



MECKLENBURG COUNTY
North Carolina

Department of Community Resources

Federal HHS Impacts to Mecklenburg County Fiscal Year 2027 - 2028

Medicaid and Food & Nutrition Services

Department of Community Resources

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MECKLENBURG COUNTY
North Carolina

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Introduction

- HR1 (also known as One Big Beautiful Bill Act) passed on July 4, 2025
- The bill permanently extended lower tax rates from the 2017 Tax Cuts and Jobs Act
- The bill is projected to reduce federal spending on Medicaid and Food & Nutrition Services (FNS) by an estimated \$1.2 trillion
- Work Requirements implemented for Medicaid and six-month recertifications
- FNS Work Requirements were expanded
- Benefit cost share penalty on States & Counties for the FNS payment error rate



Program Scope

Medicaid Work Requirements



Effective January 1, 2027*

Works not less than 80 hours/month

Completes not less than 80 hours/month of community service

Participates in a work program 80 hours/month

Any combination of the above, not less than 80 hours/month

Enrolled in an education program at least half time

**Income above the federal minimum wage times 80 hours
(\$580/month)**

*Enrollee outreach will begin June 2026

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Medicaid Work Requirements

- Medicaid County Medicaid Expansion (MXP) participants totaled 87,906 in December 2025
 - Able-bodied adults aged 19-64 in Medicaid Expansion who do not meet an exemption are subject to engagement requirements
 - Estimated ~23,000 participants (~26% of MXP enrollees) impacted in this category
- Exemptions to meeting work requirements include (partial list) parents/guardians/caretakers of dependent children under 13 years of age, or have special medical needs



Medicaid Six-Month Recertification

- Medicaid Expansion eligibility will now be reevaluated every 6-months, rather than every 12 months
- Increased workload with additional tasks in eligibility verification and renewal processes
- 55 current eligibility positions will be realigned to work on recertifications
 - DCR working with Human Resources for position support through FY2027 budget process (31 reclassifications for Eligibility Specialist I)
 - 24 current Eligibility Specialist I positions have been assigned to recertifications
- Ongoing assessments for staffing impacts



Program Scope

Food & Nutrition Services Work Requirements

General Work Requirements

Register for work

Accept an offer of suitable employment

Not voluntarily quit or reduce hours of employment below 30 hours per week without good cause

Participate in workfare or SNAP E&T if required by the state agency

Able-Bodied Adult Without Dependents (ABAWD) Work Requirements

Work at least 80 hours per month (for pay, unpaid, or volunteer)

Participate in a work program at least 80 hours per month

Participate in a combination of work and work program hours for a total of at least 80 hours per month

Participate in workfare for the number of hours assigned each month (dependent on amount of SNAP benefit)

- Extended to adults up to age 65 (previously 55), limits the dependent child exemption to those under 14 (previously 18)
- Eliminated previous exemptions for veterans, people experiencing homelessness, and young people aged out of foster care

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~16k Participants	~22% Increase in Processing Time	Ongoing Assessment
<ul style="list-style-type: none">• 9,604 FNS Participants aged 55-64• 6,365 FNS Participants with children 14-18 (2,881 Households)• Increase burden for participants to provide verification documents (administrative churn)	<ul style="list-style-type: none">• Training to learn new policies• Rapid implementation, and risk of increased errors• New verification and screening tasks• Short-term there is not an impact on staffing levels	<ul style="list-style-type: none">• January 2026 FNS Timeliness<ul style="list-style-type: none">○ “Recertifications” are at 92.00%○ “Normal” Applications are at 91.94%○ “Expedited” Applications are at 90.48%• FY2028 benchmarks will be established, and workloads monitored to determine any staffing impacts



Food & Nutrition Services Administrative Match Reduction

- Reimbursement Percentage reduced to 25% from 50%
 - Revenue reduction of ~\$7.5 million for FY2027
 - Revenue reduction of ~\$10 million for FY2028
- This is a direct reduction in administrative funding; not a reduction in services or workloads
- Rate reduction goes into effect on October 1, 2026



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Effective October 2027, States may be required to pay a portion of the benefit costs each year based on SNAP payment error rates

Food & Nutrition Benefit Funding ESTIMATES

- North Carolina FNS Benefit totals for FFY2025 is \$2.8 billion
- NCDHHS FNS Error Rate 7.01% - FFY2025 pending
 - North Carolina cost is estimated at \$141.1 million
 - Original estimates were based on the FFY2024 PER of 10.21% at a 15% cost share
- States have the option to choose FY2025 or FY2026 Payment Error Rate (PER) to determine FY2028 cost share

Benefit Cost Share	Payment Error Rate
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0% Cost Share	Less than 6%
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5% Cost Share	Between 6% & 8%
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10% Cost Share	Between 8% & 10%
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15% Cost Share	Over 10%*
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*For the first two years of implementation, states with a PER of greater than 13.3% will have 0% benefit cost share (Alaska required)



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Program	Medicaid Summary
Medicaid Work Requirements	<ul style="list-style-type: none">• The department will continue monitoring workloads to determine impacts to staffing and to align appropriately with work demand.• There will not be any administrative funding loss in FY2027 due to staff processing the recertifications.• Participants who do not meet work requirements will be offered referrals to County work programs, as appropriate.
Medicaid 6-month Recertification	<ul style="list-style-type: none">• This work is reimbursed at 75% and aligning more staff will increase revenue.• Policy is effective January 1, 2027.



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Program	FNS Summary
FNS Work Requirements	<ul style="list-style-type: none">• These requirements will cause additional work for staff, especially in the coming fiscal year. As participants are denied, they will then reapply in 30 days, and many will adjust their work schedules to meet the requirements (administrative churn).• Internal benchmarks will be established in FY2028 to evaluate caseloads and timeliness to determine if there are any staffing impacts.
FNS 75% Administrative County Cost	<ul style="list-style-type: none">• This policy change will cause a direct financial impact to the County.• This change does not affect processing time or reduce caseloads.• The \$7.5 mil reduction for FY2027 is calculated on 9 months of reimbursement.• FY2028 will be a reduction of \$10 mil.



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Program	FNS Summary
FNS Payment Error Rate	<ul style="list-style-type: none">• Policy is effective in October 2027 (FY2028).• States will have the option to choose the payment error rate percentage from FY2025 or FY2026 in FY2028.• Original estimates were based on FFY2024 payment error rate (10.21%) and projected NC cost share up to \$420M.• Current estimates based on the FFY2025 payment error rate (7.01%) and projected NC cost share of \$141M.





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Thank You

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Questions

