

# Medicaid funding cuts threaten the financial and physical health of North Carolinians

Understanding the cuts to Medicaid, the expiring healthcare tax credits, and the constriction of affordable healthcare in North Carolina.

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# Introduction

This paper will explore the current state of health insurance coverage in North Carolina, and outline the federal legislative changes that will reduce healthcare coverage and its affordability. Decreased accessibility of both Medicaid and Affordable Care Act Marketplace health insurance will worsen health and financial outcomes for North Carolinians, though if the North Carolina General Assembly acts quickly some essential Medicaid coverage can be preserved.

North Carolina implemented an expansion of Medicaid availability under provisions in the Affordable Care Act (ACA) in December 2023. This expansion has provided health insurance coverage to more than 687,000 North Carolinians with health insurance since December 2023. The Medicaid program in its entirety covers 3.1 million people (nearly 1 out of 4) in the state.<sup>1</sup>

For those individuals who obtain their health insurance through the ACA health insurance Marketplace, many of the premium subsidies that allay the cost of health insurance will lapse in 2026. As a result, many people will lose health insurance, which may reintroduce or exacerbate the many negative outcomes associated with inadequate healthcare coverage, such as poorer quality of care and worse health outcomes.<sup>2</sup>

Thanks to Medicaid expansion and improved ACA affordability provisions, more North Carolinians than ever currently have health insurance. But now federal legislation threatens to undo this progress. The “One Big Beautiful Bill Act” (‘the reconciliation bill’) in July 2025 slashed Medicaid funding, increased burdens for recipients and administrators, and allowed critical tax subsidies to expire. These measures pose a serious risk to North Carolinians across income levels, and will expand poverty in the state.

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<sup>1</sup> North Carolina Medicaid Expansion Enrollment Dashboard (hereinafter N.C. Medicaid Dashboard), <https://medicaid.ncdhhs.gov/reports/medicaid-expansion-dashboard>, last accessed November 18, 2025.

<sup>2</sup> J. Michael McWilliams, *Health consequences of uninsurance among adults in the United States: recent evidence and implications*, 87 THE MILBANK QUARTERLY, 443 (2009), <https://doi.org/10.1111/j.1468-0009.2009.00564.x>.

# Funding cuts and rule changes will reduce health insurance coverage.

## Federal cuts to Medicaid

The reconciliation bill reduces access to Medicaid by imposing new requirements on recipients, reducing provider funding, and delaying new rules designed to ensure continuity of coverage. Many changes in the reconciliation bill ultimately reduce funding for Medicaid but are obscured by multiple, highly technical components of the program. These changes, while not easily quantifiable, will result in diminished funding and narrowed eligibility. One highly technical change, for example, is sunsetting the higher federal medical assistance percentage (FMAP) payments, which are the federal government dollars paid to states to match every dollar the state spends on Medicaid paid out at a specific percentage that varies year to year.<sup>3</sup>

Some of the changes and cuts will increase **administrative burdens on beneficiaries**—such as new work requirements and more frequent re-enrollment. These changes are well documented to reduce Medicaid utilization and retention.<sup>4</sup> The increased frequency of reenrollment also creates an additional administrative burden for state agencies, driving up the costs for state and local Medicaid programs. In addition, **healthcare providers will be paid less** because of reduced reimbursement rates to providers, further discouraging providers from caring for Medicaid patients.<sup>5</sup>

Nationally, the Congressional Budget Office (CBO) estimates that federal payments for Medicaid will decline by \$840.2 billion between now and 2034.<sup>6</sup> The CBO further estimates that 9.1 million Americans will lose insurance because of these changes by

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<sup>3</sup> H.R.1 - 119th Congress (2025-2026): One Big Beautiful Bill Act, H.R.1, 119th Cong. (2025), <https://www.congress.gov/bill/119th-congress/house-bill/1>, at § 71110 & § 71114.

<sup>4</sup> Ashley Fox, Wenhui Feng, and Megan Reynolds, *The effect of administrative burden on state safety-net participation: Evidence from food assistance, cash assistance, and Medicaid*, 83.2 PUBLIC ADMIN. REV. 367, 384 (2023) ("Reducing costs associated with burdensome administrative rules was associated with higher program inclusivity across the programs"). See also, Pamela Herd & Donald P. Moynihan. *Administrative burden: Policymaking by other means*, Russell Sage Foundation, 2019.

<sup>5</sup> "The bill would amend the federal requirements for Medicaid provider taxes and state directed payments, and it would delay Medicaid disproportionate share hospital allotment reductions. The OBBBA also would amend pharmacy survey requirements under Medicaid and prevent pharmacy benefit managers' (PBM's) use of spread pricing under Medicaid," Health Coverage Provisions in One Big Beautiful Bill Act (H.R. 1) (2025), <https://www.congress.gov/crs-product/R48569>.

<sup>6</sup> Health Coverage Provisions in One Big Beautiful Bill Act (H.R. 1); Work Requirements: Existing Policies in Medicaid, SNAP, Housing Assistance, and TANF; Medicaid Provider Taxes, <https://www.congress.gov/crs-product/R48569>.

2034, including those who have lost Medicaid or private insurance.<sup>7</sup> While the precise impact of the reconciliation bill cuts are hard to quantify, the many highly technical changes that reduce the availability and coverage of Medicaid will reduce health insurance coverage.

## Higher Cost Marketplace<sup>8</sup> Insurance

Numerous changes to the ACA have broadened access and coverage in recent years. The Premium Tax Credit (PTC), which was introduced with the passage of the ACA, set the enrollee's maximum contribution to the cost of the plan at a percentage of their household income for families making 400 percent or less of the federal poverty level.<sup>9</sup> Until 2021, households that made more than 400 percent of the federal poverty line could not qualify for the PTC and those under 400 percent were capped at paying 9.78 percent of their monthly income.<sup>10</sup> However, the Enhanced PTC (EPTC), that was first introduced in the American Rescue Plan Act (ARPA) and was extended by the Inflation Reduction Act (IRA) to continue through the end of 2025, capped the total amount of income individuals would have to pay on health insurance to a lower percentage of their monthly income.<sup>11</sup> In 2025, access was also expanded by opening the Marketplace to recipients of Deferred Action for Childhood Arrivals (DACA) relief. Finally, multiple states implemented their own state-based subsidy programs.<sup>12</sup> Indeed, nationally, the Marketplace 2025 open enrollment period had the highest ever plan enrollment, including 3.1 million new

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<sup>7</sup> Health Coverage Provisions in One Big Beautiful Bill Act (H.R. 1) (2025), <https://www.congress.gov/crs-product/R48569>.

<sup>8</sup> Also referred to as Healthcare.gov, Obamacare, or Affordable Care Act insurance. Some states have their own enrollment websites and others use Healthcare.gov for constituent enrollment.

<sup>9</sup> Congressional Budget Office. 2025. *The Estimated Effects of Enacting Selected Health Coverage Policies on the Federal Budget and on the Number of People with Health Insurance*. Washington, DC: Congressional Budget Office. September 18, 2025. <https://www.cbo.gov/publication/61734> ("The maximum credit is calculated as the difference between the benchmark premium (the premium for the second-lowest-cost silver plan available in a region) and a maximum household contribution, which is set at a percentage of household income.")

<sup>10</sup> Centers for Medicare & Medicaid Services, *Affordability in the Marketplaces remains an issue for Moderate Income Americans* (Jan. 2021), <https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/Impact-Premium-Affordability.pdf>.

<sup>11</sup> H.R.5376 - 117th Congress (2021-2022): Inflation Reduction Act of 2022, H.R.5376, 117th Cong. (2022), <https://www.congress.gov/bill/117th-congress/house-bill/5376>.

<sup>12</sup> California, Colorado, Connecticut, Maryland, Massachusetts, New Jersey, New Mexico, New York, Vermont, and Washington.

consumers.<sup>13</sup> This record-breaking enrollment meant that more than 24 million Americans enrolled in Marketplace insurance plans in 2025.<sup>14</sup>

The expiration of the EPTC at the end of 2025 will inflict harsh and quantifiable harms. Because the EPTC reduced the rate of household contribution *across all income levels* earning below 400 percent of the federal poverty level, its expiration means in 2026 low earning households will be spending a higher percentage of their monthly income on Marketplace premiums.<sup>15</sup> The EPTC “cliff” correction allowed Marketplace enrollees with incomes above 400 percent of the poverty level to claim the tax credit if the tax filer demonstrated on their tax returns that they paid more than 8.5 percent of their household income on their Marketplace insurance.<sup>16</sup> The credit offsets the cost of Marketplace premiums through an “advance,” meaning the premiums the taxpayer owed their insurer every month were automatically reduced.<sup>17</sup>

This is likely to change in 2026, however, because Congress refused to extend the EPTC. Overall, the CBO estimates the number of uninsured people will rise by “3.8 million, on average, in each year over the 2026-2034 period.”<sup>18</sup> This includes the estimated 2.2 million people who will lose insurance in 2026 alone,<sup>19</sup> while an additional 1.8 million people will lose insurance by 2034.<sup>20</sup> The reconciliation bill also ended passive

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<sup>13</sup> Centers for Medicare & Medicaid Services. 2025. *Marketplace 2025 Open Enrollment Period Report: National Snapshot*. Fact Sheet, January 8, 2025. U.S. Department of Health and Human Services. <https://www.cms.gov/newsroom/fact-sheets/marketplace-2025-open-enrollment-period-report-national-snapshot-1>

<sup>14</sup> Centers for Medicare & Medicaid Services. 2025. *Over 24 Million Consumers Selected Affordable Health Coverage in ACA Marketplace for 2025*. Press release, January 17, 2025. U.S. Department of Health and Human Services. <https://www.cms.gov/newsroom/press-releases/over-24-million-consumers-selected-affordable-health-coverage-aca-marketplace-2025>.

<sup>15</sup> American Rescue Plan Act of 2021 (ARPA), Pub. L. No. 117-2, § 9661, 135 Stat. 4, 137–41. Expanded by Inflation Reduction Act (IRA) of 2022 (Pub. L. No. 117-169).

<sup>16</sup> ARPA, Pub. L. No. 117-2, § 9661, expanded by IRA, Pub. L. No. 117-169.

<sup>17</sup> Premium Tax Credit (PTC), I.R.S. Pub. No. 974, Cat. No. 66452Q (2024), <https://www.irs.gov/pub/irs-pdf/p974.pdf>.

<sup>18</sup> Congressional Budget Office. 2024. *The Effects of Not Extending the Expanded Premium Tax Credits for the Number of Uninsured People and the Growth in Premiums*. December 5, 2024. Washington, DC: Congressional Budget Office. <https://www.cbo.gov/system/files/2024-12/59230-ARPA.pdf>.

<sup>19</sup> Congressional Budget Office. 2024. *The Effects of Not Extending the Expanded Premium Tax Credits for the Number of Uninsured People and the Growth in Premiums*. December 5, 2024. Washington, DC: Congressional Budget Office. <https://www.cbo.gov/system/files/2024-12/59230-ARPA.pdf>.

<sup>20</sup> Congressional Budget Office. 2025. *Re: Clarifications of Marketplace Coverage and Eligibility Under Public Law 119-21 (H.R. 1) and the 2025 Marketplace Integrity and Affordability Rule*. August 25, 2025. Washington, DC: Congressional Budget Office. <https://www.cbo.gov/publication/61506>. For additional, in-depth analysis on the many components coming together to decrease affordability of Marketplace insurance, visit <https://acasignups.net/25/07/30/warning-2026-aca-net-rate-hikes-wout-ira-subsidies-will-be-even-worse-i-thought>.

reenrollment—another increased administrative burden on tax payers—in the Marketplace, which the CBO estimates will result in 700,000 fewer people receiving coverage by 2034.<sup>21</sup>

On top of the loss of coverage, those who remain insured via the Marketplace will pay more for their premiums. Because there are multiple tiers of health insurance plans available on the Marketplace from multiple providers, with other variables changing the cost of premiums, it is difficult to quantify, overall, the average cost of a plan through the Marketplace. Despite this variability, the CBO estimated that the total benchmark costs of premiums will increase by 4.3 percent in 2026, by 7.7 percent in 2027, and by 7.9 percent, on average, over the 2026-2034 period.”<sup>22</sup> However, these may be *underestimates* as the reconciliation bill cuts may further increase the costs of subsidized Marketplace plans.<sup>23</sup>

Beginning in 2026, fewer Americans, like DACA recipients or those who are priced out, will be able to enroll in ACA Marketplace healthcare plans and those that still can will find the plans substantially less affordable. Although household budgets may be pinched by these increased costs, families who can manage to maintain insurance may still experience better outcomes than those who will lose health insurance coverage altogether.

## Impacts to North Carolinians

Federal changes will have a devastating impact on healthcare affordability and accessibility for North Carolinians. State level policies, such as a legislative budget shortfall and the current ambiguity in Medicaid expansion funding, will magnify these harms; particularly as Medicaid expansion continuity is currently precarious and payments to providers may be cut by multiple means.

The North Carolina General Assembly only allocated the North Carolina Department of Health and Human Services (NCDHHS) \$600 million, more than \$200 million short of the budget necessary for the North Carolina program to maintain its rate of enrollment and pay out providers based on the summer 2025 provider rates.<sup>24</sup> Due to its

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<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> See, e.g., Gaba, Charles. 2025. *Warning: 2026 ACA Net Rate Hikes w/out IRA Subsidies Will Be Even Worse Than I Thought*. ACA Signups, July 30, 2025. <https://acasignups.net/25/07/30/warning-2026-aca-net-rate-hikes-wout-ira-subsidies-will-be-even-worse-i-thought>.

<sup>24</sup> North Carolina Department of Health and Human Services, Division of Health Benefits. December 2025, *Understanding the Impact of Cuts to the NC Medicaid Budget*. Accessed December 15, 2025. <https://medicaid.ncdhhs.gov/about-nc-medicaid/understanding-impact-cuts-nc-medicaid-budget>.

budgetary shortfall, in October 2025, NCDHHS cut payments to healthcare providers by 10%. Payment cuts to providers always introduce threats to the availability of care, as providers may be disincentivized from providing care to Medicaid plan participants.<sup>25</sup> This, in turn, can increase cost burdens on other institutions, such as emergency rooms and jails, as people may delay care, seek higher levels of care, or require institutionalization where intermediate care services are no longer available.<sup>26</sup>

Another lurking risk for 2026 and beyond is that North Carolina's Medicaid expansion was written with a "trigger law" to rescind expansion coverage in the event of certain instances of funding shortfalls.<sup>27</sup> As the law is currently written, the North Carolina legislature must **pass a statutory adjustment that clarifies financing mechanisms**, for example **hospital assessments**, in order for the state to continue using allowable sources consistent with the trigger law.<sup>28</sup> North Carolina law requires the implementing state agency to report on the costs of Medicaid expansion by February 1 of 2026.<sup>29</sup> To preserve health insurance coverage for the nearly 700,000 North Carolinians currently enrolled in expansion, the General Assembly must act soon.

## Medicaid Expansion enrollment

Prior to Medicaid expansion in North Carolina, restrictive limits on eligibility meant many lower income adults remained uninsured. Adults without dependents were generally not eligible for Medicaid and for a family of three to be eligible they had to earn 37% or less of the federal poverty level (\$9,198 or less in 2023).<sup>30</sup> Additionally, certain adults with low incomes fell into what is called a "coverage gap": they made too much to qualify for Medicaid but too little qualify for ACA Marketplace assistance. Specifically, the PTC is only

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<sup>25</sup> Medicaid and CHIP Payment and Access Commission. 2025. *Evaluating the Effects of Medicaid Payment Changes on Access to Physician Services*. January 2025. Washington, DC: Medicaid and CHIP Payment and Access Commission. <https://www.macpac.gov/wp-content/uploads/2025/01/Evaluating-the-Effects-of-Medicaid-Payment-Changes-on-Access-to-Physician-Services.pdf>.

<sup>26</sup> Baxley, Jaymie. 2025. *Rate Cuts Criticized*. North Carolina Health News, October 17, 2025. <https://www.northcarolinahealthnews.org/2025/10/17/rate-cuts-criticized/>.

<sup>27</sup> HOUSE BILL 76 RATIFIED BILL ("If, for any fiscal year, the nonfederal share of the cost of NC Health Works cannot be fully funded through the sources described in subsection (b) of this section, then Medicaid coverage for the category of individuals described in G.S. 108A-54.3A(24) shall be discontinued as expeditiously as possible.").

<sup>28</sup> HOUSE BILL 76 RATIFIED BILL ("Increases in revenue from the gross premiums tax under G.S. 105-228.5 due to NC Health Works. Excluding any State retention, the increases in intergovernmental transfers due to NC Health Works. (3) Excluding any State retention, the hospital health advancement assessments under Part 3 of Article 7B of Chapter 108A of the General Statutes. (4) Savings to the State attributable to NC Health Works that correspond to State General Fund budget reductions to other State programs.").

<sup>29</sup> HOUSE BILL 76 RATIFIED BILL

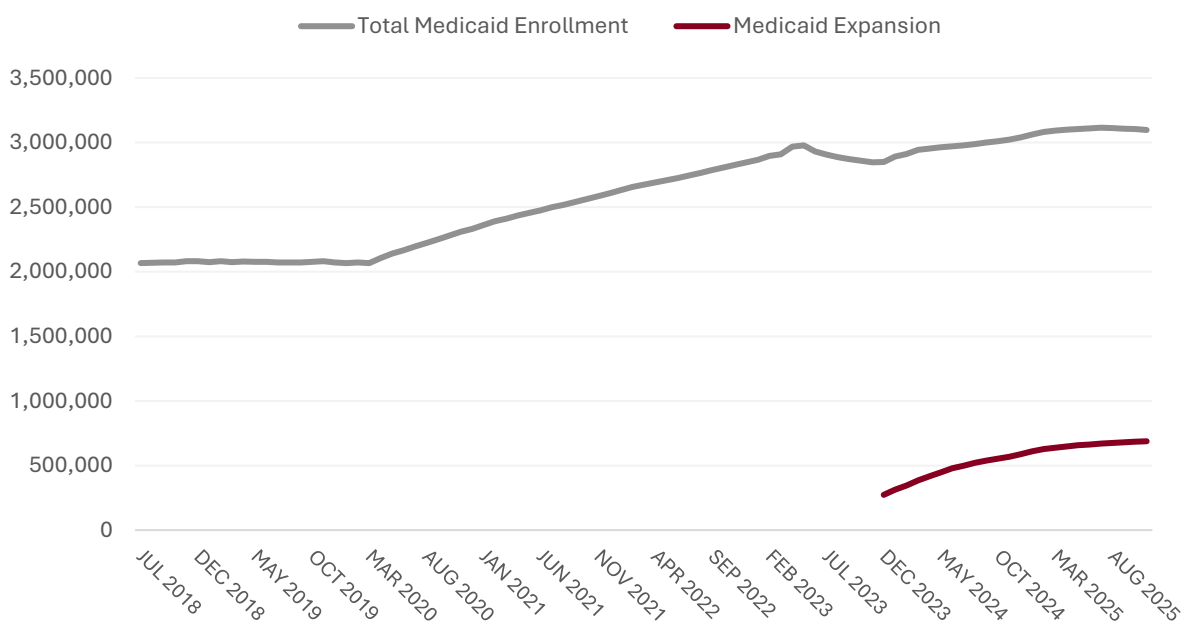
<sup>30</sup> Jada Raphael & Robin Rudowitz, *An Update on ACA Medicaid Expansion: What to Watch in North Carolina and Beyond*, KFF.COM (Dec. 18, 2023).



available to those individuals who make above the poverty level. Prior to expansion, the North Carolinians who fell into the coverage gap were almost all low-income adults under 65 without a child, and families earning more than 37 percent, but less than 100 percent, of the federal poverty level.

Expansion allowed adults without dependents to obtain coverage through Medicaid and increased the eligibility income threshold to 138% of the federal poverty level (in 2023, \$20,120 annually for one).<sup>31</sup> Once the program was rolled out in December 2023, it grew rapidly, outpacing state projections. As of December 2025, more than 692,000 North Carolinians receive health insurance through expanded Medicaid.<sup>32</sup> Figure 1 shows Medicaid enrollment and isolates the impact of expansion in North Carolina.

### Medicaid Enrollment Numbers Since July 2018



Note: Increased enrollment from March 2020 to July 2023 reflects temporary Covid era programs, including continuous enrollment. The drop in early 2023 reflects the end of the Covid-era protections.

Source: N.C. Department of Health and Human Services Medicaid Enrollment

<sup>31</sup> Data source: DEP'T OF HEALTH AND HUMAN SERVICES, *2023 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii)*, <https://aspe.hhs.gov/sites/default/files/documents/1c92a9207f3ed5915ca020d58fe77696/detailed-guidelines-2023.pdf>.

<sup>32</sup> N.C. Medicaid Dashboard, <https://medicaid.ncdhhs.gov/reports/medicaid-expansion-dashboard>, last accessed December 12, 2025.



Undoing Medicaid expansion in North Carolina will reintroduce the “coverage gap,” where lower income North Carolinians will not be eligible for Medicaid but will not be able to afford Marketplace insurance premiums either. Prior to the 2023 expansion, estimates placed about 173,000 North Carolina adults in the insurance coverage gap, where they were above Medicaid limits but below the poverty level.<sup>33</sup> But, as discussed previously, the Marketplace itself is becoming less affordable in 2026 across income levels, creating a substantially wider coverage gap.

## Marketplace unaffordability in 2026

### For individuals and families making over 400 percent of the federal poverty level

As discussed above, households earning over 400 percent of the federal poverty level will no longer have a ceiling on the percentage of their monthly income they pay on premiums on health insurance they obtain through the Marketplace. In 2025, 400 percent of the federal poverty level for a family of three is \$106,600 annually, meaning these families making \$106,601 or more will suddenly have no limit to how much they spend on their Marketplace premiums.<sup>34</sup> In North Carolina, seventeen percent of households earn between \$100,000 and \$150,000; for most of these families, if they obtain their health insurance through the Marketplace, they will experience a potential cost shock with the EPTC gone in 2026.<sup>35</sup>

### For families earning between 100 and 400 percent of the federal poverty level

Roughly 41.1 percent of North Carolina households make too much to be eligible for Medicaid expansion but do qualify for the EPTC, should they obtain their health insurance through the Marketplace. Of this portion of the population, those with Marketplace health insurance will spend more on their Marketplace premiums in 2026.<sup>36</sup> The median household income in North Carolina in 2024 was \$73,958, meaning the middle-income level in the state was well within the population that experienced financial relief with the EPTC.<sup>37</sup>

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<sup>33</sup> Raphael, Jada, and Robin Rudowitz. 2023. *An Update on ACA Medicaid Expansion: What to Watch in North Carolina and Beyond*. KFF, December 18, 2023. <https://www.kff.org/affordable-care-act/an-update-on-aca-medicaid-expansion-what-to-watch-in-north-carolina-and-beyond>.

<sup>34</sup> U.S. CENSUS BUREAU, *Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)*, *American Community Survey, ACS 1-Year Estimates Subject Tables, Table S1901*, <https://data.census.gov/table/ACSST1Y2024.S1901?g=040XX00US37>, last accessed November 25, 2025.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

All 975,110 North Carolinians who obtained their health insurance coverage through the Marketplace in 2025 will pay more for their same plans in 2026.<sup>38</sup> With the EPTC, middle earning families received subsidies for their Marketplace premium payments to cap the enrollee's premium costs to a percentage of their monthly income.<sup>39</sup> With the EPTC subsidies going away and the caps raised, a family of three with one child under 21 earning the median income will pay an average of \$248 per month (\$2,976 per year) **more** for their premiums than they did in 2025 for a Marketplace silver plan. With the EPTC, the cost of a silver plan would have been capped at 4.09 percent of their income in 2025; in 2026, with no EPTC, that will increase to 8.56 percent.<sup>40</sup>

This additional squeeze on healthcare affordability presents many North Carolinians with a quandary: strain household budgets to the breaking point in order to pay for health insurance costs or become uninsured. A family of three earning more than \$36,777 (138 percent of federal poverty level) will not qualify for expanded Medicaid, but will have to pay a higher portion of their low monthly income on Marketplace premiums in 2026.<sup>41</sup> A family of three earning more than \$106,600 (400% of the federal poverty level) will have to pay the full amount of their Marketplace plan premiums, even if their annual income is only one dollar over the limit.

### For families enrolled in Medicaid expansion

Because of the ending EPTC and the resulting increased costs of Marketplace insurance, Medicaid expansion becomes a critical source of coverage for low-to-middle income earners. If Medicaid expansion ends in North Carolina, families making between 100 and 138 percent of federal poverty level will have to turn to Marketplace coverage, but with the higher costs discussed above. For families that do not qualify for Medicaid coverage but make less than 100 percent of the federal poverty level, also called the “coverage gap”, the Marketplace plans may prove unaffordable as there are no tax credits available to this population, even the more expensive PTC. Low-to-middle income North Carolinians would thus not have an adequate, affordable insurance solution. Many

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<sup>38</sup> Centers for Medicare & Medicaid Services. 2025. *Health Insurance Exchanges: 2025 Open Enrollment Report*. U.S. Department of Health and Human Services. <https://www.cms.gov/files/document/health-insurance-exchanges-2025-open-enrollment-report.pdf>. See also, U.S. CENSUS BUREAU, *Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)*, American Community Survey, ACS 1-Year Estimates Subject Tables, Table S1901, *supra* note 34.

<sup>39</sup> *Id.*

<sup>40</sup> These estimates are highly variable, and these specific numbers were based off two adults making the median income in North Carolina, both nonsmokers, and with one nonsmoking dependent. For fact-specific analyses, Kaiser Family Foundation has an interactive tool: <https://www.kff.org/interactive/calculator-aca-enhanced-premium-tax-credit>

<sup>41</sup> The 2025 federal poverty income level for a family of three is \$26,650. HEALTHCARE.GOV, *Federal Poverty Level (FPL)*, <https://www.healthcare.gov/glossary/federal-poverty-level-fpl>.

individuals and families may experience further financial distress if they lose healthcare coverage because they cannot afford insurance through the Marketplace.

## Potential Impacts

North Carolina is particularly vulnerable to these impending cuts because of its substantial rural population,<sup>42</sup> the state's late uptake of Medicaid expansion relative to the passage of the ACA, and the risk to North Carolina's low-income families who may lose health insurance coverage due to decreased availability and affordability of coverage. A later paper in this series will explore the rural impacts of these cuts and changes in North Carolina in greater detail.

## Health insurance coverage and poverty in North Carolina

North Carolinians across the state have acquired health insurance coverage thanks to Medicaid expansion. According to the North Carolina Medicaid dashboard, as of November 2025 the portion of adults under 65 enrolled in Medicaid expansion by county ranges from 5.1 percent (Orange County) to 23 percent (Edgecombe County).<sup>43</sup>

These enrollment rates are substantial especially when comparing the insured rate from 2024 (the first full year of Medicaid expansion) to previous years. Statewide, the percentage of insured individuals between the ages of 19 and 64 in 2023 was 85.0 percent. Further, sixty-nine counties had insurance coverage rates even lower than the state average (ranging from 69.5 percent in Swain County to 84.9 percent in Alamance and Durham County).<sup>44</sup> Although the Census Bureau has not yet published data on health insurance for all 100 counties, in 2024 the statewide insured rate rose to 87.9 percent, a statistically significant increase.<sup>45</sup> The share of insured North Carolinians is almost certainly higher than that now, given the dramatic uptick in Medicaid expansion enrollment since its rollout.

Because county-level uninsured rates following Medicaid expansion are not yet available, we compare the number of adults ages 19-64 who were uninsured in 2023 to the

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<sup>42</sup> Hunt, Heather, Poverty Research Project. 2025. *Population Change, Immigration and the Future of Rural North Carolina*. Durham, NC: North Carolina Central University.

<https://myeol.nccu.edu/sites/default/files/2025-12/Paper-of-Poverty-Research-Project.pdf>.

<sup>43</sup> N.C. Medicaid Dashboard. Please note, the Dashboard figures vary slightly from our internal analysis, as our internal analysis does a side by side based on 2023 county populations, whereas the Dashboard uses the most up-to-date population totals for counties.

<sup>44</sup> U.S. Census Bureau. 2023. *American Community Survey 5-Year Estimates, Table S2701*.

<https://www.census.gov/programs-surveys/acs>

<sup>45</sup> U.S. Census Bureau. 2024. *American Community Survey 1-Year Estimates, Table B27001*.

<https://www.census.gov/programs-surveys/acs>

number of adults in that age group enrolled through Medicaid expansion as of November 2025. Although this is not a perfect comparison—individuals currently covered through expansion may have been insured in 2023, for example, others who were uninsured in 2023 may have acquired insurance in other ways or remain uninsured—the large expansion numbers suggest that it has substantially reduced the share of uninsured adults.

The table below ranks the counties with the highest uninsured rate in 2023 along with their expansion numbers. Not only does expansion insure more than one in ten adults in every county, but they are also all rural counties.

### Counties with Highest Uninsured Rates, 2023

County	2023 Population, 19-64	2023 Number Uninsured	People 19-64 Enrolled in Medicaid Expansion, Nov. 2025	Medicaid Expansion Enrollment as Percent of 2023 Population <sup>46</sup>
Swain	7,915	2,416	1,806	22.8%
Clay	5,768	1,687	781	13.5%
Cherokee	14,922	3,951	2,228	14.9%
Alleghany	5,831	1,542	667	11.4%
Sampson	32,626	8,003	4,774	14.6%
Tyrrell	1,432	345	186	13.0%
Macon	19,467	4,435	2,161	11.1%
Duplin	27,104	6,144	3,806	14.0%
Greene	10,159	2,270	1,178	11.6%
Graham	4,382	976	817	18.6%

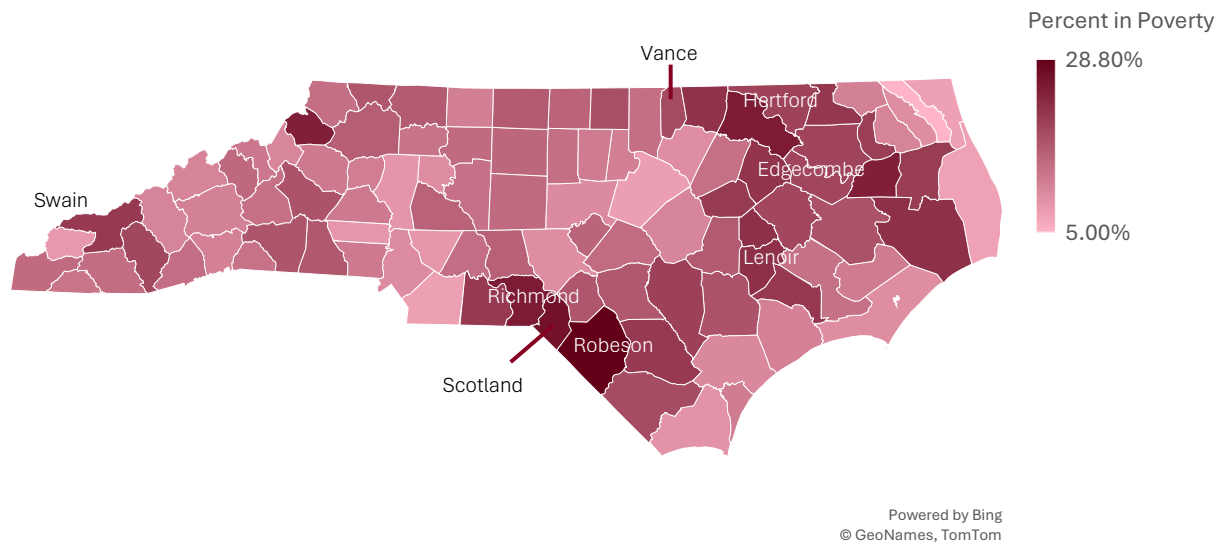
Table 1- Counties with Highest Uninsured Rates, 2023

Source: U.S. Census Bureau, 2023 American Community Survey 5-Year Estimates and N.C. Medicaid Dashboard

The counties with the largest share of people enrolled in Medicaid expansion are also among the poorest in the state (Table 1). Specifically, these counties include Robeson, Swain, Edgecombe, Richmond, Scotland, Vance, Lenoir and Hertford (see the map below). The uptake of Medicaid expansion in the poorest counties in the state demonstrates the critical importance of affordable health insurance. Of particular concern for 2026 and beyond is the intersection between poverty and health insurance coverage, and how North Carolina policies may expand the poverty footprint across the state.

<sup>46</sup> For a rough approximation of Medicaid expansion's impact on uninsurance rates in North Carolina, we analyzed uninsurance rates from the Census Bureau against Medicaid expansion numbers on a county-by-county level, with the 2023 county population of adults aged 19 to 64 being the denominator for both.

## Rates of People Living in Poverty by North Carolina County



Source: 2023 ACS 5-Year Estimates, S1701

## Demands on state infrastructure and worse outcomes

In addition to the harms described above, the reduction in Medicaid funds may also increase housing instability in North Carolina. The passage of the ACA substantially increased health care coverage rates among people experiencing homelessness and thereby increased access to quality health care for this population.<sup>47</sup> Since then, states have expanded their use of Medicaid to cover specialized supportive services that help people gain and sustain housing.<sup>48</sup> While Medicaid funds themselves cannot pay for housing, “Medicaid programs can pay for housing-related services that promote health and community integration such as assistance in finding and securing housing, and home modifications when individuals transition from an institution to the community.”<sup>49</sup> These programs offer significant benefits. A study of a supportive housing program in Denver

<sup>47</sup> Rath, John. 2025. *Medicaid Is Essential: Addressing the Homelessness Crisis, the Reconciliation Bill Would Make It*. Urban Institute, January 15, 2025. <https://www.urban.org/urban-wire/medicaid-essential-addressing-homelessness-crisis-reconciliation-bill-would-make-it>.

<sup>48</sup> *Id.*

<sup>49</sup> Medicaid and CHIP Payment and Access Commission. 2021. *Medicaid’s Role in Housing*. Washington, DC: Medicaid and CHIP Payment and Access Commission. <https://www.macpac.gov/wp-content/uploads/2021/06/Medicoids-Role-in-Housing-1.pdf>

found about half of the total cost was offset by reductions in other emergency public services, including jail, police, detoxification, and hospital services.<sup>50</sup>

Medicaid cuts also threaten both access to care and behavioral health services extended under the program. To ensure Medicaid recipients had access to specialist care, North Carolina introduced the housing services and transportation pilot,<sup>51</sup> which may be stopped in 2026. Nationwide, Medicaid is the single largest payer for mental health services.<sup>52</sup> In North Carolina, this can cover services for mental health disorders, substance use disorders, intellectual/developmental disabilities (I/DD) or traumatic brain injuries (TBI).<sup>53</sup> Yet North Carolina has already announced lower reimbursement rates for many behavioral health services, with providers reimbursement rates reflecting 8 to 10 percent reductions.<sup>54</sup>

Cuts to Medicaid coverage or loss of Medicaid coverage by a significant number of people will increase cost burdens on other state infrastructure, as people may delay care, seek higher levels of care, or require institutionalization where other intermediate care services are no longer available.<sup>55</sup> “Jails and hospitals would become the frontlines of a growing homelessness crisis, which could swamp already tight local and state budgets.”<sup>56</sup> The largest reduction in state Medicaid costs will come through a 10 percent rate cut to nursing home services, which the state projects will reduce spending by roughly \$46.8 million.<sup>57</sup>

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<sup>50</sup> Sarah Gillespie, Devlin Hanson, Josh Leopold, Alyse D. Oneto, *Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle*, URBAN INSTITUTE (July 2021).

<sup>51</sup> North Carolina Department of Health and Human Services. 2022. *Healthy Opportunities: Housing and Transportation Services Available*. May 2, 2022. <https://medicaid.ncdhhs.gov/blog/2022/05/02/healthy-opportunities-housing-and-transportation-services-available>.

<sup>52</sup> Centers for Medicare & Medicaid Services. n.d. *Behavioral Health Services*. U.S. Department of Health and Human Services. <https://www.medicare.gov/medicaid/benefits/behavioral-health-services>.

<sup>53</sup> Alliance Health. n.d. *Medicaid Direct*. Accessed December 15, 2025. <https://www.alliancehealthplan.org/medicaid-direct/>.

<sup>54</sup> North Carolina Department of Health and Human Services. 2025. *NC Medicaid Rate Reductions Effective Oct. 1, 2025*. September 25, 2025. <https://medicaid.ncdhhs.gov/blog/2025/09/25/nc-medicare-rate-reductions-effective-oct-1-2025> (“For Behavioral Health Intellectual/ Developmental Disabilities Tailored Plans, Advanced Medical Home Fee(s) paid to Advanced Medical Homes that accrue on or after Oct. 1, 2025, to be reimbursed at no less than \$4.85, for each month in which a Member is assigned to the Advanced Medical Home as the Member’s primary care provider, which may be prorated for partial months.”).

<sup>55</sup> Baxley, Jaymie. 2025. *Rate Cuts Criticized*. North Carolina Health News, October 17, 2025. <https://www.northcarolinahealthnews.org/2025/10/17/rate-cuts-criticized/>.

<sup>56</sup> Rath, John. 2025. *Medicaid Is Essential: Addressing the Homelessness Crisis, the Reconciliation Bill Would Make It*. Urban Institute, January 15, 2025. <https://www.urban.org/urban-wire/medicaid-essential-addressing-homelessness-crisis-reconciliation-bill-would-make-it>.

<sup>57</sup> Kingdollar, Brandon. 2025. *Medicaid Rate Cuts Cost \$1 Billion, North Carolina DHHS Says*. North Carolina Newsline, August 15, 2025. <https://ncnewsline.com/2025/08/15/medicaid-rate-cuts-cost-billion-north-carolina-dhhs/>.

## Conclusion

The federal reconciliation bill of 2025 introduced numerous cuts to Medicaid that will decrease Medicaid uptake and retention, while also allowing the expiration of numerous provisions that made plans obtained through the ACA Marketplace more affordable. These legislative changes will increase the costs of health insurance premiums for the nearly one million North Carolinians who obtained their health insurance coverage through the Marketplace in 2025<sup>58</sup> and threaten the underlying funding of North Carolina's Medicaid program.

On top of these federal impacts, North Carolina's still-recent Medicaid expansion requires legislative action to prevent a trigger law repeal. Further, payments to providers were reduced starting on October 1, 2025 due to the North Carolina legislature only approving a fraction of the budget necessary for the administration of Medicaid. The cumulative effects of these cuts to affordable health insurance will result in numerous negative outcomes: more deaths, more unmanaged chronic conditions, and less access to supportive services. These cuts also threaten substantial economic harm to the state and its residents if North Carolina returns to its previous high levels of uninsured people and families.

## Appendix A- County Analysis by Listed by Highest Rate of Expansion Enrollment and then by 2023 Poverty Rate

County	2023 Population, 19-64	2023 Number Uninsured	2023 Percent Uninsured	People 19-64 Enrolled in Medicaid Expansion, Nov. 2025	Medicaid Expansion Enrollment as Percent of 2023 Population	2023 Poverty Rate
Robeson	65402	14343	21.9%	15,130	23.1%	28.8%
Swain	7915	2416	30.5%	1,806	22.8%	21.1%
Edgecombe	26547	4645	17.5%	5,740	21.6%	21.9%
Richmond	23766	3741	15.7%	4,757	20.0%	25.2%
Scotland	18707	3583	19.2%	3,651	19.5%	26.6%
Vance	23639	4671	19.8%	4,576	19.4%	19.0%
Lenoir	29743	4955	16.7%	5,588	18.8%	22.5%

<sup>58</sup> Centers for Medicare & Medicaid Services. 2025. *Health Insurance Exchanges: 2025 Open Enrollment Report*. U.S. Department of Health and Human Services. <https://www.cms.gov/files/document/health-insurance-exchanges-2025-open-enrollment-report.pdf>. See also, U.S. CENSUS BUREAU, *Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)*, American Community Survey, ACS 1-Year Estimates Subject Tables, Table S1901, *Supra* note 34.



<b>Hertford</b>	11089	1688	15.2%	2,080	18.8%	21.4%
<b>Graham</b>	4382	976	22.3%	817	18.6%	8.7%
<b>Bladen</b>	16022	2436	15.2%	2,909	18.2%	21.2%
<b>Cumberland</b>	170057	26929	15.8%	29,713	17.5%	17.2%
<b>Anson</b>	11245	2415	21.5%	1,942	17.3%	21.2%
<b>Columbus</b>	27116	5683	21.0%	4,296	15.8%	18.8%
<b>Northampton</b>	8658	1461	16.9%	1,344	15.5%	20.0%
<b>Washington</b>	5627	875	15.6%	869	15.4%	24.7%
<b>Bertie</b>	8852	1547	17.5%	1,351	15.3%	19.8%
<b>Hoke</b>	28545	4565	16.0%	4,332	15.2%	17.4%
<b>McDowell</b>	25181	4716	18.7%	3,816	15.2%	14.0%
<b>Halifax</b>	26069	4118	15.8%	3,878	14.9%	25.2%
<b>Rutherford</b>	35916	6797	18.9%	5,341	14.9%	17.6%
<b>Cherokee</b>	14922	3951	26.5%	2,228	14.9%	14.6%
<b>Sampson</b>	32626	8003	24.5%	4,774	14.6%	20.2%
<b>Burke</b>	50478	8689	17.2%	7,101	14.1%	17.9%
<b>Duplin</b>	27104	6144	22.7%	3,806	14.0%	17.9%
<b>Martin</b>	11649	1525	13.1%	1,622	13.9%	19.6%
<b>Pamlico</b>	5845	908	15.5%	814	13.9%	12.4%
<b>Beaufort</b>	24143	4223	17.5%	3,312	13.7%	18.0%
<b>Guilford</b>	323778	42422	13.1%	44,268	13.7%	15.2%
<b>Pitt</b>	105397	14625	13.9%	14,336	13.6%	19.4%
<b>Wayne</b>	63889	12231	19.1%	8,713	13.6%	16.9%
<b>Clay</b>	5768	1687	29.2%	781	13.5%	13.5%
<b>Warren</b>	9437	1726	18.3%	1,260	13.4%	22.2%
<b>Wilson</b>	44224	8748	19.8%	5,811	13.1%	21.0%
<b>Wilkes</b>	36602	6627	18.1%	4,804	13.1%	16.4%
<b>Tyrrell</b>	1432	345	24.1%	186	13.0%	20.8%
<b>Caldwell</b>	45967	8091	17.6%	5,980	13.0%	12.7%
<b>Cleveland</b>	57489	9255	16.1%	7,345	12.8%	17.2%
<b>Jones</b>	5226	907	17.4%	664	12.7%	21.3%
<b>Haywood</b>	34702	6157	17.7%	4,356	12.6%	11.3%
<b>Montgomery</b>	14024	2956	21.1%	1,747	12.5%	16.1%
<b>Mecklenburg</b>	718708	107825	15.0%	89,166	12.4%	10.4%
<b>Davidson</b>	99464	16033	16.1%	12,200	12.3%	13.8%
<b>Rockingham</b>	52443	8264	15.8%	6,407	12.2%	16.8%
<b>Nash</b>	54380	9611	17.7%	6,620	12.2%	14.0%
<b>Craven</b>	51144	6878	13.4%	6,262	12.2%	13.9%
<b>Hyde</b>	2165	438	20.2%	263	12.1%	22.4%
<b>Onslow</b>	95421	14345	15.0%	11,515	12.1%	11.7%

<b>Avery</b>	8889	1965	22.1%	1,073	12.1%	11.0%
<b>Surry</b>	40448	7336	18.1%	4,842	12.0%	16.7%
<b>Gaston</b>	137770	21538	15.6%	16,500	12.0%	12.8%
<b>Brunswick</b>	74662	10321	13.8%	8,905	11.9%	9.4%
<b>Forsyth</b>	225961	35477	15.7%	26,710	11.8%	14.7%
<b>Stokes</b>	25815	3733	14.5%	3,039	11.8%	12.0%
<b>Madison</b>	12556	1861	14.8%	1,478	11.8%	11.4%
<b>Person</b>	22214	2880	13.0%	2,591	11.7%	18.4%
<b>Greene</b>	10159	2270	22.3%	1,178	11.6%	22.4%
<b>Rowan</b>	86334	13220	15.3%	10,050	11.6%	15.8%
<b>Randolph</b>	84362	16035	19.0%	9,797	11.6%	14.8%
<b>Perquimans</b>	6653	1169	17.6%	771	11.6%	11.4%
<b>Alamance</b>	102035	15385	15.1%	11,690	11.5%	14.1%
<b>Alleghany</b>	5831	1542	26.4%	667	11.4%	17.4%
<b>Harnett</b>	75688	12581	16.6%	8,650	11.4%	14.5%
<b>Jackson</b>	26021	5643	21.7%	2,951	11.3%	19.3%
<b>Pasquotank</b>	22403	3127	14.0%	2,532	11.3%	10.0%
<b>Polk</b>	10008	1757	17.6%	1,118	11.2%	13.7%
<b>Macon</b>	19467	4435	22.8%	2,161	11.1%	14.4%
<b>Alexander</b>	20096	2928	14.6%	2,235	11.1%	12.1%
<b>Chowan</b>	7128	1152	16.2%	786	11.0%	20.5%
<b>Mitchell</b>	8270	1428	17.3%	903	10.9%	13.0%
<b>Transylvania</b>	17304	3218	18.6%	1,842	10.6%	14.2%
<b>Yancey</b>	9975	1670	16.7%	1,047	10.5%	14.9%
<b>Ashe</b>	14591	2986	20.5%	1,526	10.5%	14.1%
<b>Caswell</b>	12198	1675	13.7%	1,268	10.4%	15.7%
<b>Catawba</b>	93848	15296	16.3%	9,746	10.4%	12.8%
<b>Stanly</b>	36231	5654	15.6%	3,736	10.3%	14.2%
<b>Pender</b>	35551	4706	13.2%	3,660	10.3%	10.7%
<b>Yadkin</b>	21407	3659	17.1%	2,190	10.2%	13.6%
<b>Carteret</b>	36706	5340	14.5%	3,729	10.2%	10.0%
<b>Lee</b>	36847	6773	18.4%	3,616	9.8%	15.5%
<b>Buncombe</b>	161228	29002	18.0%	15,735	9.8%	11.8%
<b>Moore</b>	50574	6317	12.5%	4,894	9.7%	10.0%
<b>Granville</b>	33833	5212	15.4%	3,158	9.3%	14.1%
<b>Johnston</b>	134568	21291	15.8%	12,561	9.3%	11.2%
<b>New Hanover</b>	140701	20608	14.6%	12,543	8.9%	12.4%
<b>Franklin</b>	42345	6113	14.4%	3,624	8.6%	10.1%
<b>Cabarrus</b>	137451	14727	10.7%	11,671	8.5%	8.9%
<b>Davie</b>	24281	3633	15.0%	2,035	8.4%	10.0%

<b>Lincoln</b>	53176	7104	13.4%	4,373	8.2%	9.0%
<b>Durham</b>	208243	31502	15.1%	16,864	8.1%	12.0%
<b>Iredell</b>	113902	15465	13.6%	9,210	8.1%	9.1%
<b>Gates</b>	5875	636	10.8%	463	7.9%	11.8%
<b>Union</b>	143727	16279	11.3%	11,199	7.8%	7.7%
<b>Henderson</b>	63184	12366	19.6%	4,862	7.7%	11.7%
<b>Dare</b>	21022	2743	13.0%	1,466	7.0%	7.5%
<b>Wake</b>	715385	77660	10.9%	49,441	6.9%	7.9%
<b>Currituck</b>	17081	2104	12.3%	1,054	6.2%	7.6%
<b>Chatham</b>	42021	5536	13.2%	2,477	5.9%	10.5%
<b>Camden</b>	6118	283	4.6%	351	5.7%	5.0%
<b>Orange</b>	91771	8383	9.1%	4,712	5.1%	12.4%
<b>Watauga</b>	36014	5098	14.2%	1,706	4.7%	24.7%

Source: U.S. Census Bureau, 2023 American Community Survey 5-Year Estimates and N.C. Medicaid Dashboard