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Duke-Margolis Analysis Shows How North Carolina's Healthy Opportunities Pilots Save Medicaid Dollars

Durham, NC, June 19, 2025—A new Duke-Margolis brief (see attached) details how North Carolina's Healthy Opportunities Pilots program provides cost savings for the state's Medicaid budget and health benefits to North Carolinians. The Pilots are recognized as a national model for bipartisan health care reform and the impact of buying health to address non-medical drivers of health. Early, real-world evidence from the Cecil G. Sheps Center (UNC) for Health Services Research, the Duke-Margolis Institute for Health Policy, and others provide evidence of the program's impact.

The UNC Sheps interim evaluation shows that in its initial three years, the Pilots saved an average of $85 per enrollee per month, or $1,020 per enrollee per year. NC Medicaid's actuary, Mercer, also has independently validated that savings from the Pilots have contributed to reductions in Medicaid capitation rates. Additionally, through the Pilots, North Carolina can leverage millions in federal support to advance prevention to reduce its future Medicaid costs. However, currently, the Pilots are scheduled to be paused as of July 1, 2025 pending action by the NC General Assembly to continue and scale the program.

"The Pilots program generates millions in federal support for advancing prevention to reduce its future Medicaid costs and improve long-term health in North Carolina," said **Dr. Mark McClellan**, director of the Duke-Margolis and a co-author. "Increased Medicaid savings and further health improvements are possible if the Pilots are scaled up to additional counties across the state, and we've learned a lot about how to use this important program to strengthen local communities and assess spending to ensure that it's making a difference for North Carolinians while reducing overall health care costs."

The brief notes that the $88 million in state appropriations to sustain the program draws down an additional $225 million in federal funds, enabling a total of $313 million for continued services in existing regions. Similarly, incrementally expanding the program to new parts of the state at a cost of around $175 million would enable more than $450 million in additional federal support for prevention-oriented investments. Scaling also can bring down the costs per

beneficiary for managing the program by spreading some of the costs across a larger group. Further, scaling can provide more opportunities to refine the program to better target high-cost and high-needs Medicaid members (e.g., people with pre-diabetes and diabetes, high-risk pregnancies) for additional savings and improvements in health outcomes

The Pilots have had broader benefits for communities, including rural communities, as demonstrated by research from Duke-Margolis and others. The Pilots have created new jobs tied to improving community health with increased investments in local economies, including for small and medium-sized farmers and small businesses whose products support the program. The response to Hurricane Helene in Western North Carolina (one of the three Pilots regions) is an example: the Pilots have built infrastructure for community resilience.

Case Example

A child is chronically absent from school due to frequent asthma flare-ups. He is frequently admitted to the emergency department for uncontrolled asthma and shortness of breath. His Medicaid care manager helps him enroll in the Healthy Opportunities Pilots and recommends that the family's home is inspected for potential triggers. A community-based organization organizes the inspection, which finds mold in their carpet. Another referral is placed for mold remediation and the delivery of air filters to be covered through the Pilots. After receiving these services, the child's asthma becomes better controlled and milder. He has been able to manage his asthma at home, and feels well enough to attend school consistently, significantly reducing the need for emergency visits.

One-time housing services provided through the Pilots like the ones discussed above can pay for themselves in a year or less by helping to control and lower the severity of chronic conditions and reducing the need for emergency department utilization.

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About Duke-Margolis

The mission of the Robert J. Margolis, MD, Institute for Health Policy at Duke University is to improve health, health equity, and the value of health care through practical, innovative, and evidence-based policy solutions. For more information, visit healthpolicy.duke.edu and follow us on LinkedIn @www.linkedin.com/company/margoliscenter.

Contact: Patricia Green
Duke-Margolis Institute for Health Policy
Patricia.s.green@duke.edu
301.520.6482