

Public Health: Federal/State Policy and Funding Updates



FY 2026-2027 BOCC Budget Retreat

February 26, 2026

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The background of the slide is a repeating pattern of the Durham County logo, which consists of the text "DURHAM COUNTY" above a stylized "DC" monogram and the year "1881" below it. The text "Federal & State Policy Updates" is centered in a large, white, sans-serif font.

Federal & State Policy Updates

Federal & State Policy Highlights

> Key Challenges:

- > Impoundment by Delay-Our New Public Health Budget Reality
- > Major Budget Cuts & Structural Changes still underway

> HR 1: “One Big Beautiful Bill Act”

- > Medicaid Impact = more costly to run + more pressure on States to pay
- > Snap-Ed Funding Cuts = loss of DINE Program funding
- > Refugee resettlement decreases and health coverage changes = loss of Medicaid and grant revenue

> HIV/STI services targeted

> NC House Bill 307: Iryna’s Law



Federal & State Funding Highlights

> **2025 Medicaid Rate Reductions**

> HR 1: “One Big Beautiful Bill Act”

> Durham’s Innovative Nutrition Education (DINE) Program

> **State Grants**

> We remain the only state that has not passed a budget
-More costs are shifting to counties through cuts

> Current Fiscal Year-currently operating under the previous FY’s funding

> Next Fiscal Year is up in the air



2025 Medicaid Rate Reductions

Timeline

- > Insufficient funding from the NC General Assembly to keep up with rising costs for the Medicaid budget, causing rate reductions of 3-10% for some services.
- > October 1, 2025: Rate cuts went into place.
- > December 10, 2025: Rates were restored to September 30 levels after legal challenges and court decisions.
- > January 5, 2026: NC Medicaid Fee Schedules were **restored** and payors have 45 days to reprocess claims for services.

Expected Fiscal Impact

Anticipated Annual Reduction			
Medicaid Services	3% Reduction Amount	8% Reduction Amount	Total Reduction
Care Management for At Risk Children	\$ 15,750		\$ 15,750
Care Management for High Risk Pregnancy	\$ 25,950		\$ 25,950
Dental	\$ 4,350		\$ 4,350
Family Planning		\$ 29,177	\$ 29,177
TOTALS	\$ 46,050	\$ 29,177	\$ 75,227



2025 Medicaid Rate Reductions

Why are Medicaid costs increasing?

Health care is more expensive everywhere, not just in Medicaid

- > Inflation
- > New, expensive drugs
- > Increased demand for behavioral health services
- > Federal policy changes



HR 1: “One Big Beautiful Bill Act” Impact on DINE

- > Since 1999, DCoDPH has received SNAP-Ed funding for its DINE nutrition education program.
- > On July 4, 2025, HR 1 eliminated SNAP-Ed funding.
- > Loss: \$1.4M in FFY26 funding for DINE; 13 positions impacted.
- > With support from DCo, SNAP-Ed carryover funding, and other grants, DINE has retained 10 grant-funded team members through September 2026.
- > Only 4 county-funded staff will remain after September 2026 to continue essential nutrition education & maintain community partnerships.



Unless alternative funding is secured,
the DINE program in its current form will not continue after September 30, 2026.

Durham's Innovative Nutrition Education Program

Project Impact FY25

- > Served 23 DPS schools, 14 preschools, 19 community sites, directly reaching 8,338 Durham residents with nutrition education.
- > Assisted 42 community partners, facilitating 78 policy + system changes to make environments more supportive of healthy eating + physical activity.
- > Worked with DPS to promote free school meals for all.
- > Supported \$372,370 in local foods being purchased with Double Bucks, EBT, WIC & Senior FMNP.

Fiscal Impact

- > SNAP-Ed grant FFY25 Oct-Sept = **\$1,337,420**
- > Funded **13 positions** (12 Dietitians)
- > A recent study showed for **every \$1 spent**, SNAP-Ed **returns at least \$5.36** in future health + economic benefits



State Grants: 2025-2026

Title X (AA 151)

- Stop Work Order issued September 25, 2025, for spending on one Title X DPH Project.
 - \$128,413 was awarded; **\$87,553 unallocated** at the time of the Stop Work Order
- Stop Work Order lifted February 11, 2026
 - Revised AA reduces the award by \$7,689 (6%), leaving **\$79,864 to be pulled**
- Program Impact:
 - County funds covered staff salaries and fringe during the period of the Stop Work Order. Now DPH can recoup, but at the reduced amount.
 - Reduced grant amount for FY 26-27.



State Grants: 2026-2027

HIV/STI Partner Services (AA 547)

- **\$201,026 reduction**
- Program Impact: Elimination of 2 bridge counselors who connect individuals with HIV/other STIs to health services.
- Departmental action: Reclassified vacant position to retain 1 counselor and working with State to create a contract position for a second counselor.

Child Health (AA 351)

- **\$737,000 reduction**
- Program Impact: Drastically reduces ability to respond to a community health priority at a time that we know youth and families need mental health supports.



State Grants: 2026-2027

Refugee Health (AA 583)

- > \$122,296 reduction
- > Program Impact: Fewer refugees are being settled in Durham/US. Nurses are shifting their time to the CD and TB clinic to ensure that they can assist in the event of an outbreak that will require contact tracing.

Child Fatality (AA 352)

- > \$2,880 reduction, grant ending
- > Program Impact: Minimal, funding shifting to another grant.



State Grants: 2026-2027

Breast and Cervical Cancer Screening Program (AA 452)

- > Increase = \$3,200
- > Program Impact: To support patient navigation, partnership development, and additional services for high-risk individuals.

Tobacco Prevention and Control (AA 451)

- > Increase = \$10,000
- > Program Impact: Will strengthen youth-focused tobacco prevention efforts across Region 5; expand in-person technical assistance and regional meetings for county staff, partners, and Youth Council members across all nine counties; and increase the Youth Council membership with enhanced stipends and professional development.



Uncertain Times

Stay Focused On:

- > What we can control
- > Improvements to our grant tracking and revenue cycle management
- > Maximizing grant draw-downs (92% last year)

Improvements:

- > Examining fees and increasing where we can
- > QI within the clinic & medical billing team
- > Contracting with more payors
- > Improving credentialing

PROJECTED REVENUE CHANGES

Private Insurance	-\$2,370
Service Fees	\$18,551
Medicaid	\$193,910
TOTAL	\$210,091



Thank You!

