

**STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR**

**JOSH STEIN
GOVERNOR**

March 5, 2025

The Honorable Mike Johnson
Speaker, U.S. House of Representatives
Washington, D.C. 20515

The Honorable John Thune
Majority Leader, U.S. Senate
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader, U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
Minority Leader, U.S. Senate
Washington, D.C. 20515

Speaker Johnson, Leader Jeffries, Leader Thune, Leader Schumer, and North Carolina's congressional delegation:

As Governor of North Carolina, I am deeply concerned about the cuts to Medicaid funding being considered at the federal level. Medicaid is a lifeline for more than 3 million North Carolinians, including many of our most vulnerable people—children, seniors, individuals with disabilities, and those living in rural communities. **Any** reductions in Medicaid funding would jeopardize access to critical health care for these groups, putting at risk their well-being and the stability of our health care system.

Medicaid serves a central role in North Carolina's health care system, with more than 640,000 people newly enrolled under Medicaid expansion. Rural counties disproportionately benefit from Medicaid, with 29 mostly rural counties enrolling 40% or more of their population in Medicaid. Cuts to Medicaid would severely harm these areas, where access to care is already limited. Medicaid expansion has been instrumental in reducing uncompensated care and stabilizing the finances of rural hospitals, enabling them to continue to serve their communities. Medicaid also supports nursing homes and long-term care facilities, helping to cover nursing care, personal care, rehabilitation, medications, and medical supplies.

The program also provides essential support to North Carolina's workforce. The majority of Medicaid beneficiaries are employed; 92 percent of adults in the U.S. benefitting from Medicaid are working, in school, disabled, or serving as caregivers. Medicaid expansion has allowed workers in critical sectors like childcare, grocery stores, home health care, and hospitality to access affordable health care. When workers cannot access health care, our economy suffers, too, with greater workplace absenteeism, lower workforce productivity, and increased employer costs.

North Carolina's Medicaid program is the result of bipartisan support and careful investment. In March 2023, both chambers of the North Carolina legislature passed Medicaid expansion with overwhelming bipartisan backing—Senate: 44-2, House: 87-24—acknowledging its crucial role in enhancing our state's health outcomes and economic stability. The transition to a managed care model began in 2015 under the leadership of Republican lawmakers, and in 2021, Standard Plans—serving the majority of the Medicaid population—were successfully launched. This was followed by the seamless rollout of Tailored Plans in 2024, designed for individuals with significant behavioral health needs and intellectual and developmental disabilities.

Over the past 11 years, North Carolina's Medicaid program has been efficiently managed, with no cost overruns, and now contributes at least \$28 billion annually to the state's economy. Ninety-eight percent of North Carolina Medicaid's expenditures go directly to services and providers in local communities across our state. When I served as North Carolina's Attorney General, I oversaw the Department of Justice's Medicaid Investigations Division (MID), which investigates provider fraud against the Medicaid program. I was pleased when the legislature expanded MID in concert with expanding Medicaid so that those attorneys and investigators can continue to hold accountable anyone who cheats Medicaid and the taxpayer, creating a powerful deterrent.

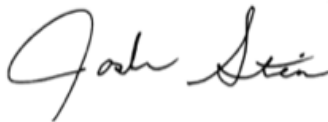
Both Speaker Johnson and President Trump have stated they do not want to cut services for people who rightly deserve them. Proposals such as per capita caps or block grants would potentially reduce federal Medicaid funds in North Carolina by nearly \$30 billion over the next decade, forcing North Carolina to cut benefits, limit eligibility, or reduce provider payments. Lowering the cap on provider taxes would be similarly damaging, forcing a reduction in provider reimbursement and putting access to care at risk especially in rural communities.

Additionally, lowering the enhanced federal match for Medicaid expansion would end Medicaid expansion in North Carolina after a hard-fought bipartisan bill finally implemented the program in December of 2023. More than 640,000 North Carolinians would immediately lose their health care coverage and providers would lose \$6 billion in federal funds. The damage to North Carolina's health care system, particularly rural hospitals and providers, would be devastating, not to mention to people who can no longer afford to access health care.

These are significant and immediate consequences, and I urge Congress to take these options off the table. Our state is committed to ensuring access to quality, affordable care for all residents, and we need continued federal support to fulfill that mission.

Thank you for your attention to this vital issue. I look forward to partnering with you to ensure that North Carolinians continue to have access to the care they need.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Stein". The signature is fluid and cursive, written in a professional style.

Josh Stein
Governor