



## The Budget Bill Is Bad for North Carolina

The “One Big Beautiful Bill Act” terminates health coverage, drives up costs and cuts care across the country – eliminating health coverage for nearly 16 million people<sup>1</sup> and resulting in over 51,000 preventable deaths nationwide.<sup>2</sup> **If Congress charges ahead with either the Senate or House version of the bill, at least 520,000 North Carolinians will lose health coverage<sup>3</sup> and North Carolina’s uninsured rate will increase by 55%.<sup>4</sup>**

### The act threatens the health and financial security of North Carolinians in every community:

- **Makes the largest cut to Medicaid in history**, gutting a whopping **\$859 billion** from Medicaid and the low-income families, workers, veterans, and people with disabilities who rely on it for their care – including 3,106,000 children and adults in North Carolina.
- **Drains \$349 billion from Marketplace coverage**, jeopardizing small businesses and entrepreneurs in North Carolina.
- **Forces another \$500 billion in mandatory cuts to Medicare** by triggering federal spending laws – on top of the Medicaid cuts that will already impact seniors and people with disabilities who are also covered by Medicare (dual-eligibles).

### The act will wreak havoc on North Carolina’s health system and economy:

North Carolina will be forced to offset budget holes caused by this bill by terminating coverage for families, eliminating essential health services, and cutting provider rates so drastically that doctors and hospitals are forced to close their doors – particularly in rural communities. **Hospitals like UNC Health Chatham in Siler City and Angel Medical Center in Franklin will be at greater financial risk of closing due to Medicaid cuts in the bill.<sup>5</sup>**

*Congress should reject these harmful cuts and instead take steps to protect health coverage programs that serve as lifelines for North Carolinians.*

## The budget bill would roll back the last decade of improvements to North Carolina health coverage and care

**NC Medicaid (North Carolina's version of Medicaid) will face major cuts, forcing the state to make tough decisions about rolling back the services it provides** – including things like dental care, prescription drugs, and mental health. The bill would also raise costs for North Carolina's low-income seniors and people with disabilities who have Medicare coverage but also rely on NC Medicaid to help pay for out-of-pocket costs and access services not covered by Medicare. These cuts undermine the core financial backbone of North Carolina's health care system, as NC Medicaid pays for a significant portion of care and services at local clinics and hospitals and serves as a critical engine for the state's economy.

### NC Medicaid covers 3,106,000 children and adults:



**1 in 4 North Carolina residents.**<sup>6</sup>



**1,430,000 children** — 61% of all children in North Carolina<sup>7</sup>



**596,000 seniors and people with disabilities** in North Carolina.<sup>8</sup>

**The Marketplace** will be undermined in its mission to provide access to health care for North Carolinians who do not qualify for NC Medicaid and do not have affordable coverage through their employers. The bill would make it harder for North Carolinians to buy their own health coverage through the Marketplace without pre-existing condition exclusions. Marketplace coverage provides comprehensive health benefits, including things like cancer screenings and treatment for diabetes and high blood pressure. The bill was also written with the assumption that Congress will allow enhanced premium tax credits to expire, which will make coverage even more unaffordable for North Carolinians.

### The Marketplace provides:



Coverage for **975,000 North Carolina residents.**<sup>9</sup>



Coverage for **73,000 small business owners** in North Carolina and **111,000 self-employed** North Carolina residents.<sup>10</sup>



Premium tax credits to help **96% of enrollees** pay their premiums.<sup>11</sup>

**The budget bill will harm North Carolina families, workers, and small businesses by wrapping health coverage and care in red tape, undermining critical consumer protections, and making health care unaffordable.**



**Making public and private coverage more expensive, harder to get and keep**

The bill imposes higher out-of-pocket costs and cumbersome verification procedures for both NC Medicaid and the Marketplace. It will also eliminate automatic enrollment and shorten the annual open enrollment period for the Marketplace, threatening coverage for the **466,000 people in North Carolina who will no longer be able to automatically re-enroll** in their Marketplace plans from year to year.<sup>12</sup> Around 74,000 additional North Carolinians will become uninsured if Congress fails to renew enhanced premium tax credits that help them afford plans offered through the Marketplace.<sup>13</sup>



**Kicking working people off coverage by creating bureaucratic barriers**

**The act will attack North Carolina's successful Medicaid expansion, which covers 656,000 North Carolinians**<sup>14</sup> In 2023, North Carolina became the 40th state to provide Medicaid coverage to residents who earn less than \$21,597 per year.<sup>15</sup> The act will make it hard for these North Carolinians to keep their coverage, requiring them to re-verify they are eligible every 6 months.

It also imposes the most **onerous work reporting requirements ever attempted** – requiring workers to prove that they have one or more jobs that meet the hourly minimum or they are exempted. Based on the experience of states that previously – and unsuccessfully – tried to implement work reporting requirements, an estimated 244,000 people are at risk of losing their coverage in North Carolina,<sup>16</sup> including seasonal farm and hospitality workers, caregivers, students, and people with disabilities. **An estimated 600 avoidable deaths will occur in North Carolina each year when adults lose coverage because of work reporting requirements.**<sup>17</sup>



**Rolling back consumer protections for children**

For children enrolled in the Children's Health Insurance Program (CHIP), the act eliminates current bans on annual and lifetime caps, enrollment waiting periods, and lockout periods for families who miss a premium payment because they cannot keep up with the cost of coverage.



**Raising costs for the poorest and most vulnerable North Carolinians covered by Medicare**

NC Medicaid helps about 316,000 seniors and people with disabilities afford their Medicare expenses,<sup>18</sup> including premiums and out-of-pocket costs when they see a doctor or need a hospital stay. The act eliminates commonsense approaches like automatic data verification and streamlining applications that will make it harder for these North Carolinians to get the help they need to pay for their health care.



NORTH CAROLINA'S HEALTH CARE SYSTEM WILL LOSE AN ESTIMATED

**\$3.8 BILLION**

PER YEAR IN FEDERAL FUNDING

## The budget bill will create a crisis for North Carolina's health system and state budget

With over half a million North Carolinians set to lose access to their NC Medicaid and Marketplace coverage, **North Carolina's health care system will lose an estimated \$3.8 billion per year in federal funding**, making it nearly impossible for the state to maintain current levels of coverage, benefits, and payments to providers.<sup>19</sup> North Carolina taxpayers will have to spend at least that much each year to cover additional uncompensated care costs at hospitals and clinics that provide health care services to newly uninsured residents who lack the ability to pay. **The loss of federal funding will cause at least 31,000 total job losses (including jobs outside the health care sector) and \$5.2 billion in reduced economic output.**<sup>20</sup>

The act also eliminates North Carolina's flexibility to fund NC Medicaid in a way that works best for the state by freezing taxes on health care providers at current rates. This will leave North Carolina with few options to address budget shortfalls and meet future demands resulting from hardships caused by storms, public health emergencies, and economic downturns.

- North Carolina currently collects \$2.5 billion in provider taxes to fund the state Medicaid budget, but does not tax the maximum allowable amount under current Medicaid provisions.<sup>21</sup>
- The bill will limit North Carolina's flexibility in the future, putting it at a disadvantage compared to other states, as it will not be able to tax health care providers at the same rate as other states and will have to consider income, sales and other taxes if it needs to raise revenue.

### Cuts will make it much harder for North Carolina to fund:

- 2 in 5 births for North Carolina moms.<sup>22</sup>
- 3 in 5 North Carolina nursing home residents.<sup>23</sup>
- At least one-eighth of all hospital services at 102 North Carolina hospitals.<sup>24</sup> For example, NC Medicaid pays for 19% of all hospital services at Atrium Health University City in Charlotte and 16% of all hospital services at North Carolina Baptist Hospital in Winston-Salem.<sup>25</sup>

**The Senate should reject this ill-conceived proposal  
and instead vote to protect access to NC Medicaid, the  
Marketplace and Medicare so that:**

**CHILDREN IN NC**

Have access to newborn care, checkups, care for diabetes and asthma, and more.

Stay healthy and ready to learn, miss fewer school days, are more likely to graduate, and earn more as adults.<sup>26</sup>



**FAMILIES IN NC**

Have access to cancer screenings, mental health and substance use disorder treatment, and diabetes and blood pressure medications.

Have less risk of medical debt and eviction and can better afford to buy groceries or pay rent.<sup>27</sup>



**SENIORS IN NC**

Have access to nursing home care, transportation to medical appointments, and home health services.

Stay healthy and receive needed care in their homes and communities.



The bill's proposed cuts to NC Medicaid, the Marketplace, and Medicare are direct attacks on the health and financial security of North Carolina residents and run counter to the will of the vast majority of voters from across political parties.<sup>28</sup>

- **91% of North Carolina voters** want a “strong, sustainable Medicaid program.”<sup>29</sup>
- **70% of North Carolina voters** oppose cutting funding for Medicaid.<sup>30</sup>
- **82% of adults nationwide** – including 67% of Republicans - want Congress to maintain or increase Medicaid spending.<sup>31</sup>

**Congress has the responsibility to stand with families in North Carolina and across the country by rejecting these cuts.**

## Endnotes

<sup>1</sup> “Alice Burns, Jared Ortaliza, Justin Lo, Matthew Rae, and Cynthia Cox,” <https://www.kff.org/affordable-care-act/issue-brief/how-will-the-2025-reconciliation-bill-affect-the-uninsured-rate-in-each-state-allocating-cbos-partial-estimates-of-coverage-loss/>

<sup>2</sup> June 3, 2025 letter from the University of Pennsylvania, Leonard Davis Institute of Health Economics and the Yale University, School of Public Health, Center for Infectious Disease Modeling and Analysis to U.S. Senators Ron Wyden and Bernie Sanders, <https://files-profile.medicine.yale.edu/documents/9726518b-c99b-4cd8-93c0-6962ed6db2b9>.

<sup>3</sup> Burns et al., “2025 Reconciliation Bill.”

<sup>4</sup> Families USA analysis of “Alice Burns, Jared Ortaliza, Justin Lo, Matthew Rae, and Cynthia Cox,” <https://www.kff.org/affordable-care-act/issue-brief/how-will-the-2025-reconciliation-bill-affect-the-uninsured-rate-in-each-state-allocating-cbos-partial-estimates-of-coverage-loss/> and <https://data.census.gov/table/ACSST1Y2023.S2701?q=S2701&g=040XX00US23>

<sup>5</sup> Letter from Mark Holmes, George H. Pink, and Tyler L. Malone, University of North Carolina Gillings School of Global Public Health, Cecil G. Sheps Center for Health Services Research, to U.S. Sen. Edward Markey et al., June 10, 2025, [https://www.markey.senate.gov/imo/media/doc/sheps\\_response.pdf](https://www.markey.senate.gov/imo/media/doc/sheps_response.pdf); Letter from U.S. Sen. Edward J. Markey et al. to Donald Trump, John Thune, and Mike Johnson, June 12, 2025, [https://www.markey.senate.gov/imo/media/doc/letter\\_on\\_rural\\_hospitals.pdf](https://www.markey.senate.gov/imo/media/doc/letter_on_rural_hospitals.pdf).

<sup>6</sup> Families USA analysis of Families USA analysis of data from “NC Medicaid Enrollment Reports,” NC Medicaid Division of Health Benefits, last modified May 13, 2025, <https://medicaid.ncdhhs.gov/reports/nc-medicaid-enrollment-reports>, and U.S. Census Bureau, U.S. Department of Commerce, “Age and Sex,” American Community Survey, 2023: ACS 1-Year Estimates Subject Tables, Table S0101, filtered for North Carolina, accessed on May 28, 2025, <https://data.census.gov/table?q=S0101&g=040XX00US37>.

<sup>7</sup> Families USA analysis of from “January 2025 Medicaid & CHIP Enrollment Data Highlights,” Medicaid.gov, U.S. Centers for Medicare & Medicaid Services, n.d., <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights>, and U.S. Census Bureau, “Age and Sex.”

<sup>8</sup> Rhiannon Euhus, Alice Burns, and Robin Rudowitz, “Congressional District Interactive Map: Medicaid Enrollment by Eligibility Group,” KFF, March 11, 2025, <https://www.kff.org/medicaid/issue-brief/congressional-district-interactive-map-medicaid-enrollment-by-eligibility-group/>.

<sup>9</sup> “Health Insurance Exchanges 2025 Open Enrollment Report,” U.S. Centers for Medicare and Medicaid Services, 2025, <https://www.cms.gov/files/document/health-insurance-exchanges-2025-open-enrollment-reportpdf508-compliant.pdf>.

<sup>10</sup> “Marketplace Coverage of Small Business Owners and Self-Employed Workers,” Issue Brief No. HP-2024-23, Office of Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, November 1, 2024, <https://aspe.hhs.gov/sites/default/files/documents/f42b40313bb5fbce4952799bcd3dfee5/Marketplace%20Coverage%20Economic%20Benefits%20FINAL%2011-1-2024.pdf>.

<sup>11</sup> “Health Care in North Carolina,” KFF, n.d., <https://www.kff.org/statedata/election-state-fact-sheets/north-carolina/>.

<sup>12</sup> “State Health Facts, Marketplace Plan Selections by Enrollment Type,” KFF, n.d., <https://www.kff.org/affordable-care-act/state-indicator/marketplace-plan-selections-by-enrollment-type-2/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

<sup>13</sup> “Who Would Lose Coverage If Enhanced Premium Tax Credits Expire?” Urban Institute, November 14, 2024, <https://www.urban.org/data-tools/health-insurance-premium-tax-credit>.

<sup>14</sup> “Medicaid Expansion Enrollment Dashboard,” NC Medicaid, Division of Health Benefits, last updated May 4, 2025, <https://medicaid.ncdhhs.gov/reports/medicaid-expansion-dashboard>.

<sup>15</sup> “2025 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii),” U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 2025, <https://aspe.hhs.gov/sites/default/files/documents/dd73d4f00d8a819d10b2fdb70d254f7b/detailed-guidelines-2025.pdf>.

<sup>16</sup> Elizabeth Zhang and Gideon Lukens, “Harsh Work Requirements in House Republican Bill Would Take Away Medicaid Coverage From Millions: State and Congressional District Estimates,” Center on Budget and Policy Priorities, May 13, 2025, <https://www.cbpp.org/research/health/harsh-work-requirements-in-house-republican-bill-would-take-away-medicaid-coverage>.

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<sup>19</sup> “The Effects of House Budget Bill on Medicaid Enrollment and Expenditures: Key Findings From the Manatt Medicaid Financing Model by State,” State Health & Value Strategies, June 2, 2025, <https://shvs.org/resource/house-budget-bill-medicaid-proposals-state-by-state-estimates-of-impacts-on-expenditures-and-enrollment/>.

<sup>20</sup> Leighton Ku et al., How Potential Federal Cuts to Medicaid and SNAP Could Trigger the Loss of a Million-Plus Jobs, Reduced Economic Activity, and Less State Revenue (Commonwealth Fund, Mar. 2025), <https://www.commonwealthfund.org/publications/issue-briefs/2025/mar/how-cuts-medicaid-snap-could-trigger-job-loss-state-revenue>.

<sup>21</sup> <https://www.northcarolinahealthnews.org/2025/05/13/medicaid-provider-tax-cap/> and <https://www.kff.org/medicaid/issue-brief/5-key-facts-about-medicaid-and-provider-taxes/>.

<sup>22</sup> “Medicaid in North Carolina,” KFF, May 2025, <https://files.kff.org/attachment/fact-sheet-medicaid-state-NC>.

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<sup>24</sup> Families USA analysis of Hospital Cost Tool,” National Academy for State Health Policy, last updated February 7, 2025, <https://tool.nashp.org/>.

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<sup>29</sup> “Medicaid Matters to America,” Modern Medicaid Alliance, n.d., <https://data.modernmedicaid.org/MMA/>

<sup>30</sup> Modern Medicaid Alliance, “Medicaid Matters to America.”

<sup>31</sup> “7 Charts About Public Opinion on Medicaid,” KFF, March 7, 2025, <https://www.kff.org/medicaid/poll-finding/7-charts-about-public-opinion-on-medicaid/>.

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