey study suggests the urban versus rural dichotomy is too simplistic. McKinsey’s geographic classification indicates there are degrees of prosperity and challenges in both cities and rural localities.

In fact, let’s take a look at what McKinsey says about North Carolina’s localities. I’ll start with an obvious grouping — high-growth areas. It should be no surprise Charlotte and Raleigh are among this group. Also in the category from other states are Austin, Denver, Minneapolis, Nashville, Orlando, San Antonio, and Tampa. Interestingly, many of these cities are precisely the ones both

Charlotte and Raleigh frequently compete with for new businesses.

It also should be no surprise McKinsey included Asheville in the category of localities where retirees and affiliated industries — like health care — drive the economy. But what may be surprising is McKinsey did not list Wilmington in this group. Instead, Wilmington is put in a category of cities with modest, but uncertain, growth. One reason may be Wilmington has a significant durable manufacturing sector that is vulnerable to recessions. A second is the threat of unpredictable hurricanes to the local economy, something we clearly saw last year.

Another surprise is Greensboro and Winston-Salem aren’t classified in the same group. Greensboro is listed as a city with an important manufacturing sector that drives its economy. This is accurate because manufacturing output in Greensboro accounts for over one-quarter of all the region’s total economic production, twice the national contribution. McKinsey says the future of Greensboro and the other cities

in this category will be tied to the outlook for their manufacturing companies. Hickory is also in this category.

In contrast, Winston-Salem is in the same grouping as Wilmington — an area that is slowly improving but with many questions for the future. Leading the uncertainty are the losses Winston-Salem has faced in its financial sector.

McKinsey put two N.C. regions into its distressed category. They are the Fayetteville and New Bern areas.

Fayetteville has had six straight years of declining aggregate economic output, and output has fallen in five of the past seven years in New Bern. With their significant military presence, one issue the areas face is the challenge of uncertain federal budgets.

So, like many aspects of life, we need to be careful lumping localities into only a few simplistic groups.

*Michael Walden is a Reynolds Distinguished Professor at N.C. State University. He does not speak for the university.*



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# EDUCATION

## What can other universities learn from Purdue's tuition freeze?



**JENNA A. ROBINSON**  
COLUMNIST

Tuition freezes are gaining popularity across the country. Earlier this year, university systems in Virginia and Pennsylvania announced that tuition would not rise in the next academic year, saving students and parents millions of dollars.

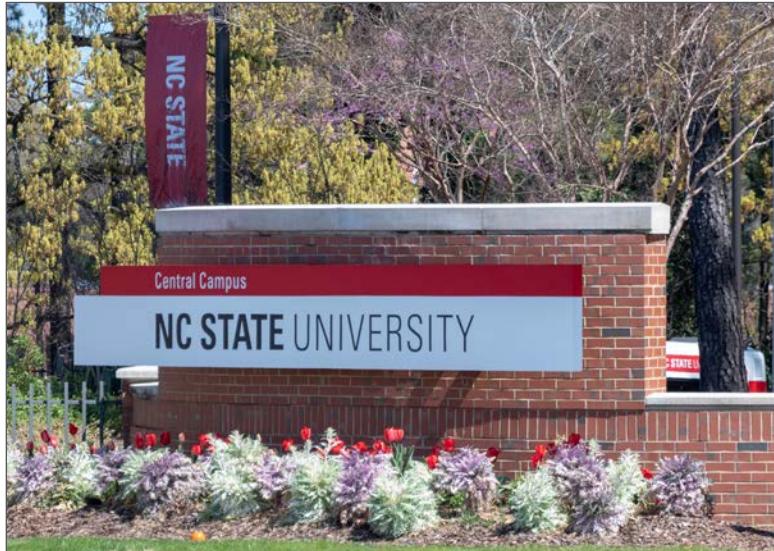
Purdue University started the tuition-freeze trend in 2013. Under the leadership of its president, Mitch Daniels, Purdue instituted a freeze on all tuition and fees at its flagship campus in West Lafayette, Indiana. Tuition has stayed flat ever since — more than half a decade. Since then, enrollment has increased, students have a more affordable education, and Purdue continues to thrive.

University administrators, governing boards, and state lawmakers can learn a lot from Purdue's success.

A closer look at the data reveals important lessons for policymakers who want to replicate Daniels' success.

### Revenue and expenses both play a role

To hold the line on tuition, Daniels increased revenue from other sources while cutting wasteful spending. Many of Daniels' cost-cutting measures have been



**ALLOCATING RESOURCES.** N.C. State spent \$42,982 per student in 2017. Of that amount, just \$16,772 went to instruction.

well-publicized. In 2016, the Martin Center reported:

"The changes range from the mundane, such as selling off 10 of its automobiles, to the path-breaking, such as forgone merit increases by all personnel at high administrative levels.

Daniels plus his deans, executive vice presidents, vice presidents, vice provosts, and other officers of equivalent level will not get merit increases this year."

Purdue's per-student costs reveal these small changes have added up. In his first two years at Purdue, Daniels cut the budget by \$40 million. After accounting for inflation, Purdue's per-student expenses fell in almost every category, including those that generally fall under "administration": academic support, institutional support, and student service.

At the same time, Daniels increased revenue from out-of-state tuition and fees, private fundraising, and other sources.

Purdue's tuition revenue per student increased modestly from 2012 to 2017, despite the freeze. That's partially because the number of foreign and out-of-state students increased.

And Purdue has pushed back against the criticism that it is neglecting Indiana students. *Inside Higher Ed* reported in 2018: "The university maintains that a more accurate way to look at Purdue's demographics ... is to analyze the recent freshman class, which included 627 more Indiana students than in 2013, despite the fact Indiana's high school graduating class has remained fairly flat."

A much more significant contributor to Purdue's increased revenue

has been private fundraising. This year, Purdue's Day of Giving raised \$41.6 million. That amount set the fifth straight record for a 24-hour higher education fundraising campaign. The value of the Purdue system's endowment now stands at more than \$2.5 billion — up from \$2 billion in 2012.

### Additional appropriations aren't required

In May, Virginia public colleges announced their own tuition freeze. And while it's certain to help many students and parents who pay the bills, the costs will be borne by Virginia's taxpayers. The freeze was a result of \$57.5 million of "incentivized funding" in the state budget for colleges to freeze their tuition for in-state students.

Purdue managed its tuition freeze without additional state funds. That's despite the fact — as universities go — Purdue was lean even before Daniels arrived. Now, it spends significantly less than its peers.

Nationally, public universities receive 28% of their core operating revenue from the legislature. For Purdue, it's less than 20%. And during the freeze, Purdue's revenue from state and local appropriations decreased: from \$8,267 (inflation-adjusted) to \$7,551 per student.

A typical large, high-research, land-grant university allocates its money differently. For example, N.C. State spent \$42,982 per student in 2017 — almost \$5,000 more than Purdue. Of that amount, just \$16,772 went to instruction. It also spent more on

student services, institutional support, public service, research, and academic support.

### Cutting the budget doesn't mean cutting quality

Throughout the changes, Purdue has maintained its academic quality. Since the tuition freeze and budget cuts, student retention rates have held steady. Just 55.9% of students who began at Purdue in 2012 graduated within four years. For students who began in 2014, that figure rose to 60.3%.

"This place was not built to be efficient," Daniels told *The Wall Street Journal*. But "you're not going to find many places where you just take a cleaver and hack off a big piece of fat. Just like a cow, it's marbled through the whole enterprise."

In Daniels' first two years at Purdue, he gave faculty members raises and increased the school's minimum wage to \$10 per hour. Instruction expenses increased from \$15,605 to \$19,065. Daniels was careful to improve the school's core instructional functions while cutting auxiliary and administrative expenses.

These lessons can help university administrators, governing boards, and state lawmakers across the country to replicate Daniels' success. Using Daniels' methods, it's possible to freeze tuition and cut costs, improving the value of public higher education to students and taxpayers.

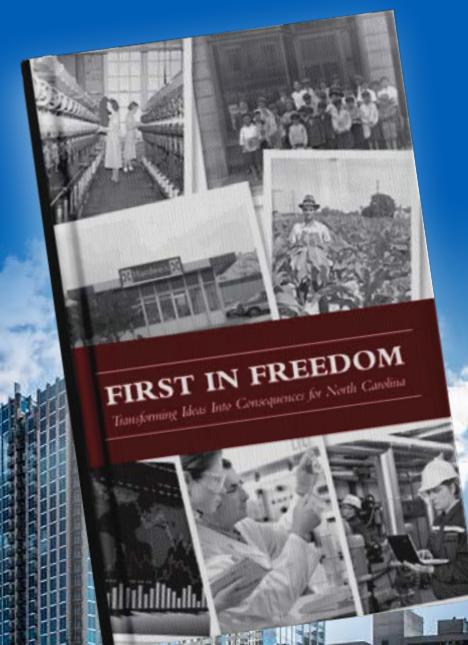
*Jenna A. Robinson is president of the James G. Martin Center for Academic Renewal.*

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# EDUCATION

## Restoring a great intellectual tradition to America's campuses



**GEORGE LEEF**  
COLUMNIST

Americans used to relish good debates. The debates between Sen. Stephen Douglas and his challenger, Abraham Lincoln, in 1858 were transcribed and widely read. Even though Lincoln lost the election, the quality of his arguments impressed so many people that he became the Republican Party's nominee for president just two years later.

College campuses are a natural venue for debates over the full range of political, economic, and philosophical issues that face us. Colleges have, or at least should have, a commitment to inquiry and the free exchange of ideas. And seeing how adults who have prepared for the intellectual combat of debate handle themselves is an important aspect of the preparation for citizenship that's part of higher education's mission.

Unfortunately, debate has largely disappeared on most campuses. That is the finding of political science professor George La Noue in his book *Silenced Stages: The Loss*



**GREAT DEBATES.** President William McKinley speaking at the site of the Lincoln-Douglas debate on Oct. 7, 1899. Knox College, in Galesburg, Illinois, was the site of the fifth Lincoln-Douglas debate in Oct. 7, 1858.

of *Academic Freedom and Campus Policy Debates*. Based on his study of 97 colleges and 28 law schools during the 2014-2015 academic year, La Noue concludes, "For most students in American higher education, the opportunity to hear on-campus debates about important public policy issues does not exist."

One of if not the main reason is that many students and even academic leaders now subscribe to the idea that some ideas are simply

beyond discussion and must be "deplatformed." Of course, those are ideas they happen to disagree with, and their banishment is often accomplished by calling it "hate speech."

Politically aggressive students often take the lead in opposing speakers who will presumably say things that make some students feel uncomfortable or even "unsafe." La Noue cites the case of Williams College, where a black liberal student named Zack



**For most students in American higher education, the opportunity to hear on-campus debates about important public policy issues does not exist.**

- George La Noue,  
political science professor

Wood wanted to stimulate robust discussion on campus by inviting speakers who argue in favor of controversial positions. When he invited Suzanne Venker, a critic of feminist orthodoxy, he encountered strong opposition.

Many students are so certain that people they identify as being on "the wrong side" are evil that they must be prevented from speaking to avoid all the alleged harm they'll cause. Those students don't have to listen to the individual and evaluate his message; they just know that nothing the person might say has intellectual value. That mind-set prevents people from receiving ideas that challenge the belief system of the speech policers. Debate is shut down.

From opinion polls La Noue cites and the behavior of many undergraduates, it's apparent many

young Americans don't much support the First Amendment. They're fine with restraints on speech to avoid hurt feelings and don't see that the search for truth gets sidetracked when people act like warring tribe members rather than rational beings.

Preparation for debates should begin at the start of each student's college career. As part of orientation for new students, colleges ought to emphasize that intellectual progress always has depended on the exchange of arguments and counterarguments; that the only proper approach to such exchanges is to listen respectfully and think — never to heckle, ridicule, demean, shout down, or assault a debater.

Professor La Noue hits the nail squarely on its head when he writes, "Opening up spaces for different ideas can be pursued by sponsoring on-campus debates and forums about important policy issues. That action will send a message to groups that when offended they do not have the right to suppress speech they do not like."

Everyone involved in the enterprise of higher education should read *Silenced Stages* and take its message to heart.

*George Leef is the director of editorial content at the James G. Martin Center for Academic Renewal.*

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# COMMENTARY

## Court ruling highlights problem plaguing N.C. certificate-of-need regime



**MITCH KOKAI**  
SENIOR POLITICAL ANALYST  
JOHN LOCKE FOUNDATION

A state law that's supposed to promote N.C. health care could block Wake County residents from accessing superior medical technology.

It's hard to avoid that conclusion after reading a recent opinion from the N.C. Court of Appeals.

The case, *Raleigh Radiology LLC v. N.C. Department of Health and Human Services*, involves a certificate of need. State law requires health care providers to acquire this certificate, also called a CON, before building new medical facilities, adding beds to an existing hospital, or purchasing major medical equipment.

The federal government got into the CON game in 1974. At the time, officials believed government control of new health care supply would help cut cost inflation. But the feds abandoned CON by 1987. As in most other areas of economic transaction, reducing supply did nothing to cut costs.

Fifteen states have followed the federal government's lead, but most states continue to require a CON for at least some medical facilities and services. North Carolina maintains one of the most stringent CON regimes, though groups like the John Locke Foundation and legislative reformers have pushed to repeal or at least scale back the restrictions in recent years. A version of CON reform



**CON LAWS.** An ongoing lawsuit involving a Winston-Salem surgeon, Dr. Gajendra Singh, challenges the CON requirement for magnetic resonance imaging.

remains in play during this year's legislative session.

As debate over CON reform continues, North Carolina still requires a certificate for any health care provider hoping to purchase a scanner for magnetic resonance imaging. (An ongoing lawsuit involving a Winston-Salem surgeon, Dr. Gajendra Singh, challenges that requirement.) MRI provides detailed images of the body's organs and tissues. MRI scans are common for multiple medical procedures.

The *Raleigh Radiology* case focuses on state regulators' decision in early 2016 that Wake County needed a new MRI machine. Once the state agency overseeing CON made that pronouncement, both the plaintiff in the case and Duke University Health System filed applications to win the CON.



**The federal government got into the CON game in 1974. ... officials believed government control of new health care supply would help cut cost inflation.**

Let's pause before proceeding with the case's details. Without CON restrictions, both Raleigh Radiology and Duke Health could have decided in 2016 that it made sense to add an MRI machine to their Wake County operations. Both could have purchased machines. Presumably, both of those machines could have been in service by now. Health care consumers would have had two new

options for MRI scans. They likely would have chosen the option that worked best for them.

Instead, the government process involving one permitted MRI machine has extended for more than three years. It's unclear when the process will end.

Duke won the initial CON from state regulators. But Raleigh Radiology challenged that decision in court in October 2016. An administrative law judge reversed the regulators' decision and handed the CON to Raleigh Radiology in March 2018.

Lawyers for both sides argued before a three-judge panel of the N.C. Court of Appeals almost exactly one year later. With a unanimous opinion released Aug. 6, appellate judges reversed course once again. They restored the earlier decision granting the CON to Duke.

Judge Chris Dillon's full 13-page opinion exposes much of the complexity and contention tied to the CON approval process. But one line struck this observer as particularly important: "Admittedly, there was evidence that Raleigh's proposed MRI machine was superior to the machine that Duke would use."

The Raleigh Radiology machine would have been "superior"? Yet Duke gets the CON instead? This leads back to my opening line about state law standing in the way of access to superior medical technology.

Dillon mentions the evidence about the "superior" machine in passing. The rest of the paragraph surrounding that sentence explains why the administrative law judge had committed an error. The judge had considered two factors in addition to those state regulators had used to choose

Duke's CON application over Raleigh Radiology's. Appellate judges agreed the lower-court judge had no authority to consider those extra factors.

I have no reason to doubt that the Appeals Court applied the correct legal standards. Unless the N.C. Supreme Court decides to take the case — there's no guarantee that it will — the Aug. 6 ruling will stand. Duke will get the CON and the legal right to add another MRI machine in Wake County.

Yet the two extra factors important to the administrative law judge certainly affect access to quality health care: "the types of scanners proposed by each applicant" and "the timeline of each proposed project."

If evidence suggested that Raleigh Radiology planned to employ a "superior" MRI machine, then a process that awarded the one available CON to Duke appears questionable at best. Even if Duke planned to buy the better machine, the approval process would not have taken that fact into account.

Rather than force Raleigh Radiology and Duke Health to pitch their competing plans to government regulators, then fight in N.C. courtrooms for several years over the regulators' decision, N.C. policymakers could adopt a simpler, more efficient approach to new medical technology.

Scrap the CON requirement. Allow Duke, Raleigh Radiology, or any other health care provider to decide if and when to add a new MRI machine in Wake County.

Then the health care providers can avoid the courthouse and focus on a more important competition. They'll compete to offer the best service to health care consumers.

NORTH CAROLINA

# BUDGET IN PICTURES

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## EDUCATION

# Linking bullying to loneliness and belonging



**KRISTEN BLAIR**  
COLUMNIST

There's a loneliness epidemic among youth today. That's the growing consensus among researchers, with implications for school culture. One reason: Lonely, depressed kids are more likely to bully or be bullied. Given new evidence of widespread bullying nationwide, this is more relevant than ever. Fortunately, new research also illuminates a promising path forward, showing kids who feel a strong sense of belonging are less likely to bully others. That should fuel work to foster cultures of connection, helping kids internalize this message: You matter. You belong.

Currently, millions of youth are hurt by bullying each year. Newly released federal data show one in five students ages 12 to 18 was bullied in 2017. Cyberbullying has risen rapidly. Among students experiencing bullying, 15%



were bullied online or via text in 2017, compared to 11.5% in 2015. Girls were especially vulnerable to electronic slings and arrows, cyberbullied at triple the rate of boys. Middle school can feel like a particularly rough, tough place. Traditional verbal and physical bullying are highest then. But high school is ground zero for cyberbullying, which peaks in 10th and 11th grades.

What deters bullying? A sense of belonging, defined by researchers as the "perception of consistent interaction and persistent

caring from others." It's a particularly potent bully-buster, says a new study of more than 900 middle-schoolers led by University of Missouri researcher Chris Slaten.

Slaten's study, published in *Educational & Child Psychology*, found that both family and school belonging mattered. "The stronger connection an individual has with their family," Slaten and his colleagues wrote, "the less likely he/she is to engage in bullying behavior." Researchers also found a "significant, inverse relationship between school belonging and

bullying behavior."

What can families do to build belonging? Shore up family time. Slaten suggests families plan activities aligned with each child's interest. Other evidence shows one simple ritual deserves singular praise: family dinner. Frequent family dinners are linked with better parent-child relationships and mental health, especially lower rates of depression in girls; regular dinners are also associated with fewer behavioral problems in preteens. No need for culinary prowess — it's about what that shared meal represents: consistent interaction. Persistent caring.

What can schools do? Slaten's team advocates clubs or efforts to build community. Other new research showcases a peer-based "belonging intervention" that's cost-effective and easily replicated. Led by University of Wisconsin-Madison professor Geoffrey Borman, the study of more than 1,300 sixth-graders had students read and reflect on quotes compiled from seventh-graders about their start to middle school the year before. Study participants then wrote about peer quotes, twice, early in their own sixth-grade experiences. Quotes

captured fears about fitting in, adjusting to middle school, and ways to get help.

The intent of the intervention was to normalize common concerns, assure kids such worries were short-lived, and communicate that support was available. Bottom line: Kids, you're normal. You'll get through this. You're not alone!

That message sunk in. By the end of sixth grade, participants were less anxious and felt a greater sense of social belonging compared to other students. They had fewer behavioral referrals and absences, and higher GPAs. Borman's study didn't specifically assess bullying, but its benefits for school culture are clear.

Building belonging is only part of a broader strategy. Tough, clear bullying policies and interventions for at-risk kids are also essential. But ensuring more kids feel a sense of belonging is worthy work. What have we got to lose? Loneliness? Isolation? Kids need to know they're not alone — that at home or school, there's a place at the table.

*Kristen Blair is a Chapel Hill-based education writer.*

## Back-to-school fake news



**DR. TERRY STOOPS**  
VICE PRESIDENT FOR RESEARCH  
JOHN LOCKE FOUNDATION

**DURING THE FIRST** few weeks of every new school year, the mainstream media and public-school advocacy organizations proclaim North Carolina has a severe teacher shortage. Throughout August, they raise alarms about the thousands of administrative, teaching, and staff vacancies listed on the N.C. Schools Job Board and human resources pages for Wake, Charlotte-Mecklenburg, Guilford, and other school districts.

A good example of the typical teacher shortage story recently aired on Fox 8 in the Triad. Reporter Michelle Wolf cautioned that "school year starts in three weeks, and districts across the Triad still have a few hundred teaching vacancies to fill."

The Guilford County Schools alone had 117 teaching vacancies

at the time of the report. Rather than follow up with school district officials or examine state teacher vacancy trends, Wolf consulted the vice president of the union-led Guilford County Association of Educators, who warned, "I believe eventually the shortage is going to catch up, and we're going to have to do some major recovery in the state." Wolf declares, "North Carolina sits in the bottom half for starting teacher salaries, forcing new teachers to find jobs elsewhere." What a catastrophe!

Even a cursory assessment of the differences between listed and actual vacancies or historical trends would show there's little cause for concern. According to data collected by the N.C. Department of Public Instruction, Guilford County Schools had a teacher vacancy rate of 0.6% in 2018, that is, 31 vacancies out of 4,840 teaching positions in the 71,000-student district. There's no reason to believe this year's vacancy rate will be significantly higher. Around a week before school began, the number of teacher vacancies was consistent with previous years.

Alarmists often declare that low pay and low regard for the teaching



**Alarmists often declare that low pay and low regard for the teaching profession have triggered a teacher recruitment and retention crisis in North Carolina.**

profession have triggered a teacher recruitment and retention crisis in North Carolina. Presumably, the number of vacancies is proportionate to the number of elected officials who refuse to force those miserly taxpayers to pay up. In recent years, they have directed their indignation toward the Republican-led General Assembly, which has made public education in N.C. public schools so undesirable that, according to the 2018 Teaching Working Conditions survey, only 87% of teachers agreed their school is a good place to work and learn.

It's true some schools don't start the year with a full complement of

teachers and staff. Teacher attrition, mobility, budget adjustments, student assignment changes, and administrator turnover may impede the interview and hiring process during the summer and lead to delays in hiring permanent employees. The state budget standoff makes school district budgeting tricky this year. Yet, even if vacancies remain long after the start of the new school year, district leaders can hire personnel throughout the school year, as well as make minor adjustments to class sizes and schedules to ensure the instructional needs of all children are met.

According to the 2017-18 State of the Teaching Profession in North Carolina report, North Carolina has a statewide teacher vacancy rate of around 1.5%. In 2018, North Carolina public schools employed a total of nearly 95,000 full-time teachers and had 1,555 teacher position vacancies on the 40th instructional day. (A few districts submitted data with inconsistencies, so they were omitted.) If distributed evenly across the over 2,600 public schools in the state, that's an average of 0.6 vacant instructional positions per school.

That said, vacancies aren't distributed evenly across grades, subjects, schools, or districts. In 2018, regular and special-education elementary school positions had the highest number of vacancies. Middle and high school social studies positions had the fewest. In terms of district rates, Anson, Northampton, Warren, Mitchell, Elizabeth City-Pasquotank, and Edenton-Chowan had the highest vacancy rates. Ashe, Clay, Graham, Macon, Newton-Conover City, Pamlico, Perquimans, Swain, and Washington reported they had no vacancies on the 40th instructional day of the 2018 school year.

So do N.C. public schools have a teacher recruitment and retention crisis? The statewide figures and trends suggest they don't, but the answer depends on local and regional circumstances.

Some districts struggle to recruit and retain outstanding educators, while others have nominal turnover and vacancy rates.

The mainstream media and public school advocacy organizations should celebrate the successes of North Carolina's school districts and accurately portray their challenges.

# EDUCATION

## Expert contends education reform hasn't lived up to its promise

### Q & A



**Robert Pondiscio**  
Senior Fellow  
Thomas B. Fordham  
Institute

Education reform sounds like a great idea. It's hard to object to improving public schools and offering families more alternatives. But education reform in practice leaves some observers underwhelmed. That includes **Robert Pondiscio**, senior fellow at the Thomas B. Fordham Institute. Pondiscio shared his concerns about reformers' accomplishments during an interview with Mitch Kokai for Carolina Journal Radio.

**MK:** You've actually written a whole column on this topic, about education reform sort of losing its way. What do you mean by that?

**RP:** Yeah. I feel like I've written almost nothing but this in the last year or so. I feel like I'm becoming a bit of a broken record. Let me preface this by saying, look, I consider myself an ed reformer, or at least I hope my reform credentials are in good order. I like choice and charters and accountability and testing just fine.

But at the end of the day, I'm also a teacher. That's really how I kind of self-identify, as it were, in this work. I tend to be the guy when those conversations happen about choice and charters and accountability and teacher quality, and I say, "Can we talk about what the kids are doing all day?" Because that matters, too. And I think that gets a little bit lost in education conversations.

... If you think about the logic of the classic ed reform playbook in test-driven accountability, the notion that it's predicated on is that while schools know what to do, we only need to hold them accountable for doing it. That's why we test, and if you're good, then we let you open more charters and we praise you, or we reward you, and if you're no good, then we shut you down or counsel you out of the business. Makes sense, right?

Well, because I've been a teacher for so long, I tend to say, "Wait a minute. Where'd you get this idea that we know what to do and we just need to either have our butts kicked or be praised and rewarded for doing it? That's not what's going on inside of a lot of schools."

So there's an internal logic problem there, and I think 20, 25 years into this ed reform experiment ... I don't want to paint with too broad of a brush, but I think it's been a mixed bag. I'm an inner-city school teacher. That's my background. I'd much rather be a low-income kid of color in a place like Newark or New Orleans or New York City, where I've taught, today than 30 years ago.

But that's not the same



**E.D. HIRSCH JR.** Hirsch wrote *The Schools We Need and Why We Don't Have Them*, which proposed that anti-knowledge theories of education are not only the cause of America's lackluster educational performance, but also a cause of widening inequalities in gender and race.

thing as [saying] education reform has created this rising tide that has lifted all boats. It has been a very mixed blessing, and a lot of parents complain about the deleterious effects of testing and test prep and accountability, and they're not wrong. So ... I gave you a complicated answer because it's a complicated issue.

**MK:** Is one of the problems that people latch on to these various reforms and think, "Well, if we just do this, this is going to work, and they don't" ...

**RP:** Sure. Where's that easy button? I know it's around here somewhere.

**MK:** Exactly. So is that something that's hard to help people surmount? That you can't just say, "More charter schools. More choice. More testing"? There needs to be follow-up, and it's not easy.

**RP:** The reason I tend to focus in the work and writing that I do on educational practice — in other words, curriculum, pedagogy, what are kids doing all day? — [is] because, again, accountability works when that works. So at the risk of painting with too broad of a brush, my lament is that if we'd spent the last 20 or 30 years trying to improve teaching and learning — educational practice — we'd probably be a little bit further along than we are right now.

**MK:** You've identified a problem with the reform itself. What do we do now? If we see this, what do we do?

**RP:** How much time do we have? I do think that, lest I give the impression that I'm anti-reform — I'm not, again, my credentials are in good order — but I think it's a question of where we focus our energies. The unambiguous success of ed reform so far [is] inner-city charter schools. But that's not the same thing, again, as having created a rising tide.

So if we focus on teaching and learning, if that really good burst of energy — because that's been an unambiguous good thing, you know, just the amount of air time, so to speak, that we're giving to education, going back to Teach For America and charter schools and whatnot — that's a very good thing. If we had applied that energy that we put into testing and accountability into improving curriculum and instruction, training teachers better, giving them the "why," so to speak, as to what we're doing, I think we would be further along.

So it's not a question of policy doesn't matter, accountability doesn't matter. It's you have to be very, very careful about what you're incentivizing, and you have to be very clear on the fact that if teachers — and this is going to sound like I'm being an apologist for bad

teaching; I'm not — if you're under the impression that teachers know what to do, you're mistaken.

I was a mid-career switcher. I started teaching at age almost 40, so I was untainted by ed school and new progressive notions of educational practice. And it was a bit of a mystery to me. Like, "Oh, well, this is not how I learn, but what do I know? I haven't been in an elementary school since I was a student, so they must know something."

It took me a long time to really gain an appreciation for how little [they know] — not because people are poorly intended, just because we have some unusual notions about what good teaching and learning look like. And much of the energy in the reform movement has not been on that at all. It's been about testing and accountability, et cetera.

And again, I'm ranting here, but my point is that if we spend that energy trying to improve the product, as opposed to assuming the product is fine, and now we just need to measure the output, we'd be further along.

**MK:** Where does the type of reform that you're focusing on work best? ... I'm guessing this is not going to be something that Washington is going to dictate to everyone.

**RP:** Yeah, no.

**MK:** Is it something more appropriate at the local level, state level?

**RP:** Sure. Look, I'm not even sure there's a policy play here, if I'm going to be brutally honest about it. I can point to a lot of examples of where policy, as well intended as it might be, has really gotten in the way. It may be a subject for another time, but we could look at literacy and the incentives that annual reading tests send to teachers about how they should teach kids to read, ... explaining to you how that's really creating — almost incentivizing — bad practice.

So there's two things I would argue that have to happen, and this is my third broad-brush alert. One, we have to really rethink the

messages that we're sending to teachers and schools through short-term incentives, through test-driven accountability. I'm not anti-test. Let me make that really, really clear. I want to know how my kid's doing. I want to know how your kid's doing. I wonder how schools and districts are doing. But that's not the same thing as "We want you to get test scores up right now," because that's more complicated.

So that's the policy play, is to really rethink what we're telling teachers functionally to do. To your very good point: Can that happen at the national level? No, absolutely not. Can it happen on the state level? Well, it depends on what the policy is. Look, I'm very optimistic about charter schools. I've taught in charter schools, and I'm staunchly pro-charter. As long as the policy conditions are in place that allow genuine innovation, genuine experimentation, and smart teaching and learning, then I think you've got something.

But there's almost like a perfect storm that's conspired against that. We could talk about ed school at length and the way I was taught to teach literacy to kids that — every kid I've taught has been a low-income kid of color — many of the ideas that I now make fun of them, simply are demonstrably bad. That's got to stop. We need to create the conditions that allow teachers and schools to make long-term investments, so to speak, in background knowledge.

I'm an unapologetic disciple of E.D. Hirsch Jr., who you might know of, who wrote *Cultural Literacy*. I would say he was the one guy whose work described what I was seeing in my South Bronx classroom every day.

So you've got to create the conditions that allow for that patient investment in background knowledge and vocabulary, and don't just put a dipstick into the engine once a year and say, "Oh, how're you doing? Nope. Not enough progress since last year." Because, as Hirsch himself says, language is a slow-growing plant. It may not respond to short-term incentives.

# EDITORIAL

## Transparency is essential to health reform

When State Treasurer Dale Folwell took office in early 2017, he found North Carolina's State Health Plan to be in even worse shape than he originally thought. Costs were soaring. The terms of the plan's contracts with medical providers were unclear. And the unfunded liability for retiree health benefits was enormous, in the range of \$35 billion.

One strategy Folwell and his team developed in response is the Clear Pricing Project. It requires providers wishing to serve teachers and state employees to accept fixed rates — the latest offer was about double the Medicare reimbursement rate — as a means of increasing transparency and reducing cost.

Nearly 30,000 physician practices and other providers signed on to CPP. But North Carolina's largest hospital chains refused. To avoid leaving public employees without in-network access to hospitals, Folwell has backed off for now. But he'll keep working on the problem. He has no choice.

The conflict isn't really a partisan or ideological one. The State Employees Association of North Carolina backs CPP. Although some Democrats and activist groups have been wishing Folwell the worst in his battle with hospitals,

the better to weaken his re-election bid in 2020, plenty of others across the political spectrum recognize that without reform both taxpayers and public employees will pay much more to keep the health plan afloat in the coming years.

Hospitals argued that if the State Health Plan paid them no more than double the reimbursement rates for Medicare, they'd end up losing money on some lines of business — and that entire facilities, particularly in rural areas, would become unsustainable. They also argued, more persuasively, that Medicare's rate structure is convoluted and inequitable, favoring some procedures and specialties over others.

If the dispute were only about reimbursements, however, the hospitals could have proposed a higher and more rational rate structure. They didn't. That's because hospitals fundamentally reject the model of selling their services based on published rates. They want to keep their prices, discounts, and contracts confidential. They don't want some payers to see what others are paying. They don't want their competitors to see, either.

This much is true: The way we pay for medical services, especially in hospital settings, is screwy and unsustainable. Private third-party payers — commercial insurance



**Some disruption is called for to facilitate new strategies and perhaps new policy initiatives to help bring costs under better control.**

- James Capretta, American Enterprise Institute

pool as well as self-insured employers for which insurers act as administrators — are charged more than Medicare and much more than Medicaid. Large bulk buyers often get better deals than small ones or individuals. Critics of CPP suggested that if North Carolina's State Health Plan went to fixed published rates, that could start to unravel the whole financing system.

The truth is, however, that the system is already unraveling. What comes next? Whatever you think that answer is, it will require a higher level of transparency than we currently get from hospital providers, in particular. As the American Enterprise Institute's James Capretta put it recently in *Health Affairs*: "Given the strain high costs are placing on employers, workers, and taxpayers, some disruption is called for to facilitate

new strategies and perhaps new policy initiatives to help bring costs under better control."

Capretta and other advocates of transparency don't have unrealistic expectations about how many individual patients will access, comprehend, and employ the prices to shop around. Rather, they think transparency will lead to large-scale entrepreneurial responses. "The real aim is to enable more outside scrutiny of pricing across competing facilities and thus facilitate strategies in the

private sector to lower overall costs of care," he wrote.

Contrary to progressive mythology, other countries don't deliver higher-quality care than we do at a lower cost. Properly adjusted for factors such as homicide and accident rates that don't speak to quality of care, America's health outcomes are among the best in the world.

But the cost of our system is exorbitant. As taxpayers, and patients, we have the right to know what we're getting for our money.



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# HEADLOCKE

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## COMMENTARY BY JOHN HOOD

### Cooper has taken extreme positions

continued from PAGE 2

solved, Cooper was willing to make passing a new budget conditional on expanding Medicaid. Much of state government will continue to operate normally under previously authorized spending. So the most significant effect is that teachers and state employees aren't getting raises. The ultimatum, then, is really no pay raises with Medicaid expansion. That's an extreme position.

Want something even more extreme? A few weeks ago, Cooper submitted a brief in a case in which the NAACP is suing to stop the implementation of a voter-ID requirement for the upcoming election cycle.

You may recall that the solid majority of N.C. voters approved a constitutional amendment last fall requiring voter ID. The NAACP's argument is that because prior legislative elections occurred under gerrymandered maps, the resulting GOP majorities in the General Assembly did not really represent the voters. By placing voter ID on the ballot in 2018, they exercised legislative authority that they did not lawfully possess, or so goes the argument.

In his brief, Cooper endorsed the argument, calling the Republican-led legislature "illegitimate." Although he and the plaintiffs have tried to limit the scope to constitutional amendments, in an attempt to avoid their argument's obvious absurdity, logic won't cooperate. If the General Assembly has been unlawfully constituted for years, why has Cooper signed so many bills? Why has he engaged in budget negotiations with illegitimate legislative leaders? Do all acts of a legislature vanish into the legal netherworld if a court subsequently finds fault with districts or some other aspect of the electoral process?

At least with constitutional amendments, the people themselves have the ultimate say. An unlawfully constituted General Assembly cannot amend the constitution unless voters agree. But it could enact purportedly illegitimate budgets and laws.

Heeding the most progressive Furies of his party, Cooper has put himself in a position of declaring that a popular vote of the people to enact voter ID is a violation of democratic principle. He's not the fella North Carolinians thought they were electing in 2016.

# Duke Energy is right on gas

**D**uke Energy can't win. Well, perhaps I should clarify that. Duke is a gigantic company with lots of institutional and political heft. It wins plenty of battles. But when it comes to energy policy, the company finds itself surrounded by warring factions that, despite manifest differences, agree on one thing: Duke Energy is on the wrong side.

Conservatives dislike Duke Energy's eagerness to embrace renewable-energy incentives and mandates that squander resources and raise costs. Progressives think Duke Energy isn't going nearly fast enough to embrace renewable energy, and strongly dislike the current policy of replacing coal primarily with natural gas. Gov. Roy Cooper won't go along with the company's preferred approach to coal ash and grid modernization. And just about everyone except Duke Energy thinks it deserves more competition.

I'm not going to whip out my violin and start a plaintive song. As Ronald Reagan once said about the federal deficit, I think Duke Energy is big enough to take care of itself. But I do feel it necessary to point out that when



**PRIMARY TOOLS.** Natural gas is a primary tool to reduce emissions.

it comes to renewable energy, the progressive demands on the company are fantastical, not feasible.

Duke Energy touts the fact that its total carbon emissions are down 31% from their peak in 2005. It hopes to reach a cumulative 40% reduction by 2030. Dionne Delli-Gatti of the Environmental Defense Fund told the *Charlotte Business Journal* this target was not nearly aggressive enough. "We would like to see a commitment to retiring coal faster," she said, "and we would

like to see them not rely so much on natural gas to replace coal."

Let's get real. The vast majority of the decline in Duke's carbon emissions came from the combination of greater efficiency and greater reliance on natural gas.

In 2005, coal plants generated 60 percent of North Carolina's electricity. Natural gas was a trivial 2 percent. As of 2018, coal is 24 percent, and gas is 33 percent. Nuclear remained roughly the same at 31 percent.

Investment in N.C. solar gener-

ation grew by leaps and bounds during this period, to be sure, but from a low base — virtually none in 2005 to 5% of generation in 2018.

If production costs continue to fall, I assume solar will continue to grow. But could it take the place of natural gas as the main replacement for coal? Could it and other renewables also displace the need for baseload generation by nuclear plants, as some activists contend? Not under any realistic scenario I've ever seen.

Might some future technological innovation change the calculus dramatically? No. There are some basic physical limitations here. The maximum theoretical energy in a pound of oil or gas, for example, is 1,500% greater than maximum theoretical energy in the best pound of battery chemicals.

If your goal is to reduce carbon emissions in electricity generation, the primary tools available are to replace coal with lower-emitting natural gas and to expand nuclear.

Criticizing Duke Energy's policies is fair game. Demanding that it break the laws of physics is not.

## RULES AND REGULATIONS

# Regulatory closet gets summer cleaning

**BECAUSE DEMOCRATIC** Gov. Roy Cooper and the Republican-led N.C. General Assembly have remained deadlocked for weeks over passage of a new state budget, you might think nothing much of consequence is happening in Raleigh.

You'd be mistaken. The legislature has passed several bills that make consequential changes to the conduct and reach of government in North Carolina. Cooper has signed them into law. As their aim is to modify or eliminate outdated laws, think of them as the governmental equivalent of spring cleaning (although it took until summer to begin this latest excavation of the state's regulatory closet).

One of the measures, House Bill 590, amends a policy the state initiated back in 2013. That policy requires all regulations on the books to be reviewed periodically by the relevant agencies or departments. If the rule isn't reviewed as required by law, or deemed no longer to meet a demonstrable need at a reasonable

### House Bill 590

All regulations on the books must either survive re-adoption or go away.

### Senate Bill 584

Strengthens the law requiring state agencies and localities to report all rules that criminalize behavior.

### Senate Bill 290

Allows craft distilleries to sell drinks and removes limits on the number of bottles they can sell.

cost, it disappears — an outcome known as regulatory sunset.

From 2013 to 2018, hundreds of outmoded or counterproductive regulations went away under this law. But there was a bit of a loophole. The original process created three buckets into which administrators could toss regulations: 1) unnecessary (the rule goes "poof"), 2) necessary without substantive public interest (no one has complained lately, so it is automatically renewed), and 3) necessary with substantial public interest (because there are complaints, it must go back

through a re-adoption process).

Regulators were tossing most state rules into that second bucket, so that they weren't getting significant scrutiny. House Bill 590 removes that bucket from the deck. The legislation received overwhelmingly bipartisan support and Cooper's signature. Now all regulations must either survive re-adoption or go away.

Another "weeding-out" process, this time within our criminal code, is about to accelerate thanks to the passage of Senate Bill 584. It also got overwhelmingly bipartisan support and a nod from the governor. It targets North Carolina's "overcriminalization" problem.

A prior law had required agencies and localities to report all the ordinances or rules on their books that criminalized behavior — a necessary first step to tackling the problem. But compliance was spotty. Under S.B. 584, noncompliant municipalities will have their ability to pass criminal ordinances frozen for two years.

For state agencies proposing rules with criminal penalties, the new law automatically refers them to the General Assembly for review.

Finally, Cooper signed Senate Bill 290 into law. Another bipartisan measure, it contains several changes to North Carolina's alcohol laws. It allows craft distilleries to sell mixed drinks and removes limits on the number of bottles a visitor can buy on their premises.

The law also advances important reforms of the state's archaic Alcoholic Beverage Control system, such as allowing liquor tastings at ABC stores and combatting the proliferation of patronage-heavy ABC boards.

Over the decades, North Carolina has somewhat haphazardly acquired an odd assortment of intrusive regulations and criminal penalties that don't meet such common-sense tests.

Now, Republican and Democratic policymakers are working together to clean up the mess. That's most welcome.

## COMMENTARY

# N.C. sells liquor through 170 independent, political boards: What could go wrong?



**JOHN TRUMP**  
MANAGING EDITOR

It has begun. Or, probably more accurately, a local and statewide crusade to prevent privatization of North Carolina's liquor business is intensifying.

Even though legislative efforts to move toward a system of private licensure are relatively nascent, and a leader in such labors is retiring after his term ends next year, local governments are settling into their war rooms, hunching over ripped and tattered battle plans. Their strategy, built over the better part of 80 years, hasn't much changed.

Line up in rows and fire.

Rep. Chuck McGrady, R-Henderson, serving his fifth and final term in the General Assembly, is the unofficial House leader in efforts to reform the archaic N.C. Alcoholic Beverage Control Commission.

House Bill 971, which McGrady sponsored, languished in the legislature, yet he still got a hearing in July for a proposed committee substitute in the House's Alcoholic Beverage Control Committee.

The Modern Licensure Model for Alcohol Control, originally filed in April, basically clears a path for private liquor stores in North Carolina. S.B. 971 would eliminate the state-run alcohol warehouses in Raleigh and phase out the local ABC boards and stores. McGrady was also an architect of Senate Bill 290, which brings laws for craft distillers closer to those governing the state's thriving craft beer and wine industries.

McGrady says he wants to reform government management of the wholesale and retail sale of distilled spirits while also increasing revenue to the state and to local governments. He has support from both sides, as well as detractors — also from both sides.

The argument, at its base, is about one thing — money generated by liquor. The N.C. Alcoholic Beverage Control Commission and its 170 or so boards run 433 stores, which, in fiscal 2016-17, sold, the 2018 ABC annual report says, 79 million bottles of liquor.

That's a lot.

"At \$36.79 per wine gallon, North Carolina collected four times as much revenue per gallon as Louisiana, which collected the



lowest revenue per gallon among southeastern states," the Program Evaluation Division says in a recent study of the N.C. ABC. State liquor stores generate more than \$1 billion in revenue annually, resulting, the ABC says, in more than \$430 million in handouts. The bulk of that, about \$323 million, went to the state's General Fund.

Why fix a perfectly good Prohibition-era system, ABC proponents say? Well, for one thing, the state implemented that system to appease those upset over the re-legalization of liquor. The idea back then wasn't so much about money as it was about controlling consumption. Of course, it's OK as long we share in the profits, so the thinking goes.

The bipartisan bill, a news release by McGrady's office says, replaces the state's monopoly on the sale of liquor with a system of permitting and taxation modeled on wine and beer sales. A fiscal report on the bill shows revenue for state and local use would remain static, about \$384 million, in fiscal 2019-20. By 2023-24, however, that revenue, under the plan, would increase to \$714.5 million, in addition to doubling the amount that goes toward substance abuse research and education — from \$14.5 million to almost \$30 million.

Under the bill, liquor would be taxed per gallon, as opposed to applying the tax as a percentage of the cost. The bill would impose an excise tax of \$28 per gallon on the sale of spirituous liquor. Under current law, that excise tax is 30%. In effect, pricier liquor, because of the tax structure, would become less expensive. Cheaper spirits would, conversely, cost more.

Signal the troops.

In March, Mount Airy commissioners voted 4-0 in support of a resolution keeping the current system, which provided \$131,470 from local store profits to the city

government for fiscal 2017-18, the *Mount Airy News* wrote.

Mecklenburg County commissioners voted 7-2 to oppose efforts like McGrady's. Commissioner Mark Jerrell, who drafted the resolution, said doing away with ABC boards and privatizing alcohol sales would be a disaster, WFAE radio reported. "And frankly, what we know would happen — it would really disproportionately impact people of color, poor communities and things of that nature," Jerrell said. Government-run ABC stores generated \$24 million for Mecklenburg County in 2018, he said.

Make no mistake, this money is an entitlement for the local governments, and they sure as heck don't want to give that up. Those entitlements go to law enforcement, schools, and recreation departments, officials say. The money, for all we know, also goes to things such as community flower beds, 4K TVs, steak dinners, and, well, expensive booze.

North Carolina is one of 17 control states, but the only one using a control system that employs 170 politically entrenched and autonomous local boards.

Who's watching the liquor cabinet?

For its part, N.C. ABC has auditors who complete performance audits on all 170 boards about every five years, N.C. ABC spokeswoman Kat Haney says.

In addition to the performance audits, Haney says, the local ABC boards submit annual financial audits, performed by CPA firms.

"Their budgets, of course, are in the public domain, and oftentimes their appointing authority (the municipality or county) carefully monitors their distributions," Haney said in an email. "Additionally, local ABC board staff receive free training (from the N.C. ABC Commission) on subjects like ethics, budgeting, general managing,

etc. to help improve their skills and increase efficiencies."

The local ABC boards, Haney says, currently have 1,500 full-time and 1,700 part-time employees, who don't work for the state. Stores are managed at the local ABC level.

If an employee or a board member commits an infraction that violates ABC law, she says, local ABC law enforcement or state Alcohol Law Enforcement might open an investigation and potentially issue a citation or make an arrest. "If a board matter is a potential violation of ABC law, it will be referred to the ABC Commission," Haney said.

And who serves on these boards? State law says: "The appointing authority [city or county] shall appoint members of a local board on the basis of the appointees' interest in public affairs, good judgment, knowledge, ability, and good moral character."

They determine their own membership. Winning a spot on a board is a political plum. Some members are actual politicians. Rep. Shelly Willingham, D-Edgecombe, not only is a member of the General Assembly. He's also chairman of the Edgecombe County ABC Board.

This isn't necessarily a criticism of the state ABC Commission. It's working under decades-old laws enacted by the General Assembly and a list of governors. But the proverbial liquor cabinet is always stocked, and it tends to draw a crowd. Despite the state ABC's best efforts, it's difficult — if not impossible — to monitor all the reaching and grabbing. It's too much to ask of any state agency, especially when — unlike schools — these boards have little incentive to police themselves.

Myriad ways exist to replace that so-called "lost" money, and McGrady says he's committed to

ensuring the flow of revenue from alcohol sales remains steady and would get even stronger, albeit with elements of control, transparency, and accountability not now present.

Annual audits of all 170 boards — not all are profitable — are needed, so let's start there. By the way, legislation has ended the proliferation of these boards. And not all N.C. counties and municipalities have boards, so, when ABC is passing out checks, these communities are left out entirely.

The consumers suffer most, as typically hard-to-find spirits in neighboring states are impossible to find in North Carolina. We either don't get them or get such a limited supply that trying to find them becomes an exercise in futility and frustration. Sure, the state controls prices, but that eliminates the free market, so we come back around to the lack of availability and an absence of any incentive to cater to the customer.

In Wake County, the ABC board proudly displays on paper bags money generated by liquor sales. Money going to the state is easier to track, because there's a single point of collection. But, with 170 ABC boards in communities throughout the state, the chance for residents to learn about exactly where and how that money is used — aside from a vague categorical description — is close to nil.

What's key here is accountability and transparency. How and where boards distribute revenue is defined in statute, but the local boards still have a wide berth.

"Within those parameters," Haney said, "they do have discretion to execute the allocations in the way that best fits their individual community."

What could go wrong?



## COMMENTARY

## SCOTUS showing subtleties of jurisprudence



**ANDY TAYLOR**  
COLUMNIST

We tend to think of U.S. Supreme Court justices as ideological, their views and actions mapping neatly onto the conventional liberal-to-conservative continuum of American politics. Their decisions are thought to conform to the party of the president who nominated them. The current conservative bloc is Chief Justice John Roberts and Justices Clarence Thomas, Samuel Alito, Neil Gorsuch, and Brett Kavanaugh. They supposedly stand strong and united against their liberal opponents: Justices Ruth Bader Ginsburg, Stephen Breyer, Sonia Sotomayor, and Elena Kagan, who were appointed by either Clinton or Obama.

The term that finished in June generated several decisions consistent with this view. In a big case from North Carolina — *Rucho*

*v. Common Cause* — the justices voted 5-4 strictly along ideological lines and ruled drawing legislative district lines for the purposes of helping a political party doesn't violate the U.S. Constitution. Decisions regarding a public television station's handling of free speech, states' sovereign immunity from private suits filed against them in a court of another state, and individuals' right to sue expeditiously in federal courts when state government has taken their property came out the same way.

But the application of law and interpretation of the Constitution are different from policymaking. And, despite liberal condemnation of the current court's majority as brazenly and irredeemably conservative, the term that closed in June provided some interesting illustrations of the subtleties of jurisprudence. It was hardly the calcified institution observers claim it to be.

Criminal justice was particularly revelatory of the high court's unpredictability. The conservatives split on an appeal of a murder conviction based upon a discriminatory disqualification of a black prospective juror. Only the strange couple of Ginsburg and Gorsuch

opposed the majority and believed a defendant tried by both his home state of Alabama and the federal government for illegal firearms possession had been a victim of double jeopardy. Gorsuch and Breyer "switched sides," permitting a majority to uphold a blood test of an unconscious driver suspected of intoxication. Gorsuch defied expectations again when he joined his liberal colleagues in ruling a federal law that increases penalties when a gun is used in a crime is unconstitutionally vague.

Although the conservatives held together on one death penalty case, in another Roberts was peeled off by the liberals. The majority ruled the Eighth Amendment prevented the execution of prisoners who cannot rationally understand the reasons for their punishment.

It wasn't just criminal justice. The court was unanimous in its refusal to overrule a doctrine that permitted federal agencies significant freedom in interpreting vague language governing their operations. This ruling — *Kisor v. Wilkie* — annoyed many conservative scholars. In another 9-0 decision the court incorporated the

"excessive fines" provision of the Bill of Rights and made it applicable to the states. Here it struck a blow against civil asset forfeiture by local and state governments, pleasing libertarians across the country.

In a case involving tech giant Apple, Kavanaugh joined the liberal bloc to permit purchasers of iPhones to sue under antitrust legislation. Breyer and Kagan were part of the majority that found a 40-foot cross honoring veterans in a public Maryland park didn't violate the Establishment Clause of the Constitution. They also joined the conservatives in a ruling regarding a law that regulated the disposal of fetal remains. All nine found a federal statute prohibiting immoral trademarks infringed upon free speech. And, you might remember, the justices voted unanimously to put a hold on the Trump administration's efforts to add a citizenship question to the U.S. Census.

Interestingly, the number of 5-4 decisions was as high as ever. But of the 20, the justice who was in the majority the most, Gorsuch, was only on the winning side for 13 of them. Kagan and Sotomayor

were in the majority the least, but at 10 cases each, they were victorious half of the time. Kagan wrote as many majority opinions in 5-4 cases as Alito and Kavanaugh. Everyone authored at least one.

What does this all mean? As I noted, it reveals political ideology and judicial philosophy are different — no matter what your Twitter feed and the political hacks say. It also suggests whereas presidents and congressional leaders are capable of punishing dissent or appeasing contrarians so that speech and action in the political realms remain partisan and orthodox, the Supreme Court is often gloriously volatile and its members independent.

It shows smart, reasonable people can disagree on something on matters of principle one day, but be on the same side the next. The justices apparently get along, perhaps because they don't need to face voters and raise money. But it's also because working in close quarters and directly with one another permits opportunities to display intellect and personal warmth and create relationships of respect that facilitate coalition building and civil disagreement.

## We deserve representation over blind political allegiance



**BECKI GRAY**  
SENIOR VICE PRESIDENT  
JOHN LOCKE FOUNDATION

**WHAT'S AT stake without a budget?**

Try as they might, the General Assembly has had a hard time garnering the needed votes from the Democratic caucus to override Gov. Roy Cooper's veto.

Try as he might, the governor has had a hard time persuading the General Assembly to give in to his Medicaid-expansion-or-nothing demands.

It's been a long, hot summer on Jones Street. Without a full budget, standalone bills to fund time-sensitive and broadly agreed-upon spending is a piecemeal approach to funding the state's priorities, and still subject to the veto stamp.

But the piecemeal approach has its benefits. It promotes transparency and offers a more singular point of focus. Individual bills — agency pay raises, for instance — are clear and straightforward,

allowing lawmakers to debate the merits of a bill without getting distracted with other, possibly unrelated provisions.

Lawmakers, working without a budget plan, in late August passed pay raises for most state employees, including the State Highway Patrol, the State Bureau of Investigation, and Alcohol Law Enforcement.

Still, ending the session without a budget agreement has consequences. But for fiscal conservatives like me, reverting to 2018-19 spending and saving \$2.5 billion isn't a bad fallback plan.

Without the new spending plan in place, however, teachers won't get their sixth and seventh consecutive pay raises, \$4 billion in capital projects won't be funded, Department of Health and Human Services offices won't move to Granville County, East Carolina University's Brody School of Medicine won't get its new building, teachers won't get \$150 to spend on classroom supplies, and there won't be money placed back into the rainy-day fund.

Despite efforts to get teachers and state employees their raises, Medicaid transformation funds in place and other stopgap measures, lack of funding is creating, among other things, real threats to public

safety.

There's \$91 million in the budget for school safety measures, most of which would go toward hiring new student resource officers and mental health professionals to ensure our schools are safe places to learn and to work.

According to Attorney General Josh Stein, as of May, North Carolina has a backlog of 15,000 untested rape kits, the highest in the country. Some are decades old.

There's \$6 million in the budget to test rape kits, which Stein believes would eliminate the backlog. There are victims waiting for justice, survivors looking for closure, and rapists on the streets.

Stein says 30-year-old sexual assault cases have been solved with recent rape kit testing. But the money to test the rest of the kits is held up in the budget.

The budget plan allocates \$18.5 million in additional hurricane recovery money to help families get their lives back together, get their homes repaired, get businesses back on their feet, and get water and sewer systems, as well as roads, dependable again.

There's \$21 million to re-nourish the coastline and prepare for the next storm, which is coming.

The State Bureau of Investigation recently found 284,289

criminal convictions involving 145,000 people, some going back to the 1980s, were never reported to the National Instant Criminal Background Check System, the federal clearinghouse used by firearm licensees to determine whether a prospective buyer is eligible to purchase a gun. Nationally, more than 230 million NICS background checks have been made, leading to more than 1.3 million denials.

The SBI has connected those missing convictions with the NICS database, but no one knows who or how many convicted criminals may have mistakenly gained clearance to buy a gun.

Cooper, in an Aug. 8 order, directs the SBI to identify and fix gaps in reporting criminal convictions from now on. But the money to do that is held up in the budget he vetoed.

Cooper vetoed the budget and has refused to negotiate any deal failing to include Medicaid expansion. The General Assembly has offered to hold a special session to discuss the problem of climbing health-care costs, which is leaving many North Carolinians uncovered. The governor has, as of press time, refused to budge and stands by his veto.

What about an override? To reach a required 60% majority of members voting and present, some

Democrats would have to join Republicans.

Cooper has dug in his heels and insists legislative members of his party do the same, despite their promises when elected to represent the people of their districts.

Pursuant to our state constitution, the General Assembly is composed of 120 House districts and 50 Senate districts, each representing about the same number of people.

Every district is composed of Democrats, Republicans, unaffiliated voters, and even citizens who have chosen not to register to vote. The distribution may vary by district, but all four of those groups are represented in each.

Yet some members have chosen to uphold the demands of their political party over the concerns and needs of the people of their district.

It's puzzling. Will the new pledge from candidates for elected office be, "I promise to kowtow to my political party's bosses over what's best for my constituents"? "Party first: Your interests when I'm allowed"?

We deserve representation from our legislators over blind political allegiance. We entrust them with our money and expect them to spend it well and wisely.

There's too much at stake to expect less.

# HEALTH CARE

## Five steps to lowering the artificially high cost of medical care



**JORDAN ROBERTS**  
HEALTH CARE POLICY ANALYST  
JOHN LOCKE FOUNDATION

Some are for it. Some are against it. But what's been lost in the debate over Medicaid expansion is the root cause of why medical care is so costly in the first place. Consider the costs of health care over time. Inflation-adjusted national health expenditures per person were \$2,848 in 1980. In 2017, Americans paid \$10,379 per person in health expenditures. In 2018, U.S. hospitals received more from the average family than the federal government did in taxes.

That's a stunning impact on the household budget, one that's unsustainable. But asking who will pay for those costs — public or private insurers — is the wrong question. We should question the cost-drivers themselves. Costs are artificially high because state laws and rules give medical professionals very little flexibility and prevent patients from having more choices.

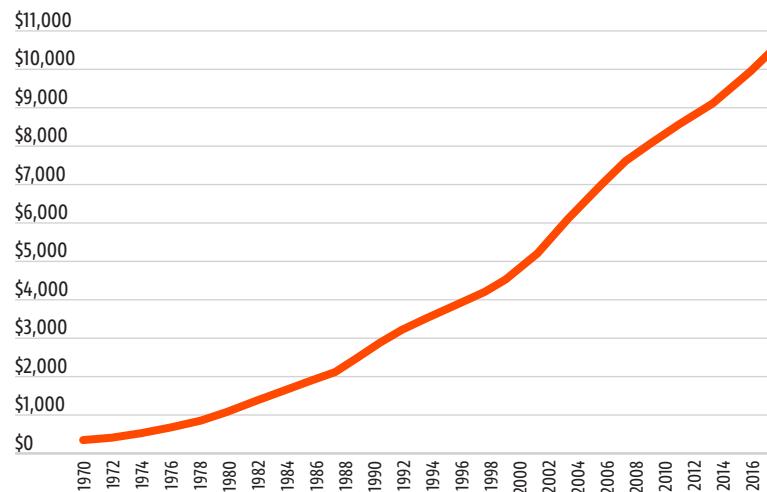
Some, in good faith, believe extending public insurance via Medicaid expansion is the proper solution. Based on research, I must respectfully disagree. Adding 500,000 to 600,000 people — more than 70 percent of whom are able-bodied adults with no kids — won't roll back the barriers that inflate cost.

There are plenty of them in North Carolina, and they can be addressed in a proposed special legislative session on health care. Once we eliminate triggers to higher prices, we could move forward on lowering the cost of care and expanding access at a fraction of the cost of Medicaid expansion.

To get there, we must first reform the state's certificate-of-need laws. Despite claims that these laws need to be in place to ensure facilities stay open, research shows otherwise. These laws protect market incumbents while artificially limiting competition and raising prices. Lawmakers should, at the minimum, exempt facilities that would most benefit patients, such as ambulatory surgery centers, diagnostic services, substance abuse treatment facilities, kidney disease treatment centers, and mental health beds.

Second, we must remove regulatory burdens on nurse practitioners and other advanced-prac-

### Total National Health Care Expenditures Per Capita



SOURCE: Kaiser Family Foundation analysis of National Health Expenditure

tice registered nurses. These highly trained medical professionals are subject to regulations that limit their accessibility and increase costs. By modernizing APRN regulations, patients will have access to high-quality professionals at a lower cost.

Third, we must embrace association health plans for small businesses, including sole proprietors. Those looking to purchase insurance on the individual and small-group market are subject to more onerous regulations than

those in the large-group market. With percent changes, we can give small businesses and sole proprietors access to plans that are often more affordable than those sold on the insurance exchanges. What's more, access to association health plans may encourage businesses not presently offering insurance to their employees to do so.

Fourth, we must make it easier for licensed medical professionals who are in good standing in other states to care for North Carolinians. We can join the Interstate

Medical Licensure Compact, which provides an expedited process for physicians to obtain a North Carolina license if licensed in another state. We can increase access to telemedicine by allowing out-of-state professionals to treat patients in North Carolina via telecommunications. Or we can join specific interstate compacts like the Psychology Interjurisdictional Compact to let out-of-state psychologists treat North Carolinians.

Fifth, we must create a mechanism to allow for periodic review and sunset of insurance benefits mandates. North Carolina insurers must, by law, cover roughly 50 benefits even when a customer doesn't want and wouldn't use the coverage. Benefit mandates also hamper competition, since all insurers are required to offer the same benefits. Each of us knows our needs best. We should be able to choose.

It's hard to find anyone, regardless of politics or ideology, who doesn't want to lower the cost of care. That's why we shouldn't pass up this opportunity to act — now. Working together, we can make life more affordable and provide the peace of mind that makes life more fulfilling. And it doesn't require North Carolina to expand Medicaid.



# #TodayWe

work to make health care  
everything it should be.

### North Carolinians expect quality, cost-effective care. So do we.

Our health care system needs to change. Costs continue to rise, and navigating care can be frustrating and complex. This isn't sustainable or acceptable. Blue Cross NC is taking concrete steps to achieve higher quality care that is more affordable and provides a better experience. And we're getting closer to that goal every day. In one of the boldest moves to value-based care in the nation, we are changing how we pay for care by working with doctors and hospitals to hold each other accountable to patients' overall health. But more work lies ahead.

Find out more about what we're doing and what it means for you at

[TodayWe.com/ValueBasedCare](http://TodayWe.com/ValueBasedCare).

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