POLICY FORUM: INVITED COMMENTARIES & SIDEBARS

North Carolina Medicaid: A Tale of Two Years

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North Carolina's Medicaid expansion improved access to care and strengthened rural health, but new federal cuts, work requirements, and state underfunding now threaten these gains, putting coverage, hospitals, and innovative health programs at serious risk.

"It was the best of times, it was the worst of times." Charles Dickens' famous opening line from *A Tale of Two Cities* captures the current state of Medicaid in North Carolina in 2025. Over the past 2 years, we have seen historic progress—more than 680,000 people newly covered through Medicaid expansion, transforming access to care for individuals and communities across the state. Yet alongside this progress, we face serious and growing threats that include shifting federal policies, state-level funding shortfalls, and other pressures that risk undermining the very gains we have fought so hard to achieve.

In December 2023, North Carolina officially expanded Medicaid to adults aged 19–64 earning up to 138% of the federal poverty level. Expansion provided coverage to working parents, caregivers, individuals with chronic conditions, and thousands of others who previously fell into the "coverage gap." Expansion has translated into real changes when it comes to how and where people receive care. Many people are getting this life-saving care for the first time with the peace of mind that a health emergency won't bankrupt them and their families. Additionally, Medicaid expansion is transformative for rural North Carolina, as more than 1 in 3 of all newly eligible people live in a rural community.[1] Medicaid expansion makes healthcare possible for hard working families, veterans, workers in child care, construction, hospitality, home health care, and other industries essential to the state.

In July 2024, North Carolina launched Tailored Plans, new NC Medicaid Managed Care health plans designed for approximately 210,000 individuals with complex mental health and developmental needs. These plans serve people with serious mental illness, severe substance use disorders, intellectual or developmental disabilities, and traumatic brain injuries. Tailored Plans coordinate physical health, behavioral health, and pharmacy services under one plan, with a focus on integrated, person-centered care.

Over the past few years, North Carolina has made significant strides in investing in health, leading to healthier individuals and stronger communities. By expanding access to preventive care and services that support overall well-being—like housing, nutrition, and mental health—the state has helped more people manage conditions early, avoid health crises, and reduce reliance on costly emergency or inpatient care. North Carolina led the country in recognizing and addressing the social drivers of health.

Through the Healthy Opportunities Pilots, the state provided Medicaid coverage for non-medical services like housing support and nutrition assistance. Early results have been promising, showing reductions in emergency department use and medical spending, along with improved health outcomes and greater stability for participants.[2] NC Medicaid also added coverage of GLP-1 medications for weight loss in 2024, recognizing their potential to improve long-term health outcomes for individuals with obesity and related chronic conditions such as diabetes and heart disease. The decision was grounded in evidence that addressing obesity early can reduce downstream healthcare costs, improve quality of life, and prevent serious complications.

Over the past couple of years, North Carolina has strengthened our state's health system by dramatically improving access and increasing investment in the health care workforce, expanding capacity in mental health and primary care, and supporting community-based services that help keep people healthier and out of crisis. The state's shift to Managed Care has also helped move healthcare utilization away from high-cost hospital settings toward more preventive, coordinated, and community-based care.

Rural communities have also gained health and financial stability. With more patients covered, hospitals and clinics have less uncompensated care and more sustainable funding streams. Rural counties have seen the highest Medicaid enrollment rates, with some counties showing coverage for nearly half of their adult populations. This shift has helped stabilize rural hospitals and improve access to care in communities long underserved.[3]

All of this represented forward momentum, and the best of times as the landscape for health care access in our state was lined with hope. But as 2025 began, that momentum was tested. A combination of federal and state actions introduced new uncertainty, threatening to undo some of the progress North Carolina had worked so hard to build and leading to more challenging times.

In July 2025, the federal government passed House Resolution 1, also known as "the One Big Beautiful Bill Act," bringing uncertainty to Medicaid programs across the country.[4] The resolution introduces mandatory work requirements for certain non-disabled adults. Evidence from other states shows that these requirements often lead to coverage loss due to

administrative burdens, not due to their actual employment status.[5] In North Carolina, hundreds of thousands could be at risk of disenrollment, many of them already working or managing caregiving responsibilities.

The legislation also includes deep federal funding cuts, nearly $49.9 billion over 10 years in North Carolina, that would severely impact our state's health care system. More than 70% of these Medicaid cuts would fall on the state's hospitals, with rural hospitals alone facing $3.7 billion in losses. For a state with significant rural populations and already fragile health infrastructure, this will mean reduced access, facility closures, and devastating consequences for local communities.

At the same time, persistent underfunding at the state level is compounding these challenges. At present, the North Carolina General Assembly has not allocated sufficient resources for NC Medicaid, resulting in rate reductions for hospitals, physicians, and behavioral health providers.[6] These cuts threaten provider participation. In rural and underserved communities, even modest reductions can lead to fewer available appointments and longer wait times for essential care.

Insufficient state funding has also forced the scaling back of the Healthy Opportunities Pilots in 2025.[7] Ending this pilot program jeopardizes an important opportunity to demonstrate how addressing social determinants of health can improve outcomes and reduce long-term costs. Similarly, Medicaid has had to stop coverage of GLP-1 medications for weight loss due to these funding shortfalls imposed by the legislature. These things all highlight a growing tension between the need to invest in sustainable, long-term health improvements and the pressure to manage immediate budget constraints.

Now, as North Carolina moves into late 2025, the focus shifts from policy debate to implementation. State agencies, providers, and community partners are working to navigate the new federal requirements while trying to maintain coverage for as many qualified people as possible. Providers are wrestling with how to manage rate reductions, and many are mourning the loss of opportunity and erosion of our state's well-being when we stop investing in better health for our individuals, families, and communities.

Health care is expensive, no matter whether it is paid for through Medicaid, Medicare, or any private insurance company. The path to long-term sustainability lies not in cutting services but in improving health. Medicaid, when managed thoughtfully and funded adequately, helps us do just that. We have demonstrated that bold, bipartisan partnership can expand coverage, improve care, and move us closer to a healthier state. But we have also seen how quickly gains can be threatened by underinvestment and policy changes.

If we draw more inspiration from Charles Dickens, the closing line of *A Tale of Two Cities,* "It is a far, far better thing that I do, than I have ever done," reminds us that progress often demands courage and persistence. Our recent journey with Medicaid has proven that when we invest in people, we invest in the strength and resilience of our communities. The work ahead will not be easy, but choosing to protect and strengthen Medicaid is, indeed, the far better thing to do—for our families, our communities, and the health of our state.

Declaration of interests

The author has no conflicts of interest to declare.

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