Impacts of Federal Changes for Medicaid and SNAP for DSS

August 4, 2025

Key Decisions for the NC General Assembly from Federal Actions

- **Federal changes that both add work requirements and limit provider taxes threaten to end Medicaid expansion, unless the General Assembly acts.**
- Work requirements bring new administrative costs. Under current state law, the primary way to pay for increased costs for Medicaid expansion is through hospital provider taxes. While provider taxes are now restricted and reduced over time, current state law would need to change to fund the new costs.
- **The NC General Assembly must take one of the following actions to keep Medicaid expansion:**
- Enact technical correction to the hospital provider tax funding formula to cover the administrative costs needed for work requirements
- Change the trigger law and appropriate state funds to support these administrative costs for work requirements
- Change the trigger law and authorize some other financing mechanism to support administrative costs for work requirements

What this means for DSS

- **Additional FTE's** *(if Medicaid Expansion is not eliminated)*
- **The new administrative costs for work requirements will likely trigger the NC law that ends Medicaid expansion, resulting in coverage loss for 671,476 people**

NC Medicaid Snapshot for Durham County

July 2025
Total Enrollment:
76,482

Which includes

July 2025 Medicaid expansion enrollment:
16,917

Gender		
FEMALE	54.0%	41,320
MALE	46.0%	35,162
Grand Total	100.0%	76,482

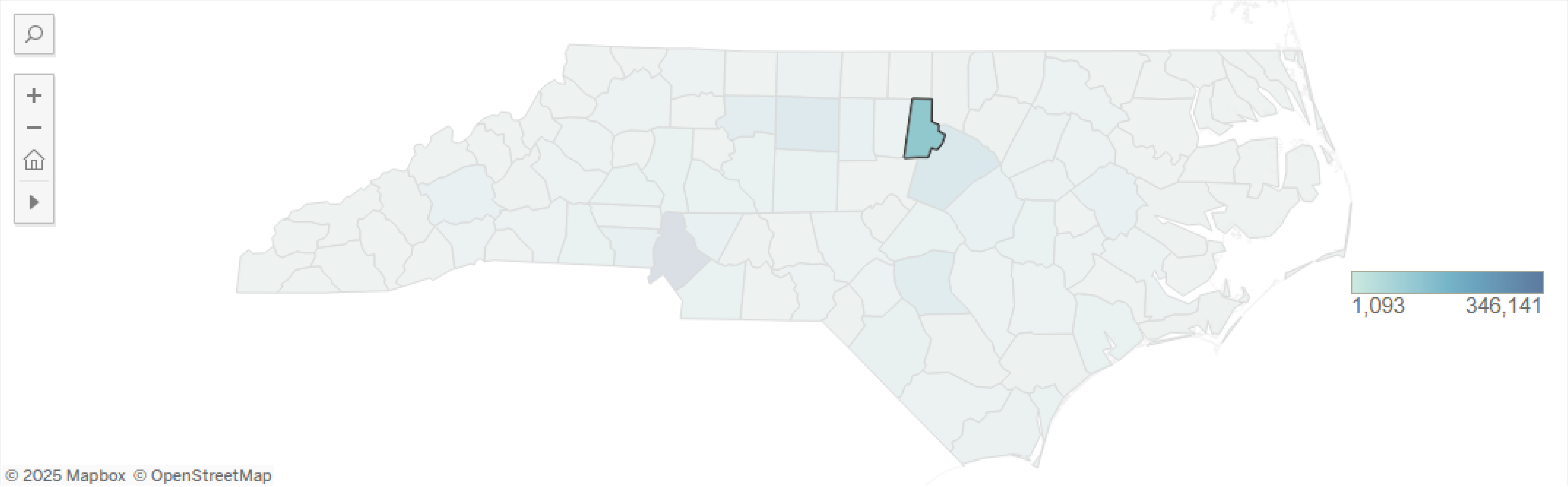
Race		
BLACK/AFRICAN AMERICAN	53.5%	40,914
WHITE/CAUCASIAN	40.8%	31,209
ASIAN	2.9%	2,226
MULTI RACE*	1.5%	1,135
UNREPORTED	1.0%	728
AMERICAN INDIAN OR ALASKAN	0.2%	178
NATIVE HAWAIIAN OR OTHER PACIFIC ..	0.1%	92
Grand Total	100.0%	76,482

** If a person selects more than 1 racial group, they are considered multi racial.*

Age Group		
0-5	16.6%	12,704
6-18	34.4%	26,309
19-20	3.4%	2,613
21-44	25.4%	19,412
45-64	13.0%	9,906
65+	7.2%	5,538
Grand Total	100.0%	76,482

Ethnicity		
NOT HISPANIC OR LATINO	72.8%	55,707
OTHER HISPANIC OR LATINO	21.4%	16,343
HISPANIC MEXICAN AMERICAN	2.4%	1,845
UNREPORTED	2.4%	1,828
HISPANIC PUERTO RICAN	0.7%	556
HISPANIC CUBAN	0.2%	190
Grand Total	100.0%	76,469

Enrollment by County



Federal Changes to Medicaid

The state is required to fund part of Medicaid costs, with a significant share coming from provider taxes paid by hospitals, long-term care facilities, and other healthcare providers. These taxes help sustain and enhance the Medicaid program without raising general taxes. The state uses this revenue to fund Medicaid expenditures, which the federal government partially matches based on a formula.

	Federal Reconciliation Bill
Provider Taxes	No new provider taxes and reduces the 6% cap down to 3.5% for expansion states only. Includes $50 Billion Rural Healthcare Provider Fund **$22.5 billion will be taken out of the NC economy over 10 years**

Federal Changes to Medicaid

	Federal Reconciliation Bill
Work Requirements	Adds a Medicaid expansion Work Requirement (Ages 19–64). Must work or do approved activities (Paid work, job training, community service, or school) for 80+ hours/month Exemptions: Parents/guardians/caretakers with kids 14 or younger are exempt. States may allow self-attestation for some exemptions Start date: By Dec. 31, 2026, but States can request up to 2-year delay (through Dec. 31, 2028) if making a good faith effort Verification: Required within 1 month of enrollment and at each renewal (now every 6 months) **Expect as many as 255,000 North Carolinians to lose coverage**
6-Month Eligibility Determinations ***Additional work that will require additional staff to meet Federal requirements.***	States must check if people still qualify for Medicaid every 6 months This policy starts for renewals happening on or after December 31, 2026 **Will lead to more work and delays at local DSS offices, and more people losing coverage**

Federal Changes to SNAP

Payment error rate is the percentage of SNAP benefit payments that were made incorrectly – either too much (overpayment) or too little (underpayment). National error rate in 2024 is 10.93%. NC's 2024 error rate is 10.21%. Any overpayments are already required to be recouped and repaid to the federal government.

Currently, the federal government pays 100% of benefits costs.

	Federal Reconciliation Bill
Benefit Cost Share	Starting October 2027, states are required to pay portion of benefit costs each year based on SNAP payment error rates, as follows: • No cost share if error rate <6% *(8 states met this in 2024)* • 5% if error rates between 6 to 8% • 10% if error rates between 8 to 10% • 15% if error rates over 10% Cost share based on error rates from 3 years prior. States with error rates over 13.33% would have a delay in paying cost share for 2 years. **NC cost share would be $420 million per year based on current error rate**

Just for Durham Co. for FY25 our 15% share would have been approx. $11.5 million
Currently 32,897 participants

Federal Changes to SNAP

	Federal Reconciliation Bill
Administrative Cost Share	Federal government pays 25% of administrative costs of SNAP State and counties will pay 75% of administrative costs for SNAP Starts October 2026 **NC state administrative costs likely to increase by $16M.** **NC county administrative costs likely to increase by $67M.**

- Durham Co. SNAP Admin Cost for SFY 25

SNAP Admin Cost	Total	Federal	State	County
Current Reimbursement	10,429,713.21	5,214,856.61	-	5,214,856.61
SNAP Admin Cost	Total	Federal	State	County
At the reduced rate	10,429,713.21	2,607,428.30	-	7,822,284.91
Annual Reduction in Reimburement Total				2,607,428.30

Options for SNAP (per the State)

Option 1: NC pays the increased state benefit cost share

- Cost share could be up to $420M per year based on current enrollment
- NC would have to pay cost share based on the error rate from 3 years prior
- States don't control most SNAP rules. Congress decides who can get benefits and how much they receive.
- States can't control how many people enroll in SNAP. During a recession or tough economy, more people may need help, and states could have to pay more than expected.

Option 2: If NC cannot pay for increased state benefit cost share, NC will have to stop offering the SNAP program completely

- Over 1.4 million North Carolinians lose benefits
- NC would lose $2.8B in annual federal funds (which generate $4.2B in economic impact)
- Rural grocery stores that depend on SNAP revenue at risk of closure
- Over 7,000 jobs in NC across grocery, agriculture, manufacturing, transportation, and other industries created by SNAP at risk
- Over 500,000 children no longer automatically qualify for school meals because of SNAP

Are there any questions?

- DSS will continue to participate in the State meetings
- DSS encourages continued outreach to our stakeholders to relay our concerns and raise awareness about the negative impact these changes will have on the citizens of our community, state, and nation.

This paragraph intentionally left blank

**All State information provided by NCDHHS Division of Health Benefits*