

# Federal budget reconciliation / HR1 / Big Beautiful Bill: Impacts on benefits in NC



July 2025



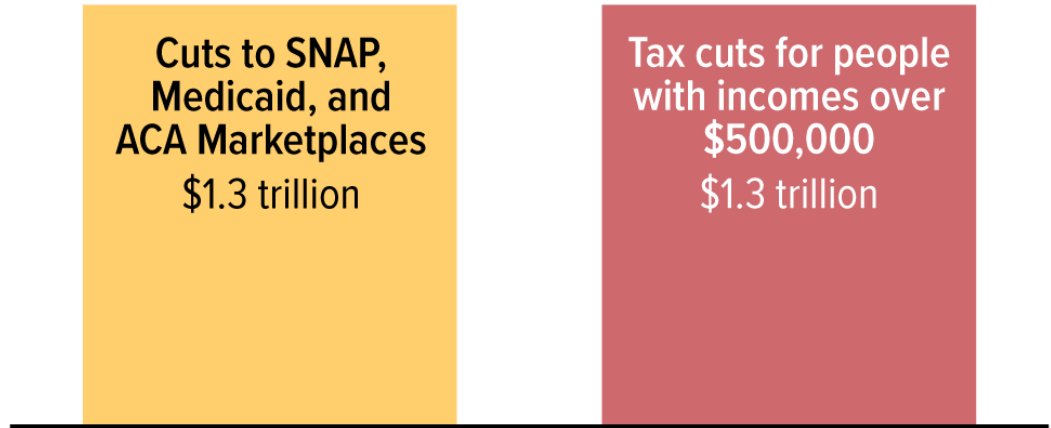


## About this presentation

These slides provide an overview of some key provisions related to benefits programs in the federal reconciliation bill passed on July 4, 2025, and how they will harm North Carolinians.

# Bill takes food assistance and health care away from people to pay for tax cuts for the wealthy

Cuts to SNAP, Medicaid, and the Affordable Care Act are equal to the cost of tax cuts for the wealthiest Americans



Estimates are through 2034. Source: [Center on Budget and Policy Priorities](#)



## **Extending tax cuts for the wealthy is a windfall for the 1%**

The richest one percent of taxpayers in North Carolina will get a combined \$3.6 billion in tax cuts in 2026

# **Cuts to food assistance:** SNAP / EBT / Food Stamps



# Expands SNAP work reporting requirements

- SNAP already had harsh work reporting requirements for adults without disabilities and without dependent children (“able bodied adults without dependents” or ABAWDs)
- New policy:
  - Increases the age limit from 54 to 64
  - Includes parents with children ages 14 and over for the first time
  - Eliminates exemptions for veterans, people experiencing homelessness, and young people aging out of foster care
- Up to **143,000 North Carolinians live in households that could lose food assistance** under these changes

# Work requirements are bad at increasing employment, and great at making people sick and hungry

- Work requirements lead to people losing coverage because of technicalities and red tape
- Most people participating in SNAP and Medicaid who *can* work are already working
- Reporting requirements aren't well matched to realities of low-wage work, like unpredictable schedules, no leave, job instability
- No evidence that work-reporting requirements increase employment or boost job quality

# States have to pay for SNAP benefits for the first time in the program's history

- States responsible for paying for up to 15% of the cost of SNAP benefits, based on their error rates
  - Error rates are a measure of over- and under-payments that reflect unintentional mistakes by state agencies and households
- NC Dept of Health and Human Services estimates this will cost NC **\$420 million per year**



# States will pay for a larger share of SNAP administrative costs

- States currently pay for 50% of the cost of administering SNAP (meaning staffing and operating the program) and will now have to pay 75% of administrative costs
  - In North Carolina, *counties* are responsible for administrative costs
  - Estimated cost of **\$65 million per year in NC**

# Limited options for NC to cover new SNAP costs

- Cover state cost share by raising revenue or cutting other services
- Decrease SNAP enrollment by creating barriers to reduce state cost share
- Withdraw from SNAP program completely — 1.4 million people lose food benefits

# Takes food assistance away from immigrants

Ends SNAP eligibility for:

- Refugees
- People granted asylum
- Certain victims of trafficking
- Certain victims of domestic violence
- Other currently eligible immigrants who lawfully reside in the U.S.

# Other changes will reduce SNAP benefit amounts

- Freezes future cost of the Thrifty Food Plan, which sets benefit amounts
- Cost of internet no longer included in calculation of family expenses used to determine benefit amount
- Participating in LIHEAP energy assistance program no longer means most families will qualify for “Standard Utility Allowance”

# Local impacts of SNAP cuts



## **Cost shift to county budgets**

Counties could be on the hook for \$65 million per year in new administrative costs.

## **New burdens on DSS offices**

Increased paperwork means slower processing, more errors, delays in benefits, and staff moved away from critical services. Will hit rural counties with staffing shortages especially hard.

# Local impacts of SNAP cuts



## **Jeopardizes free school lunch**

School-age children receiving SNAP are automatically eligible for free school meals, and SNAP participation counts towards a school district's Community Eligibility Provision threshold.

## **Economic harms & grocery store closures**

Every \$1 in SNAP benefits generates up to \$1.80 in local economic activity, so cuts harm small businesses and can lead to job loss. Over 1,400 food retailers that depend on SNAP spending, mostly in rural areas, are at the highest risk.

# **Cuts to health care:** Medicaid & Affordable Care Act



# Medicaid work-reporting requirements

- Imposes work-reporting requirement for adults (ages 19-64) in the Medicaid expansion group, including parents with children over age 13
  - First time work reporting will be required at federal level for Medicaid coverage in the history of the program
- “Eligibility redeterminations” are increased to every 6 months from once per year for everyone in the expansion group
- NC Dept of Health and Human Services estimates as many as **255,000 will lose coverage** because of these changes



# Limits state's option for funding Medicaid and shifts more costs to people seeking health care

- Restricts states from raising health-care-related taxes (aka “provider taxes”) to fund Medicaid
- Limits state's ability to set payments for health-care providers to expand access to care (aka caps “state directed payments”)
- Requires people enrolled in Medicaid expansion to pay co-pays for many health care services

# Takes health care away from immigrants

- No federal funding for Medicaid and the Children's Health Insurance Program (CHIP) for most groups of lawfully residing immigrants, including refugees and people granted asylum
- Eliminates access to Medicare and subsidized Affordable Care Act (ACA) marketplace coverage for same group

# Restriction on Medicaid financing shifts cost to state and could trigger end of expansion

- Loss of **\$40 billion** in Medicaid funding for NC over 10 years
- Under current law, NC DHHS is concerned the combination of work requirements and freeze on provider taxes will trigger NC law that ends Medicaid expansion
  - Over **670,000 people** newly covered by Medicaid would lose coverage

# Ends “enhanced premium tax credits” that help people afford health insurance in the Affordable Care Act marketplace

- Many North Carolinians will see huge increases in insurance premiums
- For example, a 60-year-old couple with an income of \$82,000 would see annual premiums for a basic insurance plan jump from about \$7,000 to almost \$26,000 each year — **an increase of nearly \$19,000 annually**
- **74,000 North Carolinians could lose health coverage** because they can’t afford high premium costs

# Over half a million North Carolinians will lose health coverage

- Combined, the law's health care provisions are estimated to cause **515,000 people in North Carolina to lose health coverage** by 2034

# Local impacts of health care cuts



## **Rural hospital closures**

Rural hospitals rely heavily on Medicaid, and 6 rural hospitals in NC are already at “immediate risk” of closure because of financial issues.

## **New burdens on DSS offices**

Increased paperwork means slower processing, more errors, delays in care for eligible residents, and staff moved away from critical services. Will hit rural counties with staffing shortages especially hard.

## **Schools lose funding to support students with disabilities**

School districts bill Medicaid for services for children with disabilities to fill funding gaps.

# Child Tax Credit Exclusions



## **Excludes children with immigrant parents from Child Tax Credit (CTC) — and fails to extend a full CTC to families with the lowest incomes**

- Takes CTC eligibility away from children who are U.S. citizens unless at least one parent has a Social Security number
- 600,000 kids and their families in NC will be blocked from getting the full \$2,200 CTC because their parents — who work important but low-paid jobs — don't earn enough



# Effective Dates for Select Provisions

On passage, Jul. 2025	Oct. 2026	Jan. 2027	Oct. 2027	Jan. 2028	Oct. 2028
Expands SNAP work requirements and eliminates eligibility for certain lawfully present immigrants (awaiting guidance from USDA)	Restricts access to Medicaid and CHIP for most categories of lawfully present immigrants	Work requirements and 6-month recertifications for Medicaid expansion enrollees	State required to pay a share of SNAP food benefit costs	Phase down of limits on state directed payments for Medicaid begins	Medicaid co-pays for expansion enrollees
New limits on Medicaid state directed payment rates and moratorium on new or increased provider taxes	State required to pay 75% of SNAP administrative costs instead of 50%	Eliminates access to premium tax credits in the ACA marketplace for most categories of lawfully present immigrants	Phase down of limits on Medicaid provider tax rate		
Child Tax Credit increased (starting for tax year 2025), but limits full access for lowest income families and excludes children of immigrants					