After long delay, Cooper settles on plan B for schools

BY RAY NOTHSTINE

After lengthy delays, Gov. Roy Cooper has settled on Plan B for North Carolina public schools in response to the coronavirus pandemic. Some flexibility will be provided for schools to navigate their reopening plans, but for most, mandatory weekday remote learning will pose additional problems for working parents.

Under Plan B, schools would be limited to 50 percent capacity at any given time, with students rotating between in-person learning and virtual learning from home. Additionally, students, even elementary age, may be called upon to wear masks throughout the day when present at school, including to and from school on the buses.

Cooper initially punted for weeks on a decision, in part because of opposition to returning to work from the North Carolina Association of Educators (NCAE). Additionally, a recent Elon University poll offered up no clear preference yet from parents on the plan they prefer. In a July 1 press conference, Cooper departed somewhat from his insistence that science and data would be the only factor in his decision making. He asked for buy-in from parents and educators before a final decision.

Lt. Gov. Dan Forest believes that the current science does not warrant keeping kids out of school, a position that is supported by the American Academy of Pediatrics and President Donald Trump. Data from European countries so far seems to suggest no problems or spike in COVID-19 cases in the communities where schools have reopened there. NC House
From the editor

There have been a couple of nights in the last few weeks where I was drawn into watching videos online depicting ruthless violence, looting, and all-around mayhem in urban areas of our country. It probably isn’t a healthy practice, but I do find it interesting that many of these videos aren’t depicted in the vast majority of our media coverage. In some cities, particularly New York City, one can watch what appears to be random people gunned down that were just out walking with their family. Six young children were killed by gang crossfire in Chicago earlier this month.

Statistics reveal too that violent crime is on the uptick. Residents of Charlotte might be more aware of this than many North Carolinians, as crime there is approaching levels not seen since the early 1990s.

Perhaps police are hesitant to engage or pulling back over fear of retribution and lack of support from city leaders? I’m sure our readers have noticed that some politicians are calling for defunding or even dismantling police departments. Of course, the rule of law is one of the essential components of competent government. Anytime there is a vacuum something will fill the void and cities pulling back on enforcing the law are reaping that whirlwind.

Unfortunately, when the rule of law breaks down, this prevents the good reforms that may be needed in in our criminal justice system and police departments. Anarchy creates a climate where citizens either take the law into their own hands or they simply demand the state enforce order in what is usually a more aggressive or heavy-handed manner.

All the disorder we are seeing should remind us of the importance of limited government but not anarchy. We want all North Carolinians to have an equal opportunity to flourish and prevent barriers that are a detriment to their livelihoods and family. Crime and mayhem are a barrier that not only threatens the rule of law but threatens the very life of the citizenry. The efforts by some in our society and culture to divide will only produce more government and more heavy-handed policies. Civitas will continually stand up and fight against these efforts but an active and engaged citizenry are required for ultimate success. We appreciate your help and support in the pursuit of freedom.
The 11th district second primary was a dry run for November. How did it go?

BY ANDY JACKSON

The June 23 Republican 11th Congressional District second primary gave election officials an opportunity to test methods of conducting voting safely during the coronavirus pandemic.

So, how did they do? To get a better understanding of how voting is conducted with coronavirus precautions in place, I observed voting in two counties in the 11th district: Jackson and McDowell. I chose those counties because they use different voting methods; Jackson uses ballot marking devices (touchscreens) while McDowell uses hand-marked ballots. I observed two polling places in each of those counties.

Observing coronavirus precautions in precinct polling places

People walking into those polling places would have noticed several changes due to coronavirus precautions. All the poll workers wore masks; some wore them continuously while others only wore them when voters (or an observer) came to the polling place. Many poll workers also wore gloves. The tables with the poll books, where voters check-in before receiving their ballots, also had plastic shields. The floor at each location was marked to promote social distancing.

Polling places were also well-stocked with hand sanitizer and masks for voters. Some voters came into the polling places with their own masks while others used masks given to them by poll workers. None of the voters I observed refused to wear a mask (although one mightily struggled to get his on properly) and poll workers at all four precincts said that everyone who was asked to wear a mask, did.

Due to an expected low turnout, Jackson County combined voting locations. However, each precinct maintained its own poll books, workers (although fewer), and tabulators, meaning that the number of workers at each location increased. I visited the Canada and River precincts’ polling place at the Tuckasegee VFW on the bank of the West Fork Tuckasegee River and the Cashiers and Glenville precincts’ polling place at the Cashiers Recreation Center.

Counties, like Jackson, that use touchscreen voting systems have to discourage voters from actually touching the touchscreens due to the coronavirus. To that end, polling places in Jackson County provided cotton swabs for voters to use to mark their choice. However, I observed that the weapon of choice for voting on the touchscreen in both locations was the ballpoint pen with stylus. While no voting locations were giving out “I voted” stickers this year, voters...
The 11th district second primary was a dry run for November. How did it go?

CONTINUED FROM PAGE 3

were able to keep those pens since only one pen was used per voter.

McDowell County had a different strategy to handle the low turnout; they opened all polling places but reduced the number of workers per location from the normal 5-7 to 3. Each voter there was also given his or her own pen to mark ballots.

Voting booths were cleaned after each vote to help prevent surface transmission of coronavirus. Given the low turnout in a second primary, that was not a problem. However, those procedures could cause long lines in the general election.

Lorraine Creson, a judge at the Turkey Cove precinct in McDowell County, acknowledged that, saying “It (the general election in November) will be a long, long day. But so be it to keep people safe.”

Can those poll workers do their job safely?

All of the 19 poll workers I spoke with during the June 23 balloting believe that the procedures put in place will make voting safe for themselves and voters. The coronavirus mitigation training they received, along with the precautions noted earlier in this article, bolstered that confidence.

Of course, there is a selection bias involved with asking people who chose to do election work despite coronavirus concerns. People with less confidence in their ability to conduct election work safely would certainly be less likely to volunteer to do election work.

Another factor to consider is the age of many poll workers. I asked the poll workers at the polling places their ages. Here are the results:

- Canada and River precincts (Jackson): 70, 77, 65, 50, 76
- Cashiers and Glenville precincts (Jackson): 49, “over 70,” 77, 81, 75, 75, 31, 67
- Turkey Cove precinct (McDowell): 70, 72, 71
- Marion #2 precinct (McDowell): 79, “eighty-ish,” 42

The average age is in the upper-60s (with a median age in the early-70s). That is in line with data produced by the Pew Research Center. Older people tend to be at higher risk of serious illness or death from the coronavirus. It stands to reason that some of those election workers may be too afraid to work the polls due to the coronavirus.

I also contacted election officials in the 17 counties in the 11th district to get an idea of how coronavirus fears affected their ability to retain and recruit election workers. Officials from 11 of those 17 counties replied to my request. The total numbers of election workers in the second primary, past workers who refused to work the second primary due to the coronavirus, and new workers recruited for the second primary in those 11 counties are listed in table 1. The numbers include both early and election day workers.

<table>
<thead>
<tr>
<th>County</th>
<th># of election workers</th>
<th># who refuse to work due to coronavirus</th>
<th># of new workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buncombe</td>
<td>248</td>
<td>72</td>
<td>49</td>
</tr>
<tr>
<td>Clay</td>
<td>27</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Haywood</td>
<td>88</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>Henderson</td>
<td>133</td>
<td>20-25</td>
<td>32</td>
</tr>
<tr>
<td>Jackson</td>
<td>Approximately 45</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Macon</td>
<td>25</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Madison</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>McDowell</td>
<td>Approximately 55</td>
<td>3</td>
<td>“a few”</td>
</tr>
<tr>
<td>Polk</td>
<td>21</td>
<td>7-8</td>
<td>0 (none needed)</td>
</tr>
<tr>
<td>Rutherford (partial)</td>
<td>29</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Transylvania</td>
<td>30-40</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Approximate totals</td>
<td>715</td>
<td>176</td>
<td>100</td>
</tr>
</tbody>
</table>

Data source: Email replies from county boards of elections

The roughly 176 election workers who declined to work in the second primary represented almost a quarter of the total workforce in the surveyed counties. While those counties were able to meet the staffing needs for the second primary, that was partially due to there being less of a need for workers due to lower turnout for second primaries.

There will be a greater need for workers in the general election. For example, while Buncombe County used 248 workers for early voting and election day in the second primary, it will need over 500 workers for the general election. Part of H1169, passed by the General Assembly in June, provides $28 million for state and county election officials to help them prepare for the general election. Clearly, those officials will need to devote a significant part of those resources to recruiting and training election workers.

The 11th Congressional District second primary demonstrated that North Carolina can safely conduct in-person voting this fall. It also demonstrated that the NC State Board of Elections and county boards will need to devote resources to ensuring voting sites are fully staffed this fall. If they fail to do that, there will be chaos this November.

What you can do:

Contact your county board of elections to apply to work as an election worker. There is a need for both early voting and election day workers.

www.nccivitas.org
BY BRIAN BALFOUR

Thanks to a decade of wise, conservative fiscal policy, North Carolina state government is better positioned financially to weather the economic fallout from the coronavirus shutdown.

The Office of State Controller’s most recent General Fund Monthly Financial Report shows the state’s rainy day fund balance still has nearly $1.2 billion, with another $1.6 billion in “non-reverting Department Funds.” The state’s unemployment insurance fund was well stocked with roughly $3.9 billion in surplus funds to provide targeted relief for those laid off during this crisis.

This situation underscores the stark contrast between the state’s fiscal condition now compared to the situation 10 years ago under Democratic control.

The chart below summarizes some of the key differences, with the left column describing 2010 conditions and the right column summarizing conditions today.

*Note: The FY 2019-20 budget was on pace for a significant surplus prior to Gov. Cooper’s shutdown order

<table>
<thead>
<tr>
<th>STATE BUDGET</th>
<th>STATE BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Budget growth: 40% in eight years</td>
<td>• 16% budget growth over eight years</td>
</tr>
<tr>
<td>• Massive budget shortfall of roughly $3 billion in 2010</td>
<td>• On pace for sixth straight budget surplus, most in excess of $400 million</td>
</tr>
<tr>
<td>• State debt: Topped out at $8.5 billion in 2013 after ballooning by an alarming 230% since 2001</td>
<td>• In contrast, from 2013 to 2019, state debt steadily dropped from $6.5 billion to $4.2 billion, a 35 percent reduction</td>
</tr>
<tr>
<td>• Rainy Day Fund: $150 million</td>
<td>• Currently at $1.2 Billion</td>
</tr>
</tbody>
</table>

*Note: The FY 2019-20 budget was on pace for a significant surplus prior to Gov. Cooper’s shutdown order

Budget Growth

The 2010 state budget marked a whopping 40 percent increase in state spending over eight years. Only the massive revenue drop caused by the onset of the 2009 financial crisis stemmed the tide of unsustainable spending growth.

Conversely, the eight years leading up to and including 2020 experienced a more responsible and sustainable 16 percent growth in state spending.

Moreover, budget surpluses – not budget deficits – have become the norm. Budget writers in 2010 were confronted with a massive $3 billion budget deficit. In 2020, the state was on pace for its sixth consecutive budget surplus prior to Gov. Cooper’s shutdown order. Each of the previous surpluses totaled hundreds of millions of dollars, most exceeding $400 million.

State Debt and Savings

The legislature built up the state’s rainy day fund to a record $1.9 billion prior to Hurricane Florence in 2018 through prudent spending restraint. Today the fund balance is $1.2 billion. Back in 2010, the rainy day fund stood at a paltry $150 million.

Also in 2010, the massive 40 percent increase in state budget spending over eight years wasn’t enough to satisfy the spending appetites for the liberals controlling the General Assembly. They were in the process of racking up an alarming $6.5 billion in state debt from 2001 to 2013 – an increase of 230 percent.

Since then, conservative leaders have reduced the state debt from $6.5 billion to $4.2 billion, a reduction of 35 percent.

Unemployment Insurance Reserves

In 2010, the North Carolina unemployment insurance fund was depleted. The great recession quickly exhausted what little funds had been set aside in short order. The state had to borrow more than $2.5 billion from the federal government to cover claims.

Thanks to reforms enacted by conservative leaders in 2013, however, the state’s unemployment insurance fund steadily built up $3.9 billion in reserves. Those funds will help us meet the challenges spawned by the sharp economic downturn we are experiencing today.

North Carolina is bet-
How government makes healthcare more expensive; and what we can do to reverse it

BY LEAH BYERS

Any Economics 101 course will tell you that the price of a good or service is determined by supply and demand. We’ve seen everyday examples of this in the recent COVID-19 pandemic: when the supply of toilet paper is low and the demand is high, the price goes up — even if that’s through resale on an online marketplace. Another example is when the demand for airline tickets plummets, but the supply remains the same, prices drop.

A market system functions, with few hiccups, largely in accordance with these invisible laws. Start interfering in the processes, however, and things can go awry quickly. In the United States, perhaps no industry better illustrates this point than healthcare. Layer upon layer of regulations, built through decades of federal and state interventions, have left the U.S. with a healthcare industry that can no longer be called a “free market.”

Through government intervention, the U.S. has managed to simultaneously apply two sources of upward pressure on healthcare prices through artificially inflating demand and suppressing supply.

Some North Carolina Context
Before jumping into the discussion of how government drives higher healthcare costs, it is helpful to review some figures on healthcare spending in North Carolina.

In 2014 (the most recent year available), North Carolina had the ninth lowest per capita healthcare spending among states and DC at $7,264. Alaska had the highest per capita expenditures at $11,064 (besides DC, which came in at $11,944). Utah had the lowest, at $5,982 per capita.

Inflated Demand

All resources are limited. That means every spending decision consumers make is a trade-off. Purchasing clothes or entertainment leaves less money for groceries or gas. When it comes to healthcare, though, most people are insulated from these choices by a third-party payer system.

According to the Centers for Medicare and Medicaid Services (CMS), the major payers in our healthcare system are Medicare, Medicaid, and private health insurance.

Patients actually pay (Continued on page 7)
How government makes healthcare more expensive; and what we can do to reverse it

CONTINUED FROM PAGE 6

relatively little of the costs of their healthcare. A 2017 research brief from the Mercatus Center at George Mason University found that only 11 percent of healthcare spending is direct spending between patients and healthcare providers. Third party payers are responsible for 89 percent of all healthcare payments.

For example, North Carolina’s per capita expenditure translates to a family of four having annual health expenditures upwards of 29 thousand dollars. If families are responsible for 11 percent, out of pocket expenses would be around $3,100 per family. Of course, we can reasonably hypothesize that expenditures have increased in the past six years since that data is from 2014. This is a simplistic data point, for many reasons; however, it is helpful as a point of reference.

Let’s use a non-healthcare consideration to illustrate this point. Suppose you are in the market for a new car. You have three options – a very affordable older used car with high mileage, a mid-priced used car of a nicer make with moderate mileage, or a brand-new luxury car. If you knew that someone else would be footing the bill, or the vast majority of the bill, why not pick the best option, regardless of costs? In the real world, however, each car buyer has to weigh the pros and cons of each option in accordance with their financial situation and transportation needs. Very little of this shopping around occurs in healthcare. Patients and doctors are likely to take a “kitchen sink” approach to testing, diagnosis, and treatment since there are few immediate consequences for doing so. Someone else is paying the bill, why not?

And because doctors are paid on a fee-for-service basis, they have the incentive to oblige.

A 2017 study published by the Public Library of Science found physicians self-reported that a “median of 20.6% of overall medical care was unnecessary, including 22.0% of prescription medications, 24.9% of tests, and 11.1% of procedures.” Such unnecessary care comes with a devastating price tag. PBS reported in 2017 that unnecessary care cost America’s healthcare system at least $200 billion that year.

In economics, this is similar to the phenomenon known as “moral hazard.”

(Continued on page 11)
State financial condition improved, but pension and health benefits remain a major concern

BY BRIAN BALFOUR

North Carolina taxpayers are now spending more than $3 billion a year for state retirees to do nothing.

While the last decade has seen significant improvements in North Carolina state government finances and the state economy, the unfunded liabilities for the state pension fund and state retiree health benefits represents a major – and growing – burden on state taxpayers.

These obligations are the result of short-sighted liberal politicians making grand promises to state employees for decades to curry favor with deep-pocketed state employee lobbying groups.

North Carolina’s state pension for retired teachers and other state employees has an unfunded liability of $10.4 billion (calculated as of June 30, 2019). This liability is up a whopping 192 percent over the $3.7 billion in 2015.

Indeed, at the end of 2008, the liability was only $391 million, just a tiny fraction of where it stands today. In 2005, the pension fund actually had a surplus of $3 billion. In short, in just 15 years the pension fund’s liability has experienced a dramatic negative swing of nearly $14 billion.

The state pension plan is a defined benefit plan, meaning that the benefits due to recipients when they retire are defined and guaranteed at the time of hiring, and contributions must be made to fulfill these obligations.

A growing liability means a growing annual burden on taxpayers to cover pension obligations. Pension benefits are paid for out of a combination of current state employee contributions, investment income from the pension fund and taxpayer dollars.

The taxpayer support portion has been growing at an alarming rate. In 2009, $472 million in taxpayer dollars were used for pension benefits. Just 10 years later, the 2019 total came to a whopping $1.9 billion, four times higher than the 2009 amount. Furthermore, the $1.9 billion marks a 51 percent increase from just four years prior.

North Carolina’s decades-long ratcheting up the size of state government included swelling the ranks of state workers by the tens of thousands. The massive buildup of state employees, combined with an increasing life expectancy, serve to expand the number of pension recipients and therefore the liability.

Making matters worse is the underperformance of the pension fund itself. State Treasurer Dale Folwell pointed out in late May that “for 22 years on average the pension plan has not achieved its assumed rate of return.” Lower pension fund returns place greater pressure on taxpayers to pick up the slack.

As pension obligations continue to chew up a growing share of the state budget, that leaves less money to devote toward teacher salaries or public safety programs. Sending more tax dollars to retirees

(Continued on page 9)
State financial condition improved, but pension and health benefits remain a major concern

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leaves fewer dollar to pay active workers.

The best remedy for this issue would be for the state to convert to a defined contribution plan, much like a 401K plan that so many in the private sector are familiar with. Instead of benefits being guaranteed, state workers would have a set amount contributed to a fund that they manage and can access upon retirement. This empowers workers with ownership and management of their own retirement funds, while shifting the financial risk and burden off of taxpayers.

For the state’s unfunded liability for retiree health benefits, the good news is that its liability is growing much slower than the pension’s, but the bad news is that it is about three times as large.

State employees hired after Oct. 1, 2006 receive free state health plan coverage after 20 years of service. These benefits are paid for on a pay-as-you go basis, so every year taxpayers are paying the health care premiums for more than 200,000 retirees.

The unfunded liability represents the present value of the amount of estimated premium subsidies for retirees’ health insurance the state will be responsible for over the next 30 years. What this means, in short, is that as more and more state employees retire and live longer, it will be increasingly difficult for state taxpayers to cover the costs of rapidly escalating premiums.

According to the 2019 Comprehensive Annual Financial Report, the unfunded liability now stands at $31.6 billion. That’s up relatively modestly from $27.8 billion at the end of 2008.

Taxpayers paid $1.1 billion for these benefits last year alone, up from $829 million in 2009. The 33 percent increase in annual required taxpayer funds for retiree health benefits over the last decade does represent a concern. Just like pension benefit payments, every tax dollar devoted to retiree health coverage means one less dollar to pay active employees or programs.

A provision included in the 2017 state budget, however, will eliminate this problem in the long term. State workers hired after Jan. 1, 2021 will no longer be eligible for the subsidized state health insurance when they retire.

But that still leaves the next 30-50 years of retiree health obligations to contend with. And given the sheer magnitude of the liability, legislators need to act now to rein in these obligations.

Some recommendations include: requiring retirees to pay a portion of the premiums themselves, as well as offering current employees the option of an HSA (health savings account) plan that would remain in effect when they retire.

The state of Indiana began to offer an alternative to state government workers in 2006. The initiative quickly gained in popularity, and by 2010 70 percent of state workers had enrolled in the option. Moreover, the savings to taxpayers has been significant. Consulting firm Mercer calculated that the state’s total health coverage costs were reduced by 11 percent due to the introduction of the HSA option.

Conclusion

More than $3 billion every year – about one in every 8 state budget dollars – goes to paying retirees for doing nothing.

And this amount is rising rapidly every year. Such obligations divert scarce budget dollars from active employees and government programs – or from potential job-creating tax cuts.

Liberal politicians spent decades making generous retirement benefit promises, in no small part to gain political support of state employee associations. These promises were very short-sighted, and the bill has come due.

Conservatives have spent the last 10 years reversing decades of fiscally reckless spend and tax policies. Paying down debt, rein in spending growth, cutting taxes and setting aside a sizeable rainy day fund are all measures that have North Carolina better positioned to weather the coming economic and fiscal crisis.

But their work will not be done until policymakers tackle the state’s massive and growing unfunded liabilities to state retirees.
The above map shows the May 2020, (not seasonally adjusted) unemployment rates for all 100 North Carolina counties (data from N.C. Department of Commerce).

The May not seasonally adjusted statewide rate was 12.7 percent. Swain County had the highest unemployment rate at 19.7 percent, while Bertie and Chowan Counties each had the lowest at 8.1 percent. Dare County unemployment was almost identical to Swain at 19.6 percent.

Nine of the state’s metro areas experienced rate increases since last month, five decreased, and one remained unchanged. Among the metro areas, Asheville had the highest rate at 16.1 percent and Goldsboro had the lowest at 10.1 percent.

Frequent readers may notice that Asheville usually has the lowest unemployment statewide for a metro area.

When compared to the same month last year, not seasonally adjusted unemployment rates increased in all 100 counties. All 15 of the state’s metro areas experienced rate increases.

The national unemployment rate for May was 13.3 percent.

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**After long delay, Cooper settles on plan B for schools**

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Speaker Tim Moore joined Forest in his call for reopening schools and also cited the recommendations by the pediatric group. “Parents are desperate. Families are struggling. Our children deserve to learn,” read a portion of Moore’s statement.

“Is a rotation of one week in class and two weeks online a realistic option?”, asked Civitas director of policy Bob Luebke. “I doubt if anyone was clamoring to sign up. Was their input from parents? What about childcare? Such a schedule will be a major headache for many parents and staff.”

Luebke added that students spending two-thirds of their class time out of school is not a good investment of time or resources. He favors giving students and parents more options instead of one-size fits all learning environments. “It’s really time to empower parents and give them the resources and opportunities to educate their children as they see best.”

Regardless of what plans are implemented, the continued rise of homeschooling or other educational options could increase dramatically, particularly as parents look for more stable educational environments outside of the public schools in the Covid-19 era.

Patrick Miller, the superintendent of Greene County Schools, was quoted in an article at EDNC.org in late June saying that he expects 18 to 20 percent of his students not to return to the classroom in the fall. While that number is probably not representative of the entire state, it does provide a snapshot of parent frustration over the uncertainty.

Gov. Cooper has received criticism for trying to manage nearly all aspects of the Covid-19 crisis from Raleigh. He often makes vague references to science and data yet has balked on a decision concerning schools when there is no clear politically advantageous decision.

“The best thing state government could do is to realize our counties and schools are different,” says Luebke. “They have different populations, economies and face different threats from coronavirus. Our policies need to reflect this. We should trust schools to make those decisions and address the needs of parents, children and staff.”

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medical costs. Identifying the third-party payer as the source of the problem does not imply that its immediate dismantlement would be feasible. Only that we should look to ways to directly connect providers and patients so that the market can adjust with downward pressure on prices.

This legislative session, the General Assembly passed a bill that is a step in the right direction. House Bill 471 codifies the exemption of Direct Primary Care agreements from regulation by the state’s Department of Insurance (DOI). Direct Primary Care agreements establish a contractual relationship directly between patients and doctors. For a monthly fee paid directly to the doctor, patients receive certain primary care services. Removing the threat of DOI regulation will allow doctors to keep their prices low and thus encourage an increased utilization of these arrangements.

A clear next step in this area would be the support or requirement of price transparency. While the legislature has not had a great track record in recent years, transparency of prices could be a game-changer in connecting healthcare demand with the reality of its prices.

Suppressing Supply
Another way in which the federal and state government contributes to high healthcare costs is through the suppression of the supply of providers and services. In North Carolina, the most obvious culprit is the state’s Certificate of Need (CON) law. CON laws require that healthcare providers get government approval in order to operate or expand certain services. North Carolina is one of 35 states that enacts such laws; only three states and the District of Columbia have more restrictive CON laws than North Carolina.

A North Carolina-based lawsuit highlights the ways that these restrictive policies prevent competition in the healthcare market, allowing the existing providers to raise their prices with little fear of losing customers to more affordable options. Winston-Salem-based Dr. Gajendra Singh, along with the Institute of Justice, are suing over the state’s CON laws. Dr. Singh wants to provide his patients with affordable, transparently priced MRI services, but is prevented from doing so by the state’s CON laws. While that case works its way through the court system, the legislature could act to end the practice through legislation.

Efforts to repeal the state’s CON laws have long failed to gain any traction in the state legislature. Incumbent healthcare providers have a strong incentive to protect CON laws since such requirements insulate them from competition. North Carolinians bear the ultimate weight of this protection of the status quo through reduced healthcare supply, and consequently – higher healthcare prices.

Final Thoughts
Through exerting upward pressure on demand and downward pressure on supply, government interventions have contributed to the rise of healthcare prices across the US. Federal reform is needed. However, the North Carolina legislature has a part to play in removing its share of market-distorting regulations. Eliminating CON laws and encouraging price transparency is a good place to start.
A comparison: North Carolina’s state budget, then vs. now

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ter positioned than most states to accommodate the historic rush of unemployment claims precipitated by Gov. Roy Cooper’s lockdown orders. Such preparedness should enable North Carolina to avoid once again borrowing money from the federal government and the tax hikes on job creators required to repay it.

Conclusion

Comparing North Carolina’s current state budget and fiscal situation with that of a decade ago offers a contrast as stark as night and day.

In 2010, under the leadership of Joe Hackney, Marc Basnight and Gov. Bev Perdue, state spending was unsustainable, debt soared and savings were almost nonexistent. By 2020, thanks to a decade of conservative leadership, state spending proceeds at a reasonable and sustainable pace, debt is falling, and savings have been built up to help weather the fiscal challenges generated by coronavirus and mandated government shutdowns.

The contrast is crystal clear, and the stakes are high. North Carolinians simply cannot afford to return to the reckless spend and tax policies of the past.