



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

**JOSH STEIN
GOVERNOR**

June 6, 2025

The Honorable Thom Tillis
United States Senator for North Carolina
185 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ted Budd
United States Senator for North Carolina
354 Russell Senate Office Building
Washington, DC 20510

Dear Senators Tillis and Budd,

I am reaching out following the House's recent passage of its Budget Reconciliation Bill—H.R.

1. As the Senate now begins its debate and consideration, I urge you to carefully weigh the serious implications this legislation would have for North Carolina's families, local governments, and economy.

Proposals that target Medicaid and the Supplemental Nutrition Assistance Program (SNAP) would have damaging consequences for our state. These changes would reverse progress we made together just two years ago, when North Carolina expanded Medicaid on a bipartisan basis. That expansion was grounded in shared principles: making sure more people had health coverage, strengthening rural hospitals, and improving the health and well-being of North Carolinians.

The proposals under consideration combined with an impending expiration of marketplace subsidies would undo much of that progress we've made by kicking nearly half a million North Carolinians off their health care, creating costly and inefficient bureaucratic red tape, and shifting substantial financial responsibility to the state and counties without offering the necessary resources to meet those obligations. North Carolina's unique state-supported, county-administered system makes these new Medicaid requirements especially difficult to implement and more prone to errors. This structure increases the likelihood that eligible, working people will lose coverage due to burdensome paperwork, not because they are ineligible for the program.

Recent modeling estimates show that 255,000 North Carolinians are at risk of losing coverage under the Medicaid provisions alone in the House bill. Most of those individuals are working people, students, or caregivers who are eligible under work requirements, but they simply will not be able to keep up with the new paperwork and red tape required to stay enrolled. Lessons learned from two other states that implemented work requirements have shown that these policies don't increase employment, but instead increase bureaucracy, administrative costs, and result in more eligible people losing their coverage.

Furthermore, a Kaiser Family Foundation study projected that the combination of Medicaid and Marketplace changes in the House Bill would increase the number of uninsured North Carolinians to an estimated 470,000 if Marketplace subsidies expire at the end of 2025. In addition to taking away people's health care, these provisions would harm providers and North Carolina's economy as costs for uncompensated care would soar, leaving hospitals and counties on the hook for the costs of treating patients who no longer have insurance.

The bill also freezes funding generated through provider taxes, a critical tool that North Carolina and other states use to support care in hospitals, nursing homes, and home- and community-based services. Limiting this funding threatens access to essential care, particularly for older adults and individuals with disabilities.

Additionally, I remain deeply concerned about any provisions that could jeopardize the enhanced federal matching funds (FMAP) for Medicaid expansion. Due to the state's trigger law, a reduction in FMAP could immediately end coverage for the more than 650,000 North Carolinians currently benefiting from Medicaid expansion. North Carolina appears to be subject to an FMAP penalty simply for covering certain lawfully residing immigrants in accordance with federal law. I urge you to correct this technical issue to ensure North Carolina, and all other expansion states, are not facing this uncertainty.

Similarly, proposals to shift up to 25% of SNAP food benefit costs to the states—something never before done—would force North Carolina to either come up with \$700 million annually or cut vital nutrition assistance. Rural counties, already stretched thin, cannot absorb these new requirements on top of the proposed increase in administrative cost sharing from 50% to 75%. Again, these proposals would have a detrimental economic impact, as SNAP is also an economic driver, adding nearly \$2.8 billion directly to our economy and supporting farmers, grocers, and retailers—especially in rural communities.

The bottom line is that North Carolina has taken responsible, bipartisan steps to strengthen its health system and support working families. The proposals in the House bill would force us to make unacceptable tradeoffs – either eliminate essential coverage and food support or divert resources from education, public safety, and economic development.

I urge you to join me in continuing the kind of bipartisan problem-solving that North Carolinians expect and deserve. We have shown that when we work across party lines, we can achieve real, lasting results for our state. Together, we can protect North Carolina's fiscal health, support our communities, and ensure that working families have access to the care and nutrition they need to thrive.

Thank you for your service and for your consideration of this critical issue.

Sincerely,

A handwritten signature in black ink that reads "Josh Stein". The signature is fluid and cursive, with the first name "Josh" and the last name "Stein" clearly legible.

Josh Stein
Governor of North Carolina

cc: The Honorable John Boozman, Chairman, US Senate Committee on Agriculture
The Honorable Amy Klobuchar, Ranking Member, US Senate Committee on Agriculture
The Honorable Mike Crapo, Chairman, US Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, US Senate Committee on Finance