

# Updates on the One Big Beautiful Bill Act (OBBBA)

**Medicaid Expansion**

**Supplemental Nutrition Assistance  
Program (SNAP)**

**Antonia Pedroza**

August 25, 2025



@wakegov    

wake.gov

# SNAP History

- The **Food Stamp Act of 1964 (PL 88-525)** aimed to strengthen the agricultural economy and improve nutrition for low-income households.
- The major provisions of the Act included:
  - State plans of operation and development of eligibility standards;
  - Eligibility extended to all food items intended for human consumption, excluding alcoholic beverages;
  - Divided responsibilities between states (certification and issuance) and the federal government (funding of benefits and authorization of retailers and wholesalers), with shared responsibility for funding costs of administration.
- **SNAP benefits** are monthly supplements provided on an **Electronic Benefits Transfer (EBT) card**, functioning like a debit card for groceries at authorized retailers. These benefits help eligible individuals and families afford nutritious food and are a resource for those facing **food insecurity**.

# SNAP Overview – Wake County

- **Wake County's Role**

- Approves **\$15 million** in SNAP benefits to residents monthly
- Manages local program aspects, including eligibility, applications, case management, and policy implementation
- Oversees an **\$11 million** local administrative budget including **\$6.7 million** in revenue (FY25)
- County's share covers **\$4.3 million** in administrative costs.
- Supported by **118 dedicated Department of Social Services positions**
- Staff process an average of **4,196 applications and 3,644 recertifications per month**

- **Number Enrolled**

- June 2024: **37,175 households** and **78,274 participants** in Wake County
- June 2025: **38,410 households** and **80,801 participants** in Wake County

# Medicaid and Medicaid Expansion: History

- Medicaid was created by **the Social Security Amendments of 1965, adding Title XIX** to the Social Security Act.
- The federal government provides **matching funds to states** to offer Medical Assistance to eligible residents.
- The objective was to help states assist residents with **insufficient income to afford traditional health insurance**.
- By **1982, all states participated** providing **Traditional Medicaid Services**.
- **Medicaid Expansion** expanded coverage to include low-income adults (19-64) earning up to **133% of the Federal poverty level**.
  - Medicaid in NC has over **25 eligibility insurance packages**.
  - **Medicaid Expansion** was added in **2023 as another eligibility package**.

# Traditional Medicaid and Medicaid Expansion

GROUP	BENEFITS	BASIC ELIGIBILITY REQUIREMENT	WHOSE INCOME and RESOURCES COUNT	MONTHLY INCOME LIMIT
		Beneficiaries receiving Supplemental Security Income (SSI) -Federal cash assistance program for the aged, blind, and disabled, are automatically entitled to Medicaid. No separate application or Medicaid determination is required. Beneficiaries receiving State/County Special Assistance (SA) - program for aged and disabled individuals who are primarily in adult care facilities- includes Medicaid eligibility. Beneficiaries receiving Special Assistance In-Home- the individual must be determined Medicaid categorically needy eligible.		
S-ABD, SSI cases	Full Medicaid coverage only if a Medicaid application is submitted			
Aged MAA	Full Medicaid Coverage	Age 65 or older	Spouse's income and resources if live together	100% of Poverty Level
Disabled MAD	Full Medicaid Coverage	Disabled by Social Security Standards	Spouse's income and resources if live together. Parents' income and resources if under age 18 and live with parents.	100% of Poverty Level
Families & Children MAF	Full Medicaid Coverage	Parents/Caretaker Relatives, and the spouse must be living with and caring for a child to whom they are related who is under age 18. Children must be under age 21.	MAGI Methodology	Monthly Income
Children Age 0-18 MIC	Full Medicaid Coverage	Must be age 0-18	MAGI Methodology	196% of Poverty Level
Pregnant Women MPW	Full Medicaid	A self-attestation of pregnancy and due date can be accepted as proof of pregnancy unless the county has information that contradicts the attestation.	MAGI Methodology	211% of Poverty Level
Medicaid Expansion (MXP)	Full Medicaid Coverage	Age 19 or over and under age 65.	MAGI Methodology	133% of Poverty Level

# Medicaid Overview – Wake County

- **Wake County's Role:**
  - Determines eligibility for Medicaid applicants
  - Processes applications and renewals
  - Collaborates with NCDHHS for policy implementation
  - Oversees a **\$23 million** local administrative budget including **\$16 million** in revenue (FY25)
  - County's share covers **\$7 million in administrative costs.**
  - Supported by approximately **307 staff members**
  - Staff process **5,000-8,000 applications and 8,000-12,000 recertifications per month**
- **Number Enrolled:**
  - Total Enrollment: **221,000 Wake County residents**
  - Medicaid Expansion: **~45,000-50,000 new enrollees** since December 2023

# OBBBA Background

- The bill was **signed into law** on **July 4, 2025**.
- Increases the frequency of **redetermination checks for Medicaid Expansion recipients**
- It mandates **work requirements for Medicaid Expansion recipients**.
- Increases copays
- Changes the definition of **“qualified alien”** excluding **refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, trafficking victims,** and certain other non-citizens.
- Limits "provider taxes" states impose on healthcare providers to fund Medicaid
- The non-partisan Congressional Budget Office (CBO) estimates it will **reduce the number of people on Medicaid by millions**
- Includes **major changes to SNAP benefits**

# OBBBA SNAP Changes

Legislative Change	Potential Wake County Impact
Shifts additional <b>administrative cost</b> to counties from <b>50/50</b> federal/county share to <b>25/75</b> federal/county <b>share</b>	<b>\$2.5 - \$4 million added cost</b> to administer the program (FY27) beginning October 2026
Expands SNAP <b>work requirements</b> for able-bodied adults without dependents (ABAWD) from 18-54 to <b>18-64</b> , and to adults with <b>children 10 or older</b>	<b>Reduces the number of eligible ABAWD</b> and applicants (FY26)
Eliminates the 2023 exemptions to ABAWD rules for <b>veterans, former foster youth, and homeless individuals</b>	<b>Reduces the number of eligible ABAWD</b> and applicants (FY26)
Mandates that states pay cost share of benefits based on <b>error rates</b>	<p>In NC, the cost share is 15% (based on current state error rate), equating to over <b>\$421 million</b> (FY28) beginning October 2027</p> <p><b>If NC passes all or part (5%-15%) of the cost share to counties. Wake County 's impact could range from \$9M-\$27M per year.</b></p> <p>The state may choose to <b>withdraw from SNAP</b> program completely.</p>



# OBBBA Medicaid Changes

Legislative Change	Potential Wake County Impact
Increases workloads in <b>Medicaid Expansion</b> by implementing a rule requiring <b>two re-determinations</b> for that population as opposed to the current annual redetermination	Estimate of <b>17-22 additional staff members</b> (FY27) beginning December 2026, \$1.7M to \$2.2M
Adds work requirements for the <b>Medicaid Expansion population: 80 hours per month</b> (community service or work), with some exceptions	Estimate <b>6-11 additional staff members</b> (FY27) beginning December 2026, \$600K to \$1.1M
Increases copays	<b>No impact</b> , NC already charges copays
Reduces <b>retroactive enrollment</b> from <b>3 to 1 month</b> for the <b>Medicaid Expansion population</b> and from <b>3 to 2 months</b> for <b>Traditional Medicaid</b>	<b>Reduces coverage for eligible adults and children</b> (FY26)
Freezes current provider tax rate at <b>6%</b> for non-expansion states and lowers tax rate incrementally until it hits <b>3.5%</b> .	Estimated <b>loss for NC is \$22.5 billion over the next 10 years</b> (FY27)

# OBBBA Medicaid Changes

Legislative Change	Potential Wake County Impact
Amends the definition of "qualified alien" to only include individuals " <b>lawfully admitted for permanent residence.</b> " Refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, trafficking victims, and certain other non-citizens would <b>no longer be considered qualified aliens</b> for Medicaid purposes	<b>Reduction of eligible families</b>
<b>Reduces</b> State Directed Payments (SDPs) <b>by 10%</b> until equal to <b>100% of Medicare rate.</b>	<b>Reduces the state's ability to retain and attract Medicaid providers (FY27)</b>  <b>Potential revenue reductions</b> for all major medical providers in Wake County including <b>Public Health clinics</b>
<b>Reduces revenue</b> when providing emergency medical care to low-income adults who are ultimately deemed <b>ineligible</b> for full-scope Medicaid because of <b>their immigration status.</b>	<b>Reduces state revenue and Medicaid coverage for emergency care</b>

# SNAP Changes - What We Know/Don't Know

- **What We Know:**

- Wake County's direct administrative costs for SNAP will increase by **\$2.5-\$4 million annually** starting in FY27 due to the reduced federal reimbursement rate.
- North Carolina will be **penalized for its payment error rate**, facing a new cost-share for benefits that was previously 100% federally funded.
- A broader range of SNAP recipients will be subject to **work requirements, increasing administrative workload** and complexity for county staff and **reducing the number of eligible adults**.

- **What We Don't Know:**

- Will the General Assembly approve a budget that includes the NC SNAP benefit cost share **~\$421 million statewide**
- Would the Legislature pass on part or all of the benefits cost share to counties?
- Would the State choose to withdraw from the SNAP program?

# Medicaid Changes – What We Know/Don't Know

- **What We Know:**
  - **Work requirements** for Medicaid expansion adults must go into effect by FY27.
  - **Redeterminations** for Medicaid expansion adults must be checked **twice annually** (every six months) instead of once a year (FY27).
  - Wake County will need an estimated **23-33 new staff members** to manage the increased workload. Estimated costs: **\$2.3M – \$3.3M**
- **What We Don't Know:**
  - The final number of residents who will **lose coverage**; projections estimate **255,000 in NC**.
  - The total financial cost of **technology upgrades needed for redeterminations, work requirements, and new staff**.
  - If the state's technology (NCFAST) will be ready by the **2026 deadline**; failure would significantly increase the county's operational burden.
  - If the **General Assembly's response** will revise Medicaid **Expansion** due to Federal changes.
  - The **downstream financial costs or impact of Medicaid provider rate reductions to Wake County's Public Health clinics**

# Other Anticipated Impacts & Lessons from Other States

- **Projected Medicaid Losses:**
  - The Congressional Budget Office (CBO) estimates **7.8 million people** could lose Medicaid nationally by 2034.
  - Reductions in the **Affordable Care Act (ACA)** subsidies may also result in **families losing Medical insurance**.
  - To address a significant funding gap (**\$319 million**), NCDHHS is already proposing rate reductions.
  - **Institutional settings** (acute care hospitals, nursing homes, PRTFs, ICFs) will see rate reductions.
- **Ineffectiveness of Work Requirements (Lessons Learned):**
  - State experience indicates work requirements do **not lead to lasting employment gains**.
  - **Arkansas:** 18,000 people lost coverage in a few months, **with no measurable increase in employment**.
  - **Georgia:** Only 7,000 people enrolled in expansion due to requirements and associated paperwork.

# Additional Anticipated Impacts

- **Significant Costs to the State:**

- Implementing OBBBA requirements will result in **significant costs** for technology upgrades (tracking, data integration).

- **Significant Costs to the County:**

- Estimated financial impact of known changes on Wake County's budget ranges from \$4.8M - \$7.3M. There will be some revenue offsets.
- Estimated range of financial impact if the State passes the SNAP Benefit cost share to Counties – Difficult to estimate, ranges from \$9M - \$27M
- Projected loss of Medicaid revenue in Public Health clinics – cannot estimate at this time.



**WAKE.GOV**