

Federal Changes Threaten Health Care Access in North Carolina

Kate B. Reynolds Charitable Trust



Health Care Coverage in North Carolina

Medicaid

- Covers more than **3 million** residents, including more than **680,000** enrolled in Medicaid expansion.
- Covers **50 percent** of births and **60 percent** of nursing home residents in our state.
- Medicaid expansion generates funding for rural hospitals, creates thousands of jobs, provides financial stability for workers and small businesses. The program is responsible for more than **\$243 million** in increased state and local tax revenues.

Medicare

- Covers more than **2.2 million** North Carolinians, with most recipients age 65 or older.

North Carolina Marketplace

- Covers nearly **1 million** North Carolina residents in private plans via healthcare.gov.

The Federal Budget Bill is Bad for North Carolina

- The federal budget bill that passed in July 2025 includes a combination of burdensome work requirements for Medicaid members—although the majority of members **are working, going to school, or serving as caregivers**—and freezes on provider taxes the state uses to fund Medicaid expansion. Without state action these changes could **trigger an NC law ending Medicaid expansion, which would eliminate coverage for more than 680,000 people**.

Where We Go From Here

The Kate B. Reynolds Charitable Trust is sharing information about the federal budget bill and other federal cuts with partners, grantees, and foundations because near-term policy changes impacting access to care require quick adjustments, additional fundraising, and broader collaboration to face these challenges.

Looking ahead to cuts in 2026 and beyond, there are opportunities for advocacy, especially administrative advocacy, to influence how these federal policies are implemented in North Carolina. We encourage organizations to advocate, organize, and share stories of people who will be impacted to make sure the harshest cuts are reversed.

Helping families with low incomes meet their basic needs isn't a handout. It's sound public health policy. It's investing in the next generation. It's economic stability. It's seeing everyone's humanity.



Timeline of major health care cuts 2025-2028

Immediate Impacts

- ⚠️ Existing provider taxes were frozen at their current rates, limiting the state's options to pay for Medicaid. The freeze (and eventual reductions) of provider taxes will threaten the state's ability to fund Medicaid expansion.
- ⚠️ Enhanced Affordable Care Act tax credits are set to expire at the end of 2025. This will cause out-of-pocket premiums to double for 888,000 North Carolinians and 157,000 will become uninsured.
- ⚠️ Many lawfully present immigrants who apply for Medicare will be denied, even if they have contributed to the program via payroll taxes for 10+ years.



January 2026

Many lawfully present immigrants with incomes below the poverty line will lose eligibility for Marketplace subsidies.



January 2027 (continued)

Many more lawfully present immigrants will lose access to health coverage. Many individuals enrolled in Medicare will be kicked off the program and others will lose eligibility for Marketplace subsidies.



October 2027

Provider taxes that help fund North Carolina's share of Medicaid will begin decreasing, putting Medicaid expansion coverage at risk.

- The combination of work requirements and freezes on provider taxes may trigger a North Carolina law that ends Medicaid expansion, which would end coverage for more than **680,000** people who recently obtained coverage.
- Absent future congressional action, the bill will trigger **\$491 billion** in cuts to Medicare nationally from 2027 to 2034.



January 2028

State-directed payments that support Medicaid will decrease. These payments help rural hospitals and encourage the acceptance of Medicaid.

**Data can quickly become out-of-date. While we strive to keep information current and use credible sources, we recommend reviewing the linked sources for the most recent information.*