

## Investing in Health Care

Leverages federal and other funds to address health care workforce shortages and ensures North Carolinians can receive high-quality care in the appropriate setting. These health care investments will bolster the health care workforce while expanding access to care and addressing needs with health care outcomes, particularly in rural areas of the state.

**Table 1: Allocation of Funds to Support State Employees, 2025-27 Fiscal Biennium**

	FY 2025-26		FY 2026-27	
	Recurring	Nonrecurring	Recurring	Nonrecurring
<b>Strengthening the Health Care Workforce</b>				
Direct Support Professionals		5,000,000		
Primary Care and OB/GYN Rate Increase	19,846,895		\$19,846,895	
Nurse Salary Increases	1,057,000		1,057,000	
Growing the Health Care Workforce				
NC Area Health Education Center Nursing Workforce Expansion	1,000,000	10,000,000	1,000,000	
Healthcare Regulation and Licensing Workforce Capacity Improvements	1,319,770	600,000	1,319,770	
<b>Sub Total</b>	<b>\$23,223,665</b>	<b>\$15,600,000</b>	<b>\$23,223,665</b>	<b>\$0</b>
<b>Expanding Access to Care and Addressing Social Determinants of Health</b>				
Federally Qualified Health Centers/Rural Health Centers	14,259,259		14,259,259	
Healthy Opportunities	319,545,547	92,148,698	341,757,039	29,985,625
Co-Response Teams	8,700,000		8,700,000	
Innovation Waiver and Traumatic Brain Injury Waiver Slots	12,615,465		25,230,930	
Justice-Involved Re-Entry	9,000,000	80,000,000	32,000,000	100,000,000
School Health Personnel	32,745,000		32,745,000	
UNC Children’s Hospital		103,500,000		
NC Care Health Clinics		105,000,000		
<b>Sub Total</b>	<b>\$396,865,271</b>	<b>\$380,648,698</b>	<b>\$ 454,692,228</b>	<b>\$129,985,625</b>
Totals for Recurring and Nonrecurring	\$420,088,998	\$395,248,698	\$477,915,893	\$129,985,625
<b>Grand Total</b>	<b>\$816,337,634</b>		<b>\$607,901,518</b>	

### Recommendation Detail

#### Strengthening the Health Care Workforce

The Governor’s Recommended Budget invests \$5 million to improve the recruitment and retention of Direct Support professionals who help people with disabilities participate in their communities, and nearly \$20 million in each year to increase the rates of primary care and obstetricians/gynecologist (OB/GYN) providers in the state’s Medicaid program, enabling the Division of Health Benefits to move towards increasing primary care and OB/GYN rates to 80% of Medicare.

To strengthen the nursing workforce and increase the number of high demand health professionals, including physician assistants, nurses, and physical trainers, Governor Stein’s budget provides \$10 million in the first year of the biennium to the North Carolina Independent Colleges and Universities to increase the number of high demand health care professionals, and \$1 million in each year of the

biennium for the NC Area Health Education Center nursing workforce expansion, which support the growth of the high-demand nursing workforce. The budget also provides an additional 1% salary increase for state-employed nurses, resulting in a total 3% across-the-board increase.

To strengthen health care regulation and licensing workforce capacity, \$1.3 million recurring is provided to support the creation of positions to investigate complaints, eliminate backlogs of health care facility inspections in acute care and adult care facilities and nursing homes, and process expedited licensure applications for residential mental health facilities across the state. An additional \$600,000 will enable the Division of Health Services Regulation to complete an analysis resulting in a data-driven strategy to address case backlogs and address staffing shortages.

### Strengthening Access to Care

To ensure North Carolinian's can access the health care they need, this budget invests more than \$770 million in the first year of the biennium and more than \$580 million in the second year of the biennium, by leveraging federal funding.

Of this investment, \$14 million will stabilize Federally Qualified Health Centers and Rural Health Clinics by providing reimbursements soon after a claim is initiated, enabling the state to continue implementing a new payment structure implemented in 2023. Sustains the Healthy Opportunities initiative in existing regions and expands the program to more counties in western North Carolina with a recurring investment of nearly \$100 million by the second year of the biennium . HOP addresses non-medical needs including food insecurity, housing, and interpersonal safety.

Governor Stein's Recommended Budget also sustains the state's continued investment in behavioral health by providing over \$35 million by year two of the biennium to support the creation of up to 200 Innovations Waiver Slots and 75 Traumatic Brain Injury Waiver slots. These waivers enable individuals with intellectual/developmental disabilities (I/DD) and traumatic brain injuries to access high-quality community-based services. In addition, the budget provides \$8.7 million dollars to create co-response teams in 50 rural counties across the state and \$32.7 million recurring will fund about 330 additional school counselors, nurses, social workers, and psychologists in schools. More than \$150 million will support the implementation of a new program to ensure adults and youth re-entering into the community can access health care services 90 days prior to release.

To bolster the state's health care infrastructure, \$208.5 million is provided to construct a new children's hospital in the Triangle area, and for the construction of three rural care centers that are part of the NC Care Initiative.

### Expected Impact

These proposals address the need to ensure that all North Carolinian's can access high-quality health care in their communities. The proposed changes will support the growth of the health care workforce across the states, while ensuring that people, especially in rural areas, can access the care they need.

- Retain primary care and OB/GYN providers by increasing the rates of these providers to 80% of Medicare.
- Expand the nursing and direct care professional workforce to meet critical shortages. Providing resources to the Division of Health Services Regulation to address the more than 5,000 facility reported incidents in adult care, acute care, nursing home and mental health facilities.

- Ensure that more than 39 Federally Qualified Health Centers and 90 Rural Health Clinics can continue to provide critical primary care services.
- Reduce health care costs by \$85 per participant per month by maintaining current Healthy Opportunities Program services as well as expanding the program to more counties in western North Carolina.
- Reduce the Innovations Waiver waitlist of more than 18,000 people and enable the Division of Health Benefits to expand the TBI Waiver statewide.
- Reduce recidivism by supporting the reentry of youth and adults into the community and connecting them to health care and social services.