



Medicaid Overview and Implications of Federal Cuts

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Medicaid Overview and Cut Implications

Millions of people in North Carolina rely on Medicaid for health insurance, but data show that a greater proportion of rural people are enrolled in the program. This increased reliance on Medicaid among rural residents means that potential cuts to the program could have a larger impact on rural people in our state. This analysis documents the number of North Carolinians enrolled in Medicaid and summarizes the potential impacts two Medicaid cuts proposed by federal leaders could have.

Medicaid Enrollment

As of February 2025, there were over 3 million North Carolinians enrolled in Medicaid. A disproportionate number of those enrolled in Medicaid are found in rural counties (as defined by the NC Rural Center). Rural residents are also enrolled in Medicaid at a higher rate than urban or suburban residents, highlighting the importance of Medicaid to rural people. In all, over 1.2 million rural North Carolinians rely on Medicaid for health insurance, 32.1 percent of the total rural population.

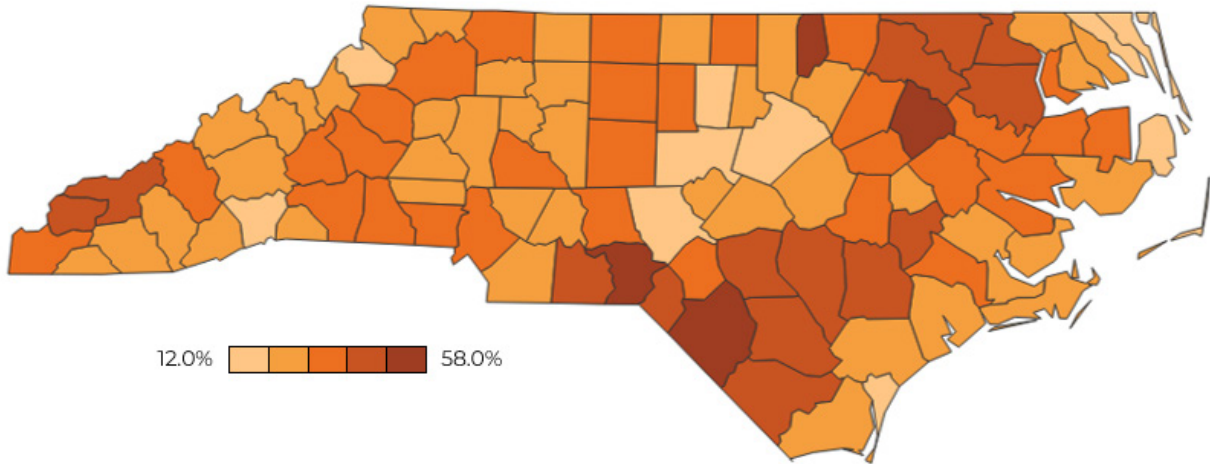
Medicaid Enrollment and State Population

Geography	Medicaid Enrollees	% of State's Enrollment	Total Population	% of State's Population	% Population Enrolled
Rural	1,205,109	39.1%	3,749,217	34.6%	32.1%
Suburban	882,490	28.6%	3,213,767	29.7%	27.5%
Urban	995,196	32.3%	3,872,507	35.7%	25.7%
North Carolina	3,082,795	---	10,835,491	---	28.5%

Source: NCDHHS, Medicaid Enrollment Reports (Feb. 12, 2025); U.S. Census Bureau, County Population Estimates (2023)

Medicaid enrollment varies from county to county, ranging from 12 percent (Watauga County) to 58 percent (Vance County). Enrollment rates are highest in the eastern part of the state, particularly the Northeast and Southeast regions of the state. These regions are among the most economically disadvantaged in the state.

% of Total Population Enrolled in Medicaid



Source: NCDHHS, Medicaid Enrollment Reports (Feb. 12, 2025); U.S. Census Bureau, County Population Estimates (2023)

The table below highlights the 10 counties with the lowest rate of Medicaid enrollment, and the 10 counties with the highest rates.

Highest and Lowest Rates of Medicaid Enrollment

Lowest % Enrolled in Medicaid			Highest % Enrolled in Medicaid		
Rank	County	% Enrolled	Rank	County	% Enrolled
10	Henderson (S)	20.2%	100	Vance (R)	58.0%
9	New Hanover (U)	19.7%	99	Robeson (R)	57.0%
8	Moore (R)	19.7%	98	Edgecombe (R)	54.1%
7	Wake (U)	18.2%	97	Richmond (R)	52.2%
6	Dare (R)	17.3%	96	Scotland (R)	48.7%
5	Currituck (R)	15.7%	95	Swain (R)	47.3%
4	Camden (R)	15.1%	94	Hertford (R)	46.8%
3	Chatham (R)	15.0%	93	Bladen (R)	46.6%
2	Orange (S)	13.2%	92	Lenoir (R)	45.0%
1	Watauga (R)	12.0%	91	Halifax (R)	44.2%

Source: NCDHHS, Medicaid Enrollment Reports (Feb. 12, 2025); U.S. Census Bureau, County Population Estimates (2023)

Medicaid Expansion

Medicaid was expanded in North Carolina in December 2023. Expansion changed the eligibility criteria to be enrolled in Medicaid, allowing 19-64-year-old residents with income of up to 138 percent of the federal poverty line to enroll in Medicaid. As of February 2025, over 600,000 North Carolinians were enrolled in Medicaid through expansion, according to the N.C. Department of Health and Human Services.

A disproportionately high percentage of Medicaid expansion enrollees are found in rural counties. Data also shows that a higher rate of working-age adults living in rural counties are enrolled in Medicaid expansion compared to urban and suburban counties. In total, over 241,000 adults in rural North Carolina are enrolled in Medicaid expansion, or 11.4 percent of all working-age adults in rural N.C.

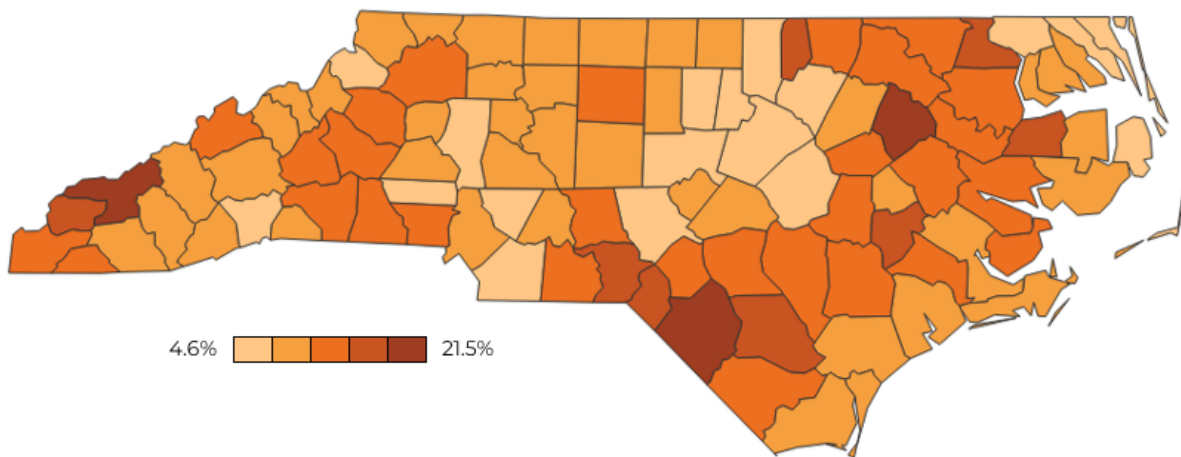
Medicaid Expansion Enrollment and Working Age (19-64) Population

Geography	Expansion Enrollees	% of Expansion Enrollment	Population 19-64 Years	% of State's Population	% Enrolled in Expansion
Rural	241,754	38.5%	2,116,216	32.8%	11.4%
Suburban	176,441	28.1%	1,919,486	29.8%	9.2%
Urban	210,485	33.5%	2,409,876	37.4%	8.7%
North Carolina	628,680	---	6,445,578	---	9.8%

Source: NCDHHS, Medicaid Enrollment Reports (Feb. 12, 2025); U.S. Census Bureau, County Population Estimates (2023)

Many of the counties with the highest rates of Medicaid expansion enrollment are the same counties with the highest rates of full Medicaid enrollment. Enrollment rates by county show that Eastern North Carolina, particularly along the I-95 corridor, has the highest rates of Medicaid expansion enrollment. However, several rural counties in Western North Carolina also have high rates.

% of Working-Age Adults (19-64) Enrolled in Medicaid Expansion



Source: NCDHHS, Medicaid Enrollment Reports (Feb. 12, 2025); U.S. Census Bureau, County Population Estimates (2023)

The table below highlights the 10 counties with the lowest rate of expansion enrollment, and the 10 counties with the highest rates. They are largely the same as the previous table that highlights the highest and lowest rates of total Medicaid enrollment.

Highest and Lowest Rates of Medicaid Expansion Enrollment

Lowest % Enrolled in Expansion			Highest % Enrolled in Expansion		
<i>Rank</i>	<i>County</i>	<i>% Enrolled</i>	<i>Rank</i>	<i>County</i>	<i>% Enrolled</i>
10	Gates (R)	7.4%	100	Robeson (R)	21.5%
9	Franklin (R)	7.4%	99	Swain (R)	21.3%
8	Dare (R)	7.0%	98	Edgecombe (R)	19.9%
7	Union (S)	6.3%	97	Hertford (R)	17.4%
6	Wake (U)	6.0%	96	Graham (R)	17.1%
5	Currituck (R)	5.6%	95	Richmond (R)	17.1%
4	Chatham (R)	5.4%	94	Scotland (R)	16.7%
3	Camden (R)	5.0%	93	Lenoir (R)	16.5%
2	Orange (S)	4.7%	92	Vance (R)	16.3%
1	Watauga (R)	4.6%	91	Bladen (R)	15.7%

Source: NCDHHS, Medicaid Enrollment Reports (Feb. 12, 2025); U.S. Census Bureau, County Population Estimates (2023)

Implications of Medicaid Enrollment Cuts

Under a resolution making its way through Congress, the House Energy and Commerce Committee (which oversees Medicaid) would have to find \$880 billion in cuts to help partially fund tax cuts.¹ There are [several proposed options](#) circulating in Congress to reduce Medicaid spending to free up money. There are two options that have gained the most attention from health policy leaders: 1) Implementing a per capita cap on federal Medicaid match rates; and 2) Eliminating the 90 percent federal match rate for the Medicaid expansion population. Should these changes be implemented, North Carolina could lose up to \$27 billion in federal funding¹ and thousands of residents could be at risk of losing their health coverage.

The potential impacts of each of these cuts are explored separately. It is important to consider that both cuts could be made concurrently. It is also important to remember that these cuts are just two of the several being considered, and that different changes could be made to Medicaid. The true impact on Medicaid could vary depending on the number and size of cuts.

Per Capita Cap on Federal Medicaid Match Rates

Currently, the federal government pays a different percentage to each state to help cover the costs of traditional Medicaid enrollees, referred to as the Federal Medical Assistance Percentage (FMAP). The percentage paid to each state is based on the per capita income of residents. So, states with a lower per capita income receive greater financial assistance from the federal government via the FMAP. North Carolina currently ranks 37th in per capita income (\$61,839),² meaning that we receive a higher FMAP match rate than most other states.

If a per capita cap is implemented, North Carolina could see significant impacts. According to a Kaiser Family Foundation (KFF) analysis, should North Carolina decide to maintain current eligibility standards and spending, our state would have to spend an additional \$17.3 billion from FY 2025 – FY 2034. If state leaders decide not to foot the bill, and spending and eligibility requirements shift to reflect a smaller Medicaid budget, an estimated 564,000 North Carolinians could lose coverage.³

Eliminating the Enhanced 90 Percent Federal Match Rate

Many states expanded Medicaid with the agreement that the federal government would pay 90 percent of the cost of covering newly enrolled adults, with the state covering the remaining 10 percent. Nine states, including North Carolina, have “trigger laws” in place, in which the state will automatically revoke eligibility for the Medicaid expansion population if the federal government stops paying that 90 percent federal match rate.⁴

Should the federal government do away with the federal match rate, or even decrease it to below 90 percent, North Carolina is poised to end expansion coverage almost immediately. The over 628,000 North Carolinians - 241,754 of which are rural – could quickly lose their health coverage. As discussed above, this would have a disproportionate effect on rural health, as a higher proportion of rural adults are enrolled in Medicaid expansion.

Ending Medicaid expansion could also have a negative impact on rural hospitals and other healthcare providers. Rural hospitals tend to report more uncompensated care than urban hospitals - especially in non-expansion states⁵ - often due to a lack of insurance coverage from the people they serve. Medicaid can help close the uncompensated care gap, ensuring more rural hospitals get paid for the services they render. The impact is measurable, as analysis shows rural hospitals in states that *have* expanded Medicaid are less likely to close than hospitals in states that *have not* expanded Medicaid.⁶ Since 2005, there have been 12 rural hospitals in North Carolina close.⁷ A recent analysis has found that seven more rural hospitals in North Carolina are at immediate risk of closing due to severe financial concerns.⁸ Ending Medicaid expansion could exacerbate this issue and push hospitals to close.

Conclusion

Medicaid helps keep costly medical costs under control and makes health more affordable for people throughout the state. It is a vital social program that many North Carolinians rely on, but especially its rural residents. This brief analysis shows that, when it comes to Medicaid, rural communities have a vested interest in seeing the program supported. If Medicaid coverage is disrupted through federal budget cuts, rural people are set to experience greater impacts than their suburban or urban counterparts.

Sources

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