



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

**JOSH STEIN
GOVERNOR**

July 2, 2025

The Hon. Don Davis
U.S. House of Representatives

The Hon. Greg Murphy
U.S. House of Representatives

The Hon. Virginia Foxx
U.S. House of Representatives

The Hon. David Rouzer
U.S. House of Representatives

The Hon. Richard Hudson
U.S. House of Representatives

The Hon. Chuck Edwards
U.S. House of Representatives

The Hon. Brad Knott
U.S. House of Representatives

The Hon. Deborah Ross
U.S. House of Representatives

The Hon. Valerie Foushee
U.S. House of Representatives

The Hon. Addison McDowell
U.S. House of Representatives

The Hon. Mark Harris
U.S. House of Representatives

The Hon. Pat Harrigan
U.S. House of Representatives

The Hon. Alma Adams
U.S. House of Representatives

The Hon. Tim Moore
U.S. House of Representatives

Dear Members of North Carolina's congressional delegation:

I write today with deep concern regarding the Senate budget reconciliation bill that would impose sweeping changes to Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and tax credits for energy and manufacturing. This bill has moved at a breakneck pace, leaving North Carolinians without ample time to provide feedback on the devastating impacts this would have on our state. As the bill returns to the House, I urge you to press pause on this bill because of the immediate and long-term threats it poses to the health and well-being of North Carolinians and the economic stability of our state.

MEDICAID

The stakes for North Carolina could not be higher. The latest estimates are that [520,000 North Carolinians](#) will lose their health insurance due to proposed changes to Medicaid, Marketplace health plans, and if the Marketplace subsidies expire at the end of 2025. The number of uninsured North Carolinians could increase further to sweep in the more than 670,000 people enrolled in Medicaid expansion without

changes by the Congress or General Assembly. Medicaid now provides critical health insurance to more than one in four North Carolinians.

The Senate bill includes deep cuts to North Carolina's Medicaid program, with North Carolina set to lose \$39.9 billion in Medicaid funding over the next decade. The Senate's version of H.R. 1 targets hospital and health care provider funding by phasing out critical financing tools like State Directed Payments (SDPs) and sharply reducing provider taxes. Our state health care association has warned this plan will result in the closure of beds, services, and numerous hospitals, particularly in rural North Carolina. When hospitals reduce services or close their doors, it's not just Medicaid recipients who suffer, but the entire community.

SDPs allow the state to direct Medicaid payments to hospitals and providers, to increase access and quality of care. North Carolina's Healthcare Access and Stabilization Program (HASP) -- the state's largest SDP -- is valued at over \$6 billion annually. HASP strengthens healthcare infrastructure -- particularly for safety-net hospitals in rural communities -- and expands access to health care. Under the Senate plan, SDPs would be phased out entirely. This would dismantle HASP and similar programs, destabilizing the healthcare landscape across the state.

The Senate bill also targets Medicaid expansion states like North Carolina by slashing the provider tax cap from 6% to 3.5%. The result of this provision overlaps with the end of SDPs and would effectively eliminate HASP, even if the SDP provision is removed, crippling our state's ability to finance Medicaid expansion, which was authorized by the General Assembly on a bipartisan basis in 2023. Without this funding, North Carolina cannot meet rising costs or pay for the compliance of new federal mandates like work requirements. Additionally, state law currently requires Medicaid expansion to end if provider tax revenues are insufficient. The Senate proposal would take away North Carolina's ability to adjust current provider taxes or levy new provider taxes -- ultimately jeopardizing Medicaid expansion and the coverage it now provides to more than 670,000 North Carolinians.

SNAP

SNAP faces equally serious threats. SNAP remains a lifeline to over 1.4 million children, older adults, veterans, people with disabilities, and working families who rely on it for basic food security.

Both House and Senate versions of the bill propose shifting food benefit costs to states, ending a 50-year bipartisan understanding that SNAP benefits are fully federally funded. Based on USDA data released this week, North Carolina's latest payment error rate of 10.2% would put our state in the highest bracket of cost share (15%), requiring our state to pay a staggering \$420 million annually under the Senate plan. If North Carolina cannot pay that share, we could be forced to end our SNAP program entirely. The effects would be devastating to more than 1.4 million North Carolinians who stand to lose access to essential food assistance. Moreover, SNAP is also an important economic driver, especially in rural North Carolina. These proposals could jeopardize businesses like rural grocery stores and harm our agriculture industry.

MANUFACTURING TAX CREDITS

The Senate bill would also have numerous damaging consequences for North Carolina's economy given our emergence as a top destination for clean energy technology investments and jobs. Since the second quarter of 2022, more than \$24 billion in clean energy technology investments have been announced across North Carolina, which already or will soon employ tens of thousands of people in each of the 14 congressional districts in our state. More than 100,000 North Carolinians are already employed in the clean energy sector. Further, both the House and Senate versions of the bill will limit our ability to install

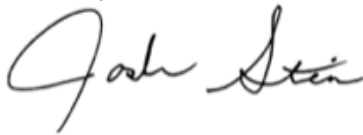
cost-effective wind and solar power systems that keep energy prices low and ensure energy adequacy precisely when demand for energy is increasing.

The Senate Bill significantly raises taxes on North Carolina's clean energy industry with harmful impacts. It would cost up to 45,000 jobs in our state by 2030 and decrease state GDP by up to \$67 billion between 2025 and 2034 as clean energy manufacturing and construction projects are cancelled or scaled back. On top of that, the removal of tax credits for wind and solar energy will make electricity in North Carolina as much as 18% more expensive, increasing the average family's electricity bill by up to \$275 each year. At a time when demand for electricity to serve new manufacturing, population growth, and data centers is exploding, the Senate's proposal to remove tax credits that support the fastest and cheapest energy generation deployment is untenable.

Voices across North Carolina are sounding the alarm -- our hospitals, health care providers, county leaders, state leaders, business leaders, workers, nonprofits, and, most importantly, the people who rely on these essential services and industries every day. Many North Carolinians are worried about feeding their families, being able to continue seeing their doctor, or keeping their jobs. We are united in our concern that this reconciliation bill would undo decades of bipartisan progress and harm the health, well-being, and economic security of our individuals, families, and communities. I urge you to oppose this bill.

Thank you for your attention to this urgent matter and for your service on behalf of all North Carolinians.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Stein". The signature is fluid and cursive, with the first name "Josh" and last name "Stein" clearly distinguishable.

Josh Stein
Governor of North Carolina