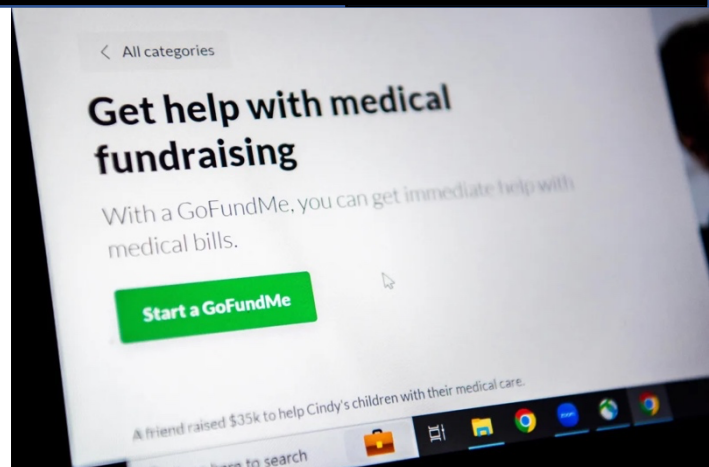


Impacts of North Carolina's Medicaid Expansion on Crowdsourcing Medical Debt

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Summary

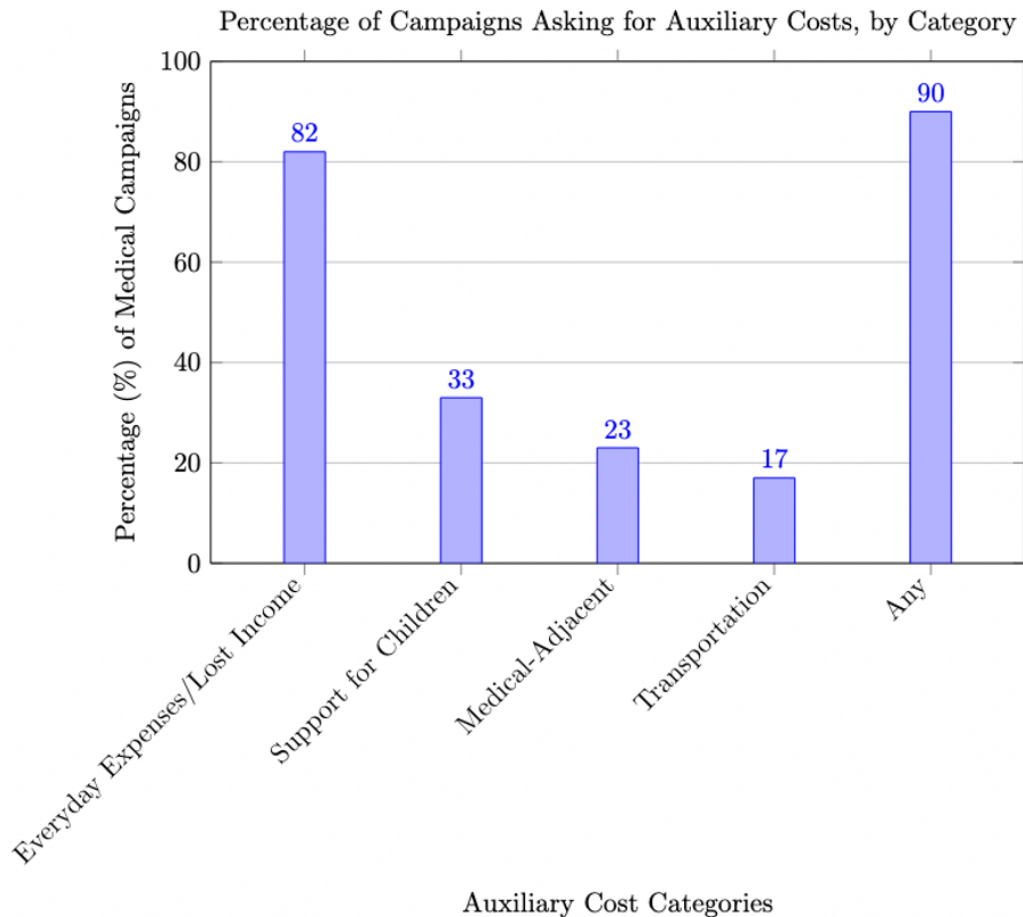
The Affordable Care Act's (ACA) Medicaid Expansion has provided millions of low-income Americans with access to affordable health insurance. However, many Americans both with and without health insurance still struggle financially when faced with an adverse health event. These individuals often turn to their local communities through online crowdfunding, as a means to help reduce the financial burden of hospital and other health care related debt.

This policy brief provides a summary of research findings from a project assessing the impact of North Carolina's recent Medicaid Expansion on online crowdfunding activity. Using data from nearly 60,000 GoFundMe medical fundraisers from July 2023 to April 2024 the project explores how medical fundraising changed in North Carolina compared to other states that did not expand their Medicaid programs. The analysis shows that the number of campaigns created in North Carolina fell after the Medicaid Expansion; in addition, private donations were crowded out by 22% relative to non-expansion states.

Auxiliary Fund Requests and Success of GoFundMe Medical Campaigns

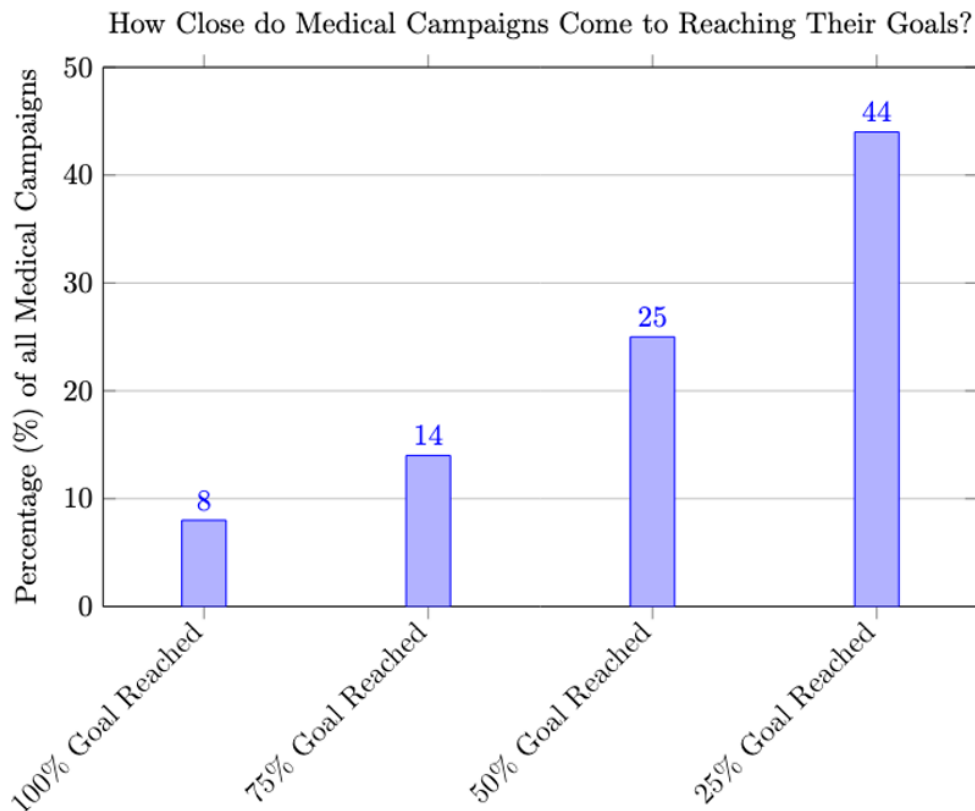
While direct costs incurred from hospitals or health care providers are a substantial source of financial hardship, indirect costs that are never covered by health insurance can also be a burden to families when an adverse health event occurs. The study found that 90% of all medical campaigns explicitly asked for funds to cover something other than direct medical debt. These requests ranged from childcare support, transportation to medical facilities, or

medical-adjacent costs such as for a service animal. The most prevalent request was lost income due to being out of work, appearing in over 80% of medical campaigns.



*Note: some campaigns were classified in multiple categories, and some campaigns did not fall into any category, so percentages do not add to 100%.

The lack of success for most campaigns on GoFundMe is well documented. For the sample of nearly 60,000 medical campaigns, only 8% reached their total goal, while almost half (44%) of medical campaigns reach a mere 25% of their initial goal. The lack of funding success highlights that while useful and helpful for so many individuals struggling with finances following a medical event, GoFundMe is not a reliable backstop to secure all the necessary funds to relieve medical debt.



Financial Impact of Medicaid Expansion on the Number of GoFundMe Campaigns made in North Carolina

The state level analysis compares medical campaigns created in North Carolina to campaigns created in the ten non-expansion states (Alabama, Georgia, Florida, Kansas, Mississippi, South Carolina, Tennessee, Texas, Wisconsin, and Wyoming) before and after North Carolina's Medicaid Expansion on December 1st, 2023. The results showed that, relative to non-expansion states, medical campaigns in North Carolina fell following Medicaid Expansion.

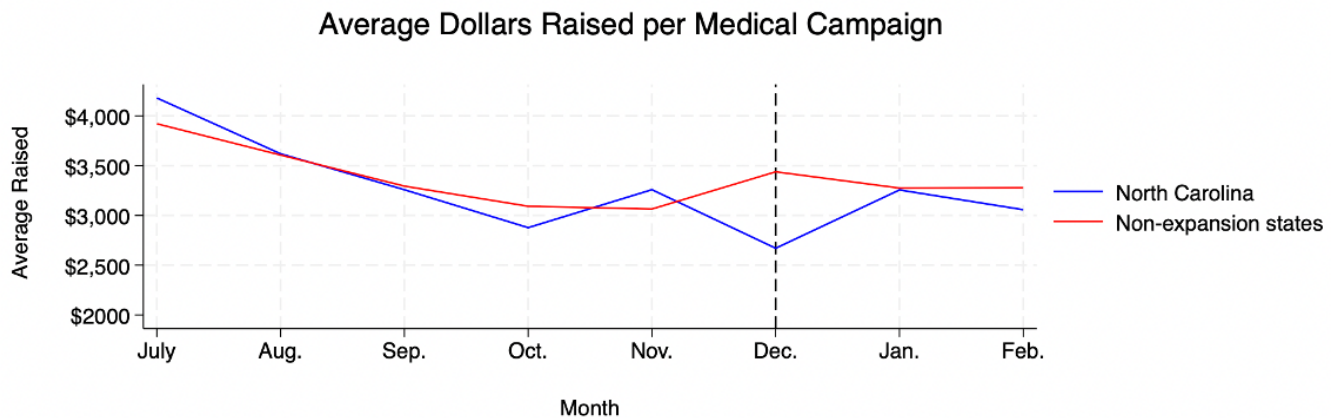
Previous studies have examined whether states that expand Medicaid had reduced number of medical campaigns on GoFundMe in the following years. Panjwani and Xiong (2023) found that Medicaid Expansion in any particular state was associated with an 11-17% decline in the number of medical campaigns created in that state. My analysis finds smaller magnitude of changes for North Carolina (3.5-5%), but the study also uses a shorter time span after expansion, five months, rather than the several years used in other studies, which may not be enough time for the full benefits of the expansion to reach everyone who will become enrolled.

While overall campaigns decreased, the average campaign goal in North Carolina for medical campaigns increased by \$850 (just under 7%), suggesting that the campaigns in North Carolina that were no longer being created were campaigns asking for less money, those at the margin of needing to turn to GoFundMe for additional financial aid; it is logical then that when Medicaid Expansion occurred, these were the campaigns that were no longer being created.

Crowd out of Donations to Medical Campaigns

A campaign level analysis was conducted to test whether donations to medical campaigns in North Carolina changed as a result of Medicaid Expansion. Figure 3 highlights visually the results of this analysis. Before Medicaid Expansion in North Carolina, the average amount raised in medical campaigns in North Carolina trended almost identically to the average amount raised in non-expansion states. In the immediate period following North Carolina's Medicaid Expansion (December 2023) there was a sharp decline in donations to medical campaigns in North Carolina, but not the non-expansion states. After that initial period, the trends reconverged.

These results point to individuals, around the time of Medicaid Expansion in North Carolina, when information about the policy was high, taking that knowledge of added public spending on health insurance into account heavily when deciding how much to contribute to private medical campaigns; once enough time had passed and the policy implementation was not top of mind, donations quickly returned to pre-expansion levels.



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