



Impact of Federal Changes to Rutherford County

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One Big Beautiful Bill (OBBB) includes major cuts to Medicaid and SNAP

- OBBB North Carolina estimate \$32 billion for the next 10 years in Medicaid and SNAP.
- How will these cuts affect Rutherford County?



Federal Changes to Medicaid

- **Who is affected?** Medicaid Expansion Beneficiaries
Adults 19–64 on Medicaid → must work/train/study 80+ hrs/month.
- **Who is exempt?** Parents/guardians with kids ≤ 14 ; some self-report allowed.
- **When does it start?** Dec 31, 2026 (can delay until 2028).
- **How is it checked?** Proof at enrollment and every 6 months.
- **Impact in NC:** Up to 255,000 could lose coverage.





NC Medicaid Enrollment Overview

Total Enrollment	Standard Plan Enrolled	BH IDD Tailored Plan Enrolled	EBCI Tribal Option Enrolled	Medicaid Direct Enrolled
3,112,249	2,263,530	257,207	5,683	585,829

Rutherford County Enrollment

Program Aid Category

Medicaid Expansion	5,256
Infants and Children	3,697
Tanf (AFDC) 20 and Under	3,230
Medicaid – Childrens health insurance program	2,640
Disabled	2,443
Family Planning	1,602
Aged	1,347
Tanf (AFDC) 21 and Over	1,300
MQBB, MQBE, MQBQ	1,004
Pregnant Women	392
Other Child (Foster Care)	260
Blind	12
Grand Total	23,183

Gender

Female	55.8%	12,934
Male	44.2%	10,256
Grand Total	100.0%	23,268

Race

White/Caucasian	83.2%	19,287
Black/African American	13.8%	3,210
Multi Race	1.8%	407
Unreported	0.7%	157
Asian	0.3%	80
American Indian	0.2%	37
Native Hawaiian	0.1%	12
Grand Total	100%	23,190

Age Group

0-5	12.8%	2,969
6-18	29.1%	6,759
19-20	3.1%	718
21-44	25.4%	5,900
45-64	18.3%	4,237
65+	11.2%	2,607
Grand Total	100%	23,190

Potential Impact on Rutherford County Economy

- **Coverage Loss:** About 463 residents (~8.8% of Medicaid beneficiaries) may lose coverage
- **Healthcare System:** Lost Medicaid reimbursements, higher uncompensated care, financial strain on providers
- **Household Impact:** Increased out-of-pocket costs, medical debt, reduced local spending power
- **Workforce:** Health barriers to employment, reduced productivity, strain on small businesses
- **Local Economy/Revenue:** Less Medicaid spending reduces economic activity; potential loss of several million dollars annually



Impact of NC Medicaid Budget Cuts on DSS (Oct 2025)

- **What's Changing:**
 - **\$319M Medicaid shortfall** → planned cuts to rates, services, and program suspensions.
- **How This Impacts DSS:**
 - **More Client Needs & Questions** – Families confused by loss of services.
 - **Vulnerable Populations** – Harder placements for children, disabled, and elderly.
 - **Provider Disruption** – 3–10% provider pay cuts → fewer accepting Medicaid, esp. rural.
 - **Community Frustration** – DSS seen as “the face” of Medicaid.
 - **Increased Workload** – More frequent verifications (every 6 months) and added documentation.
 - **More Client Contact** – Extra time helping clients with paperwork, proof, and exemptions.
 - **Emotional Strain** – Delivering difficult news when coverage is lost, even for working clients.
 - **Burnout Risks** – Higher stress and turnover if workload rises without support.
 - **Need for Training & Resources** – Staff need clear guidance, tech tools, and client education.

But Wait....Pause

- **Update: Effective August 28, 2025 – Cuts Currently PAUSED**
 - NC lawmakers instructed NCDHHS to suspend Medicaid reimbursement and service cuts while the budget is negotiated.
 - Provides DSS temporary breathing room (less immediate pressure).
 - Uncertainty remains — cuts could return if funding isn't resolved.
 - For now—we wait.....



Federal Changes to SNAP



Current Situation

- Payment error rate = % of SNAP payments made incorrectly (over- or underpayment)
- 2024 error rates:
 - National: **10.93%**
 - North Carolina: **10.21%**
- Federal government currently pays **100% of SNAP benefit costs**
- Overpayments are already required to be **recouped and repaid**

Federal Reconciliation Bill (Effective October 2027)

- States must pay a portion of SNAP benefit costs, based on error rates:
 - **0%** if error rate < 6%
 - **5%** if error rate = 6–8%
 - **10%** if error rate = 8–10%
 - **15%** if error rate > 10%
- Error rate based on **3 years prior**
- States with error rate > **13.33%**: delay in cost share for 2 years
- **North Carolina cost share: ~\$420M/year** at current 10.21% error rate

NC Options to Mitigate Cuts to SNAP

North Carolina cost is \$420M/year at current 10.21% error rate

1. Pay the Cost Share

- Allocate state budget to cover liability (5–15% of SNAP costs)
- Protects food benefits, avoids service disruption
- Trade-off: May require **budget cuts or tax increases**

2. Seek Waivers or Delays

- Use built-in **implementation delays** (esp. for high error rates)
- Request **waivers/flexibility** from USDA or federal agencies
- Trade-off: Relief is **temporary or uncertain**

3. Reduce or End Participation – Yes, no longer offer the SNAP program

- Scale back eligibility or **opt out of SNAP**
- Trade-off: **Severe risk to food security** and local economies
- Politically and socially **controversial**



Rutherford County Food & Nutrition Services (SNAP) August 2025



**Households
Served: 6,587**



**Individuals Served:
12,647**



**Monthly
Benefits Issued:
\$2,111,639**

Gender

Female	57.16%	7,118
Male	42.84%	5,335
Grand Total	100.0%	12,453

Race

White/Caucasian	83.2%	9,938
Black/African American	13.8%	2,187
Multi Race	1.8%	254
Unreported	0.7%	44
Asian	0.3%	13
American Indian	0.2%	15
Native Hawaiian	0.1%	2
Grand Total	100%	12,453

Age Group

0-5	12.8%	1,494
6-17	29.1%	3,010
18-49	3.1%	4,401
50-64	25.4%	2,051
65 and above	18.3%	1,497
Grand Total	100%	12,453

Rutherford County SNAP Error Rate

2024 Audit Results

- Payment Error Rate: **4.65%** - complimented by NCDHHS
 - 8 cases audited, **\$3,202** total benefits reviewed
 - 1 incorrect case: **\$149 error**
 - Cause: Missing self-employment income (not reported at application, found during QC review)



Current Status

- Payment Error Rate: **0%** (no errors cited at this time)

Context

- NC goal: **<6% by 2026** (Reported by NCDHHS staff August 2025)

Potential County Liability

- State Payment Error Rate 2024: **10.21%**
- Rutherford County benefit issuance: **\$2.1M**
- Estimated county responsibility (if costs shifted): **\$315,000**

Potential Impact of SNAP Reductions

Economic Impact

- Loss of SNAP benefits reduces local spending power
- Every \$1 SNAP = \$1.50–\$1.80 in local economic activity
- 10% reduction (\$210K/month, \$2.5M/year) → **\$3.7–\$4.5M loss** to county economy
- Lower sales for local businesses and reduced county sales tax revenue

Impact on Families

- Increased **food insecurity** for children, seniors, and disabled residents
- Families forced to cut housing, utilities, or healthcare to buy food
- Poorer nutrition → worse **health outcomes**

Impact on DSS

- **Higher demand for other assistance programs (housing, energy, crisis support)**
- **Increased caseload pressure on staff**
- **More administrative burden from federal/state policy changes;**
- **Greater client frustration directed at DSS**
- **Workforce Stress & Morale: Role uncertainty and job security; training if reassigned to other programs**

