

POLICY FORUM: INVITED COMMENTARIES & SIDEBARS

Investing in a Healthier North Carolina: Lessons Learned from North Carolina Medicaid Reforms

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North Carolina Medicaid's efforts to "buy health, not just health care" through whole-person health reforms, including the Healthy Opportunities Pilots, have made significant contributions toward "Healthy North Carolina 2030" goals. Continued multistakeholder engagement and bipartisan investment in these efforts will be critical to fully meet these targets.

Introduction

Over the last decade, North Carolina Medicaid has made significant strides in building a more coordinated, whole-person system of care by prioritizing initiatives focused on "investing in health".¹ With delays and shortfalls in the state budget, as well as impending federal policy changes and funding cuts due to House Resolution 1 (enacted by the 119th Congress in 2025), the future of these initiatives is uncertain.^{2,3} This is particularly evident for one key initiative, the Healthy Opportunities Pilots (HOP) program, which aims to address upstream drivers of health such as food and housing insecurity by providing evidence-based, non-medical services to high-needs Medicaid members.⁴ Service delivery through HOP has been paused since July 1, 2025, due to the absence of available state funding. These developments raise urgent questions about how the state can continue its progress to improve health outcomes and reduce costs.

North Carolina has continued to set goals to improve the health and well-being of North Carolinians as part of Healthy North Carolina, a decades-old initiative that outlines key health indicators with 10-year targets to guide state initiatives. The goals of HOP closely align with the priorities of "Healthy North Carolina 2030," with a focus on addressing upstream drivers of health in the social, economic, and physical environments to improve health outcomes.⁵ As the futures of HOP and other Medicaid reforms are being considered, we reflect on why these programs have worked well in North Carolina and how these lessons can help chart a path forward to continue to improve health for North Carolinians.

Focus on Bipartisan Approaches to Health and Health Reform Goals

Bipartisan action can help build momentum on health reforms by increasing buy-in and ensuring sustained support for efforts to improve health care in the state. North Carolina has used bipartisan approaches to advance a suite of reforms focused on investing in health to improve outcomes for North Carolinians and to limit the cost of care and state spending.¹

For example, bipartisan approaches were used to move the state from a predominantly fee-for-service Medicaid program managed by the state to managed care administered by private health plans.⁶ In 2015, Republican leadership in the North Carolina General Assembly (NCGA) led legislative efforts to move Medicaid to managed care using a Section 1115 waiver to have more predictability in spending while ensuring quality. A year later, in 2016, under Democratic Governor Cooper, a bipartisan group of legislators co-developed the waiver and its key initiatives, including the HOP program. In recognition of the fact that a large portion of health care utilization and costs is driven by upstream factors like food and housing insecurity, bipartisan agreement emerged on piloting a first-of-its-kind approach using Medicaid resources to address these needs to help improve health outcomes and lower costs.

In 2018, the Centers for Medicare & Medicaid Services (CMS) under the first Trump Administration approved the waiver, and implementation began in 2019.⁷ The state selected three organizations through a competitive process to serve as network leads responsible for overseeing regional HOP implementation in predominantly rural areas of Eastern and Western North Carolina.

Building on this bipartisan collaboration, in late 2020, Governor Cooper created a bipartisan, multistakeholder group that included legislators and stakeholders across the state to discuss critical health reform issues, including the COVID-19 pandemic and challenges with health care coverage and access. This multistakeholder group, known as the North Carolina Council on Health Care Coverage (the Council), was convened by the Duke-Margolis Institute for Health Policy (Duke-Margolis); it created space to foster dialogue on shared priorities, including Medicaid expansion, and discuss specific challenges and concerns.⁸

The Council collaboratively developed a set of guiding principles for increasing health care coverage in North Carolina, including enhancing the health of North Carolinians and strengthening rural communities.⁹ This approach in North Carolina and alignment with national priorities laid the groundwork for the country's only legislative vote with broad, bipartisan

support to expand Medicaid in the state in March 2023.¹⁰ Since implementation began in December 2023, over 675,000 people have enrolled in North Carolina Medicaid through expansion coverage.¹¹

These bipartisan approaches have been critical in advancing North Carolina's health reform goals. With a focus on bipartisan action to improve outcomes while limiting total spending in the state, North Carolina has become a national leader in testing innovative health and social care reforms, including the HOP program. Although recent budgetary challenges have caused the HOP program to pause service delivery due to lack of state funding, HOP continues to garner bipartisan support in North Carolina. The Republican-led North Carolina Senate's "mini budget" proposal in June 2025 included \$30 million in funding to sustain HOP in the short term while lawmakers continued deliberations on a full budget.¹² This version of the "mini budget" has not been passed, and full budget proposals to date have not included HOP funding, but both Republicans and Democrats in the NCGA continue to voice support for the program. At the time of this writing, budget negotiations are ongoing.

Continuing to focus on bipartisan investments in pressing health needs—as well as aligning with new federal priorities to make health care more prevention-oriented—will be critical to ensure the sustainability of North Carolina's health reform efforts and provide the opportunity to leverage national resources to continue improving health while reducing overall Medicaid costs.

Measuring Impact and Generating Practical Guidance

Continued bipartisan support for HOP stems from early, measurable impacts of the program and practical guidance on implementation for scaling and sustaining the program. HOP has proven to be an innovative model for addressing upstream drivers of health for Medicaid members, with over 1.1 million services delivered as of June 2025.¹³

Research to date demonstrates the multidimensional impacts of HOP. An interim program evaluation performed by the UNC Sheps Center for Health Services Research found that HOP participants reported reduced needs for food, housing, and transportation services.¹⁴ Similarly, previous Duke-Margolis research found high satisfaction from participants who received food services in the first few months of implementation.¹⁵ The UNC-led interim program evaluation also found that HOP has contributed to reductions in health care spending and utilization; another analysis found that HOP has contributed to reductions in Medicaid capitation rates.^{14,16} Moving further upstream, quantitative and qualitative evidence demonstrate broader benefits, including improvements in financial sustainability for families and participating service providers; economic output in local,

Table 1. Key Findings from Duke-Margolis Research on HOP Design and Implementation

Key Findings	Challenges Encountered in HOP Design and Implementation	Promising Strategies Identified in HOP Design and Implementation
Capacity-building for health and social services integration is critical to success and sustainability. ²²⁻²⁵	• New models of service delivery for community-based organizations²² • New models of funding and reimbursement^{22,23, 25} • Forming new partnerships across health care and social service sectors²²⁻²⁴	• Providing upfront funding and time to build capacity for community-based organizations^{22,23,25} • Allowing for flexibility in program design to respond to emergent needs^{22,25}
Advancing organizational and programmatic financial sustainability is a central challenge in efforts to address upstream drivers of health. ²²⁻²⁵	• New models of funding and reimbursement²²⁻²⁴ • Time-limited funding for initiatives to address upstream drivers of health^{22,24}	• Providing upfront and ongoing funding for capacity-building^{22,23,25} • Developing creative solutions to mitigate short-term cash flow issues^{22, 25} • Allowing for flexibility in service definitions to address emergent pricing challenges²⁵ • Blending and braiding funding mechanisms²²⁻²⁴
Coordinating across stakeholders and initiatives can make efforts to address upstream drivers of health more effective and efficient. ²²⁻²⁵	• The number of entities involved in addressing upstream drivers of health²³⁻²⁵ • Coordination across entities and efforts²²⁻²⁵	• Network Lead organizations acting as centralized “hubs” for HOP service support and technical assistance²²⁻²⁵ • Building from existing partnerships and infrastructure outside of HOP²²⁻²⁵ • Convening diverse stakeholders to discuss implementation issues and opportunities²²

Source: Authors’ analyses of their own prior published research.²¹⁻²⁴

predominantly rural communities, including through multi-sector job creation and support of local businesses and agriculture; and community resilience in response to natural disasters.¹⁷⁻²⁰

Since 2020, Duke-Margolis’ research on HOP has complemented the formal Section 1115 waiver evaluation by working to understand the drivers of these impacts and real-world experiences with the design and implementation of the program through interviews, multistakeholder convenings, and focus groups.²¹ Talking with people involved in implementing HOP across the state has allowed us to provide practical guidance to improve the implementation of the program, while also sharing lessons and insights that can be applied to North Carolina’s broader Medicaid transformation efforts, as well as to other states and payers working on similar initiatives to address upstream drivers of health. Cross-cutting findings from our HOP research are described further in [Table 1](#).

In particular, multistakeholder collaboratives can play a key role in advancing whole-person systems of care. Engaging people with a variety of perspectives—including stakeholders involved in all aspects of program design, implementation, and service delivery—can help generate practical

guidance on policy design and implementation. Duke-Margolis has served as a neutral convener for several multistakeholder collaboratives to identify shared priorities for reform, generate timely guidance, and chart a path forward.

For example, we held multistakeholder convenings in each of the three HOP regions, bringing together stakeholders from network lead organizations, community-based organizations, health plans, health care provider organizations, and North Carolina Medicaid to surface promising practices and challenges with HOP implementation. We also held several convenings organized by specific stakeholder types (e.g., Medicaid health plans) to dive deeper into technical issues and solutions. Duke-Margolis also serves as the neutral convener for two multistakeholder collaboratives that have been critical to advancing broader state-based health reforms: the North Carolina State Transformation Collaborative and the North Carolina Health Care Reform Executive Roundtable.²⁶ Engagement with these collaboratives has helped identify additional opportunities to build on HOP infrastructure and extend lessons from HOP implementation to broader policy initiatives in the state.

We have found these collaboratives to be effective tools for building trust across sectors and driving progress towards whole-person health care. Trust is built in these collaboratives through open communication, a neutral convener serving to build bridges, and commitment from different stakeholder groups to actionable steps.²⁷ Additionally, having a variety of mediums to engage people, such as smaller group forums, has been effective in engaging more people in consensus building.

More broadly, our efforts across multistakeholder groups have allowed us to identify cross-cutting priorities for health reform in North Carolina. For example, across collaboratives, areas of shared interest include enhancing community engagement, improving systems and infrastructure for data sharing, and reducing program complexity and administrative burden.

Key Considerations for the Path Forward

By design, HOP is a pilot program intended to identify what works well, where additional evidence is needed, and opportunities for improvement along the way. This moment presents an important opportunity to reflect on lessons learned and consider the path forward, building on successes while also addressing challenges that have surfaced during implementation.

Looking ahead, continued investment in addressing upstream drivers of health will be critical to improving health outcomes across North Carolina. Strengthening the ability to target services and coordinate efforts within and outside HOP could help generate additional evidence and maximize impact. With decreased state funding, it will be critical to target services for subsets of the population that need them the most, to increase impacts on health outcomes and cost savings while also generating further evidence on “what

works.” HOP could also leverage its rapid cycle assessments to monitor earlier indicators of impacts and savings, such as program engagement and hospital utilization, while awaiting results from more comprehensive evaluations and evidence of longer-term and more distal impacts, such as health outcomes and community vitality.⁴ Future evaluations may also provide insight into which HOP services have been most effective in improving health and reducing unnecessary costs. Lastly, it will be important to consider ways that different initiatives working to address upstream drivers of health across North Carolina can better coordinate with each other to build towards a more effective and financially sustainable approach.²⁴

There are also important opportunities for North Carolina to continue its role as a national leader in bipartisan health care reform and model for other state and federal initiatives. The implementation of HOP illustrates how to operationalize high-level strategic goals—such as investing in health—in real-world settings. HOP also provides evidence on the value of investing in preventive care and addressing the root causes of chronic diseases, making it a leading example for other state and federal initiatives working to address these issues. Practical lessons and guidance from programs and initiatives in North Carolina, including HOP, can be translated to inform the implementation of federal health policy priorities, such as the CMS Innovation Center’s strategic pillars and other strategies to “Make America Healthy Again”.²⁷⁻²⁹

Conclusion

As state and federal policymakers pursue significant health policy reforms, opportunities remain to continue investments in cost-effective, evidence-based initiatives to improve health. Lessons learned from HOP provide important evidence demonstrating how upstream investments in cost-effective, evidence-based approaches can yield meaningful progress toward population health goals. Sustained momentum for initiatives focused on investing in health will require continued commitments to bipartisan reforms and multistakeholder partnerships.

North Carolina’s bipartisan reform efforts to invest in health, including HOP, have made tangible contributions to progress towards “Healthy North Carolina 2030” targets.¹ A continued focus on evidence-based, practical reforms and investments in rural communities, the health and social care workforce, and overall health and well-being will be essential to fully meeting these goals by 2030.

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