

# Primer Understanding Medicaid in North Carolina

October 2025

## WHAT IS MEDICAID

Medicaid provides health care coverage to eligible people with low incomes in North Carolina including adults, children, pregnant women, seniors, and people living with disabilities. Medicaid is jointly funded by North Carolina and the federal government and is administered by the state.

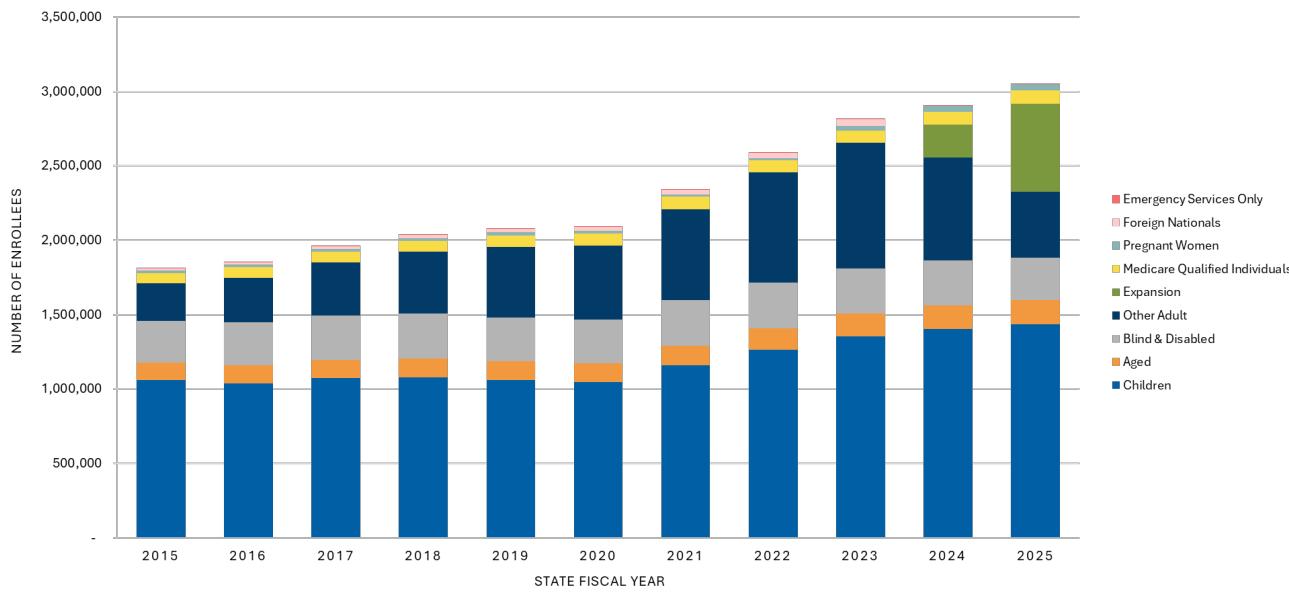
States are given flexibility to design their own programs. Each state creates its own health care delivery models, sets eligibility criteria, selects covered services, develops methods for paying providers, and oversees other aspects of Medicaid.<sup>1</sup> When designing the details of Medicaid programs, states must comply with federal standards, such as minimum criteria for eligibility and mandatory covered services.

North Carolina has the 8<sup>th</sup> largest Medicaid population in the nation (April 2025)<sup>2</sup>

## MEDICAID IN NORTH CAROLINA

North Carolina Medicaid covers over 3 million people, which accounts for over 1 in 4 North Carolinians. This includes over 669,500 people who have enrolled through Medicaid expansion (as of July 2025).<sup>3</sup> In December 2023, North Carolina became the 40<sup>th</sup> state to expand Medicaid eligibility to people ages 19 to 64 up to 138% of the Federal Poverty Level (FPL). Between state fiscal years (SFYs) 2015 and 2025, average monthly enrollment in Medicaid increased by approximately 70% (Figure 1). In the same period, the population of North Carolina grew by about 10%.

FIGURE 1. AVERAGE MONTHLY MEDICAID ENROLLMENT PER YEAR



Data from the North Carolina Division of Health Benefits.<sup>4</sup> Health Choice and COVID-19 categories not included. Medicaid Expansion became effective on December 1, 2023, at which point some beneficiaries switched from Family Planning (Other Adult) to Expansion.

**47%**

Of North Carolina  
Medicaid beneficiaries  
are children<sup>a</sup>

**67%**

Of North Carolina  
Medicaid adults are  
working<sup>5</sup>

### WHO IS IN CHARGE OF THE NC MEDICAID PROGRAM?

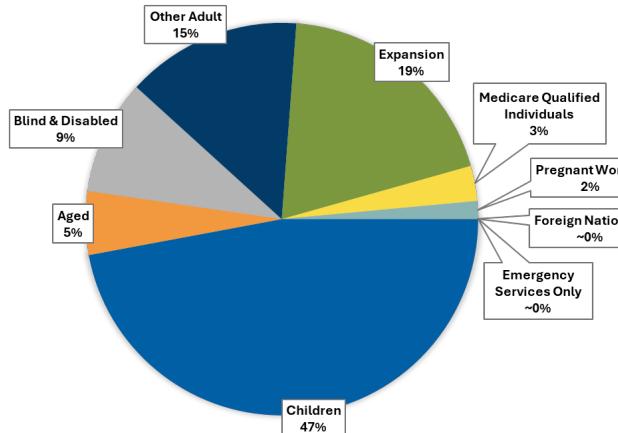
Within North Carolina's Department of Health and Human Services, NC Medicaid (the Division of Health Benefits) oversees and administers the state Medicaid program.

### WHO IS ELIGIBLE FOR MEDICAID?

Both federal and state law determine who is eligible for Medicaid. Qualification criteria for Medicaid varies by program aid category (Table 1). In North Carolina, program aid categories are made up of different populations such as children, pregnant women, parents, older adults, people with disabilities, and, in certain circumstances, individuals receiving Medicare.

Each state establishes specific eligibility criteria based on standards set by the federal government. In North Carolina, eligibility for Medicaid differs by age, health status, household structure, income, and resources. Most Medicaid eligibility and all CHIP (Children's Health Insurance Program) eligibility is based on modified adjusted gross income (MAGI). Income eligibility levels are tied to the federal poverty level (FPL). Individuals receiving Supplemental Security Income, Work First Cash

FIGURE 2. PERCENTAGE OF AVERAGE MONTHLY MEDICAID ENROLLMENT BY POPULATION (SFY 2025)



Data from the North Carolina Division of Health Benefits.<sup>4</sup>

Assistance, or special assistance for the aged or disabled are automatically eligible for Medicaid coverage. To qualify for Medicaid, an individual must be a US citizen or provide proof of immigration status, live in North Carolina and present proof of residency, and have a Social Security number or have applied for one.

TABLE 1. MEDICAID INCOME ELIGIBILITY LIMITS

Monthly Income as % of Federal Poverty Level

Older adults ages 65+	100%
People with Disabilities	100%
Adults ages 19-64	138%
Pregnant Women	201%
Children ages 0-18	216%

2025 Basic Medicaid Eligibility Requirements.<sup>6</sup> MAGI-based eligibility levels, expressed as a percentage of the FPL. Includes 5% income disregard used with MAGI-based Medicaid eligibility determinations. In 2025, the FPL is \$15,650 annually for a single person and \$26,650 for a family of three.

<sup>a</sup> Medicaid eligibility categories that comprise each population (applicable throughout primer): Children: TANF (under 21), Other Child, MIC, MCHIP; Aged: Aged; Blind & Disabled: Blind, Disabled; Other Adult: TANF (over 20), Family Planning, Breast & Cervical Cancer; Medicare Qualified Individuals: MQB-Q, MQB-B, MQB-E; Pregnant Women: MPW; Foreign Nationals: Aliens-Legal, Aliens-Illegal, Refugees.

## DIFFERENCES BETWEEN MEDICAID AND MEDICARE

### Medicaid

- Covers specific populations of North Carolinians with lower incomes
- Eligibility determined by income, resources, age, and health status
- Funded jointly by North Carolina and the federal government

### Medicare

- Covers most North Carolinians ages 65 and older, as well as some with disabilities
- Eligibility is determined by age, work history, and disability
- Funded by the federal government

### Dual Eligibles

Certain Medicare beneficiaries qualify for and receive Medicaid benefits. These people, referred to as dual eligibles, qualify for Medicare based on their age or disability status.<sup>7</sup> Dual eligibles qualify for Medicaid based on financial and need-based criteria (and are typically in poorer health and older than the rest of the Medicaid population). Certain dual eligibles, called “full-dual” beneficiaries, are eligible for full Medicaid benefits, including medically necessary long-term services and supports, behavioral health benefits, transportation, and wrap-around benefits. Other dual eligibles, called “partial-dual” beneficiaries, are eligible only for assistance with Medicare premiums and cost sharing.<sup>8</sup>

## WHAT SERVICES DOES MEDICAID COVER?

North Carolina Medicaid covers most health services. It includes doctor visits, check-ups, emergency care, dental care, vision and

hearing services, prescription drugs, maternity and postpartum care, hospital services, behavioral health, preventive and wellness services, medical-related devices and more.

Federal law requires state Medicaid programs to cover certain mandatory services to core populations without waiting lists or enrollment caps. Mandatory covered services include hospital inpatient and outpatient services, physician services, and nursing facility services. States may also receive federal matching funds to cover optional services and optional groups. Services must be medically necessary to be covered.

Optional services that are covered by North Carolina Medicaid include optometry, chiropractic services, and podiatry. In addition, Medicaid is required to ensure transportation to medical appointments for all eligible individuals who need and request assistance with transportation. Transportation will be available if the recipient receives a Medicaid covered service provided by a qualified Medicaid provider.<sup>9</sup>

Between July 1 and June 30 each year, beneficiaries are limited to 22 visits to mandatory services and 8 visits to optional services. Exempt from the visit limit are beneficiaries under the age of 21, beneficiaries enrolled in the Community Alternatives Program, and pregnant beneficiaries who are receiving prenatal and pregnancy-related services.

North Carolina Medicaid also offers benefit programs designed to meet the unique needs of beneficiaries. These include the Family Planning Program, the Health Insurance Premium Payment Program (HIPP), Medicare-Aid and additional home and community-based services through

Medicaid waiver programs such as the Community Alternatives Programs (CAP), the Program for All-inclusive Care for the Elderly (PACE), the Traumatic Brain Injury (TBI) Waiver and the North Carolina Innovations Waiver.<sup>10</sup>

For a general list of services covered by North Carolina Medicaid, visit [ncmedicaidplans.gov/en/benefits-and-services](http://ncmedicaidplans.gov/en/benefits-and-services).

## HOW DO MEDICAID BENEFICIARIES ACCESS HEALTH CARE?

North Carolina Medicaid offers 4 types of health plans: Standard Plan, Tailored Plan, Eastern Band of Cherokee Indians (EBCI) Tribal Option, and North Carolina Medicaid Direct. Of these health plans, only North Carolina Medicaid Direct is not a managed care plan.

North Carolina Medicaid transitioned to a managed care system in 2021. In managed care, the state pays a managed care organization (MCO) a set monthly fee (capitation) for each enrolled member. The MCO is responsible for managing the members' care and paying providers.

The Standard Plan is the way most Medicaid beneficiaries (72.7%) get their health care and services. Beneficiaries enroll in one of the health plans that contract with the North Carolina Department of Health and Human Services (AmeriHealth, Carolina Complete, Healthy Blue, UnitedHealthcare, WellCare). Doctors, nurses, hospitals, and other providers join a health plan's network. Beneficiaries visit providers and specialists in the health plan's network. All health plans offer the same basic Medicaid benefits and services. Some health plans may offer additional services.<sup>10</sup>

The Tailored Plan is for beneficiaries with serious mental illness, severe substance use disorders, intellectual/developmental disabilities (I/DD) or traumatic brain injuries (TBI).

The Eastern Band of Cherokee Indians (EBCI) Tribal Option is the primary care case management entity created by the Cherokee Indian Hospital Authority (CIHA). It manages the primary care needs of federally recognized tribal members and others who qualify for services through Indian Health Service (IHS) and live in 11 counties.

North Carolina Medicaid Direct is NC's health care program for North Carolina Medicaid beneficiaries who are not enrolled in managed care. It includes care management by Community Care of North Carolina (CCNC), the primary care case management entity for physical health services. Local Management Entity / Managed Care Organizations (LME/MCOs) coordinate services for serious mental illness, severe substance use disorder, I/DD or TBI.

The Children and Families Specialty Plan (CFSP) is a new North Carolina Medicaid Managed Care health plan that will launch in December 2025. It is a single, statewide health plan that will be managed by Blue Cross and Blue Shield of North Carolina under the name Healthy Blue Care Together. Beneficiaries will include North Carolina Medicaid-enrolled children, youth and young adults currently and formerly served by North Carolina Child Welfare.

## MEDICAID FINANCING

Medicaid is financed with federal, state, and county government funds. The federal government matches state spending at a particular rate, called the Federal Medical Assistance Percentage (FMAP), which varies

by state. The federal government does not cap the amount of eligible spending it reimburses the state. Medicaid is the largest source of federal revenues for state budgets.<sup>11</sup>

The FMAP determines the share of qualifying state Medicaid spending reimbursable by the federal government. Each state's FMAP is calculated using a formula comparing the state's per capita income to US per capita income. For SFY 2025, North Carolina's FMAP was 65.06%.<sup>12</sup>

The federal government contributes the largest share of funding for North Carolina's Medicaid program, financing nearly 68% of the cost of Medicaid. North Carolina covers the remaining 32% of the cost through appropriations and other funding, such as revenues from provider taxes and transfers from other state agencies.<sup>10</sup> In some years, county funds also make up a small portion of Medicaid funding. Medicaid expansion is funded with 90% federal receipts and 10% hospital assessments and premium tax revenue.

## MEDICAID SPENDING

In SFY 2024, total Medicaid spending in North Carolina was \$27.8 billion, which ranked 7<sup>th</sup> in the nation. Spending on Medicaid accounted for 39.9% of North Carolina's total budget (inclusive of state and federal funds).<sup>13</sup> North Carolina Medicaid has finished within budget for 11 consecutive years.<sup>10</sup>

Over 94% of Medicaid expenditures paid for direct care to beneficiaries via claims and premiums. Administration accounted for 2.3% of overall Medicaid expenditures. In 2024, North Carolina spent \$6,536 per Medicaid beneficiary, but spending was not evenly distributed across population categories.<sup>14</sup> People ages 65+ and people

with disabilities were 18% of enrollees but accounted for over half of total spending.

## MEDICAID'S IMPACT ON FINANCIAL SECURITY, ACCESS TO CARE, AND HEALTH

A quarter of North Carolinians rely on Medicaid to access the health care that they need. Providing health insurance to people with lower incomes and people with complex medical needs improves financial security by reducing medical debt and out-of-pocket expenses.<sup>15</sup>

Medicaid expansion has demonstrated the ways in which the program can impact access to care and health outcomes. Research suggests expansion is associated with increased use of preventive services, primary care, and medications. Literature reviews have found that expansion reduces overall mortality, and improves access to care and outcomes for cancer, chronic disease, and/or disabilities, sexual and reproductive health, and behavioral health.<sup>15</sup>

Furthermore, studies have shown that Medicaid expansion has reduced uncompensated care costs overall and improved the financial performance of hospitals and other providers. The overwhelmingly positive economic effects of expansion on providers ensures the stability of health care services and ongoing access to care.<sup>16</sup>

Through the Healthcare Access and Stabilization Program, a federally authorized program that raised Medicaid hospital reimbursement to the approximate average private payer rate, North Carolina Medicaid distributed nearly \$2.6 billion to 102 hospitals across the state. These funds support North Carolina's health care safety net and help hospitals offset the costs of the non-federal share of Medicaid expansion.<sup>10</sup>

## **NORTH CAROLINA HEALTH CHOICE**

North Carolina Health Choice, the state's version of the federal State Children's Health Insurance Program (CHIP), was a health insurance program for low- and moderate-

income children that operated between October 1998 and April 2023. In 2023, North Carolina Health Choice beneficiaries were automatically transitioned to Medicaid.

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