

## **Telehealth Coverage for the Publicly Insured in North Carolina**

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PS 310: Public Policy

November 13, 2025

## DEFINITIONS

**Telehealth:** “The use of electronic information and telecommunication technologies to support distance clinical health care, patient and professional health-related education, public health, and health administration.”<sup>1</sup>

**Public Health:** “The science and art of preventing disease, prolonging life, and promoting health through the organized efforts and informed choices of society, organizations, public and private communities, and individuals.”<sup>2</sup>

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<sup>1</sup> North Carolina Department of Health and Human Services, “North Carolina Telehealth Playbook.”

<sup>2</sup> *Introduction To Public Health.*

## I. DEFINING THE ISSUE AND BACKGROUND

### A. Introduction

Telehealth expansion for Medicaid patients in North Carolina is an emergent policy issue that is poised to determine healthcare outcomes for rural, low-income, and minority citizens<sup>3</sup>. Situated at the intersection of technology, healthcare, and welfare programs, this is a modern issue that still relies heavily on federalist structures. Federal COVID-era waivers that enabled widespread telehealth reimbursement expired on September 30, 2025, under the *Full-Year Continuing Appropriations and Extensions Act, 2025*.<sup>4</sup> With this major financial support now absent, a new debate has emerged over the responsibilities of policymakers to utilize telehealth to promote health equity in North Carolina, especially as the state budget remains unsettled. Decisions in the coming months will determine whether telehealth becomes a reliable point of care for under-resourced North Carolinians, or if it fades as a temporary pandemic-era benefit.

### B. Related Problems

For this brief, the discussion will center around telehealth expansion as a methodology for providing access to care for rural and low-income North Carolinians. This expansion has the potential to protect public health and modernize North Carolina's healthcare infrastructure, both of which are legislative priorities at the federal and state level. The discussion reviews how these inequities intersect with broader debates over Medicaid expansion and American healthcare policy.

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<sup>3</sup> North Carolina Department of Health and Human Services, "Tele-Transformation in North Carolina: Telehealth Policy Lessons Learned During the COVID-19 Pandemic and Beyond Chart Pack."

<sup>4</sup> Congress.gov, "Text - H.R.1968 - 119th Congress (2025-2026): Full-Year Continuing Appropriations and Extensions Act, 2025."

## 1. Public Health to Protect Populus

As defined above, public health is focused on protecting the collective well-being of society. When individuals cannot access proper healthcare, infectious diseases spread more rapidly, chronic illnesses develop undetected, and emergency systems incur extra costs. For patients that lack either the fiscal or physical means to access regular care, telehealth can bridge the gap and protect populations beyond the individuals' receiving services in the process.

Scientists have tried to quantify the effectiveness of telehealth in caring for patients with chronic illness, with Bashshur et al. finding that telehealth reducing hospitalizations, re-admittances, and mortality for patients with chronic heart failure, stroke, and COPD. For the studies in this meta-analysis, reductions in mortality ranged from 15-56%. Further, it was found that telehealth eases the economic burden on healthcare systems, specifically by reducing readmittance.<sup>5</sup>

The role of telehealth in reducing chronic illness is especially relevant to rural populations, which are known to have higher instances of chronic illness, as well as a reduced ability to engage with healthcare providers.<sup>6</sup> As is relevant to North Carolina, 3.74 million residents, comprising 34% of the state's population, live in a rural county.<sup>7,8</sup> This means that expanding telehealth access could have positive outcomes for all 78 rural counties, as well as over a third of North Carolina's population.

Telehealth can also be critical to protecting public health by slowing the spread of infectious disease. Physically reaching rural populations is costly, but palliative care when conditions

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<sup>5</sup> Bashshur et al., "The Empirical Foundations of Telemedicine Interventions for Chronic Disease Management."

<sup>6</sup> Brundisini et al., "Chronic Disease Patients' Experiences With Accessing Health Care in Rural and Remote Areas."

<sup>7</sup> NC Rural Center, "Rural NC at a Glance."

<sup>8</sup> "North Carolina Now Home to Over 11 Million People | NC OSBM."

develop to a life-threatening level is also costly. As a result, telehealth could be utilized to lower the economic strain on emergency systems, as well as to slow the spread of disease, particularly in local areas. Kleczowski et al. demonstrates that this would further benefit local economies, showing that telehealth is not only a public health service, but also a success for rural economies.<sup>9</sup>

## **2. Modernization of North Carolina's healthcare system**

Governor Stein's office has made healthcare a priority on their agenda and recently passed legislation advocating for the modernization of North Carolina's healthcare system. As it pertains to this policy, he signed House Bill 546 into law, expanding telehealth access by removing requirements for telehealth-exclusive providers to maintain an in-state address.<sup>10</sup> This could be considered a step toward engaging in multi-state licensure agreements, which expand healthcare for Medicaid recipients across the country.

Governor Stein has also advocated for the Rural Health Transformation Program, which is known to target populations that this proposal has demonstrated telehealth to have a significant opportunity to impact positively. The proposal is seeking \$200 million from the federal government over a five-year period, with the intention of modernizing rural healthcare systems. Most notably to this proposal, it includes the implementation of AI systems to support rural healthcare providers, as well as access to expanded broadband services and education in technological literacy, ensuring that all residents not only can engage with telehealth, but that they can do so with agency.<sup>11</sup>

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<sup>9</sup> Kleczkowski et al., "Searching for the Most Cost-Effective Strategy for Controlling Epidemics Spreading on Regular and Small-World Networks."

<sup>10</sup> "Bill Summaries: H546 (2025-2026 Session) | Legislative Reporting Service."

<sup>11</sup> "Rural Health Transformation Program | NCDHHS."

The modernization of our healthcare system is essential to moving with social norms and protecting people who need it most. The data has shown how critical telehealth can be for rural populations, and further modernization will allow our system to integrate smoothly with new technological developments. The governor's approach is an equity-first initiative that prepares the population to engage with technology, and the infrastructure to support it.

### **3. Intersections with current healthcare policy**

North Carolina's healthcare policy is currently being led by a democratic governor who is focused on expanding Medicaid access. Governor Stein was elected one year after North Carolian opted into the Medicaid expansion program, indicating a shift in the beliefs of the populus of the state. However, this policy conflicts with the federal government. The recent government shutdown was somewhat due to Democrats holding out for healthcare subsidies to be extended, protecting Medicaid for millions of Americans. However, many Republicans, led by the Trump administration, are advocating for the end of Medicare and Medicaid subsidies in the federal budget.<sup>12</sup>

Of course, this puts the two policies in conflict, leading to an interesting debate around federalism. Some of the alternative policies in this proposal include cooperation between state and federal governments, meaning the difference in policy could be catastrophic. Without federal funding, especially waivers, telehealth costs will fall completely on the state, making services less likely to expand to all citizens in need, or continue to be covered at all.

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<sup>12</sup> Sanger-Katz and Washington, "As Shutdown Nears End, Trump Still Confronts Soaring Health Costs."

### **C. Necessity of Government Action**

Government action is necessary for supporting telehealth programs for Medicaid recipients, as Medicaid is a government program. Citizens receiving federal or state healthcare are only able to have the support that the respective government allows, meaning they cannot have a resource that is not supported by the government.

Given that telehealth has been shown to reach rural and low-income patients, including reducing mortality by up to 56% for those with chronic conditions, this program has been proven to save lives and should be considered a necessary public health intervention. Further, reducing emergency room visits and costs will lower the strain on both healthcare and financial systems, which should be a political priority.

By supporting telehealth programs, the government can invest in a proven methodology to promote public health, save rural and low-income lives, and create infrastructure to support the continued modernization of healthcare systems.

### **D. History of Government Action**

The federal government has supported telehealth in the past through a COVID-era waiver program that allowed telehealth services to be billed the same as regular office visits through Medicare. This reimbursement program ended coverage on September 30, 2025, when the *Full-Year Continuing Appropriations and Extensions Act, 2025* expired. The ongoing government shutdown has made it impossible to vote on a new extension, meaning that for the first time since the pandemic, telehealth services are no longer covered.

Responses to the suspension of federal funding have varied, as the drawback of the program means that doctors are no longer guaranteed reimbursement for services offered via

telehealth. In an October 2025 memo to physicians from the Centers for Medicare & Medicaid Services, they were advised that payment would be withheld for any services offered after October 1, 2025, and to provide Medicare recipients with an Advance Beneficiary Notice of Noncoverage (ABN).<sup>13</sup> On a federal level, it appears that these programs are winding down, particularly as the proposed deal for ending the government shutdown does not include any healthcare reforms or continued subsidies.

On a state level, no action has been taken to respond to the government shutdown or how it is impacting the availability of telehealth services for Medicare and Medicaid patients. With the agenda set by Governor Stein having a focus on healthcare reform, a failure to vote on federal support in Congress may force a state-level vote, which the governor is likely to support. However, North Carolina will also have to recover from the longest government shutdown in the history of the United States, including an estimated economic loss of \$681 million per month the shutdown continues, as estimated by the Council of Economic Advisors.<sup>14</sup>

### **E. Dominant Actors and Their Roles**

Governor Stein is a dominant actor in this battle, as he has consistently advocated for modernized healthcare for North Carolinians. His advocacy thus far has expanded telehealth access, namely by signing House Bill 546 into law. As the sitting Governor of North Carolina, he has the power to push the state assembly and bureaucrats to include telehealth access in a Medicaid package if the Medicare program falls through, meaning his role is one of authority and his alignment is pro-telehealth services.

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<sup>13</sup> “MLN Connects Newsletter for October 15, 2025 | CMS.”

<sup>14</sup> Council of Economic Advisors, “Economic Impacts of the Government Shutdown in North Carolina.”

From Section II.D, it can be known that federal lawmakers also play a role in determining how Medicare and Medicaid policies are implemented. The current shutdown, as well as statements from the Trump administration cited in Section II.D indicate that the Republicans are advocating for less federal spending on Medicare, and a reform of existing programs. Conversely, Democrats are holding out on settling the budget largely to advocate for healthcare, indicating that they may be more amendable to telehealth provisions. The decisions made collectively by this group, the federal lawmakers, will determine the amount of action required by state and local lawmakers to provide healthcare for state citizens.

Various organizations and coalitions also have a say in the matter, namely the North Carolina Healthcare Association (NCHA). On a state level, their official agenda states that they are advocating for:

- Requiring insurance to cover telehealth services
- Expanding affordable broadband connectivity for all North Carolinians
- Participating in interstate licensure compacts
- Making permanent federal flexibilities that protect access to telehealth<sup>15</sup>

The NCHA represents hospitals, health systems, and care providers and puts forth agendas to advocate for healthier communities. They have a stated goal of supporting high-quality healthcare that is accessible to all.

On a federal level, the American Telehealth Association (ATA) wrote a January 2025 letter to Congress advocating for the permanence of telehealth provisions. They believe telehealth to be a vital service that should be prioritized, as it provides efficient care for patients who may

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<sup>15</sup> “State Priority Issues - NCHA.”

otherwise go without.<sup>16</sup> As a major coalition of physicians, this organization has some negotiating power. However, they are also negotiating for their profession's right to be represented and protected by legislation, so they are not in a strong position for continued bargaining or lobbying, unless they can make a case that appeals to both sides of the aisle.

Many other private organizations continue to advocate for the inclusion of telehealth in the federal budget, including the American Hospital Association (AHA) and the Association of American Medical Colleges (AAMC). The AAMC just joined 450 peer organizations on a letter to congress demanding telehealth be restored and made permanent for Medicare patients.<sup>17</sup> As the organization responsible for educating healthcare professionals, the AAMC has significant power and the ability to influence the opinions of the emerging healthcare workforce. With this, it is possible that they will advocate for telehealth as part of standard medical practice, further developing public support.

Generally, because of these organizations and their advocacy, public sentiment seems to be positive. Telehealth is viewed as a life-saving option for low-income Americans and North Carolinians, with major organizations supporting its continued growth and development.

#### **F. Levels of Government, Including Constitutional Law and Federalism**

Constitutional law is less relevant to this debate, as the constitution does not stipulate healthcare as a right for citizens. However, federalism is incredibly relevant. This will be seen more in the alternative solutions, but federal support for Medicare subsidies can be used to support Medicaid pricing at the state level, ensuring healthcare is available to millions of North

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<sup>16</sup> Cardillo, "ATA ACTION LETTER TO CONGRESSIONAL LEADERSHIP OUTLINES TELEHEALTH PRIORITIES FOR 119TH CONGRESS."

<sup>17</sup> AAMC, "AAMC Joins 450 Groups Urging Long-Term Telehealth Fix."

Carolínians in need. Further, the issue of Medicaid is dependent on Medicare, as one program is built upon supporting the gaps left by the other. As a result, if telehealth is not funded through Medicare, Medicaid services could elect to fund it, but likely at the expense of something else. This makes federalism not only relevant to debate, as in whether it is the responsibility of the federal government to provide healthcare and telehealth, but it also means that the alternative policy options are directly influenced by whether Medicaid will have to fill in the caps for Medicare.

As it relates to North Carolina, telehealth is a critical program that is likely to be supported, evidenced by legislation passed by Governor Stein. However, in other states, it may be less critical, making it logical for Medicare to stop the funding, and for North Carolina's Medicaid system to pick it up. In short, this means that because of the populus of North Carolina, it is likely that the state will need to fund telehealth programs regardless of if it receives federal support, meaning a federal decision may lead to the cutting of other programs.

## **I. SOLUTIONS TO THE PROBLEM**

### **A. Policy Alternatives**

#### **1. Request insurers to cover telehealth services**

Mandating that insurers cover telehealth services as a standard primary care appointment eases the financial burden from federal and state government and ensures that healthcare will continue to be available to these populations regardless of the federal or state budget, or if they remain on public healthcare. In this way, this solution provides stability to North Carolínians by making telehealth coverage standard practice.

This is a solution that plays heavily into America's corporate structure and privatized healthcare model, making it easier to integrate. However, it should be considered that private insurers have a great deal of lobbying power, meaning that passing this legislation could result in further tax cuts or subsidies being given to these programs, making it effectively the financial equivalent of continuing to offer federal or state waivers.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Integrates well into existing systems</li> <li>• Reduces fiscal pressure on state and federal budgets</li> <li>• Provides stability independent of future government shutdowns or healthcare policies</li> </ul>	<ul style="list-style-type: none"> <li>• Could have the same cost to government as public programs</li> <li>• Only applies to private insurance, leaving public health insurance patients uncovered</li> <li>• Insurers could shift cost onto consumers through premiums, copays, or deductibles</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Promotes telehealth nationally and continues to incorporate it as standard practice, aiding with equity and modernization of healthcare</li> <li>• Encourages physicians to provide telehealth services due to guaranteed reimbursement</li> </ul>	<ul style="list-style-type: none"> <li>• Opposition from lobbyist could stall or halt legislative processes</li> <li>• Without federal subsidies, costs are likely to be shifted to patients</li> </ul>

In summary, this policy alternative is interesting because it presents a perspective that allows for patients beyond the scope of Medicaid to receive telehealth services. While this may seem counterintuitive at first, making telehealth a standard healthcare service will cement it into the modernizing North Carolina healthcare infrastructure, enabling it to become more accessible in the future. Further, this system ensures service stability through periods of government shutdown or changes to public healthcare policy, as it is based on a private model.

## 2. Develop Medicaid provisions to cover telehealth services

Carrying over the previous discussion on removing dependencies, another viable option is to remove reliance on the federal government from telehealth services. North Carolina has the option of implementing the federal waivers on a state level, ensuring that the system will serve the 34% of North Carolinians that live in a rural area.

Removing federal reliance may raise questions of funding: how will this be viable without the grants that the state is currently receiving? A study from Evers et al., 2022, found that costs for rural patients specifically were significantly less when utilizing telehealth, including cost of transportation and fees for the appointment.<sup>18</sup> A fair concession is that with telehealth being more widely available, more patients are likely to seek it out. While this is a positive for public health, it can be recognized that it may be troubling for state budgets absorbing the costs of increased participation.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Provides essential services to North Carolinians, independent of federal action</li> <li>• Cost-saving measure for rural patients</li> <li>• Rural patients are more likely to seek and receive life-saving care, resulting in overall savings for the healthcare infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Increased participation may strain the state budget</li> <li>• Budget cuts from other programs may be necessary to absorb costs of increased participation</li> <li>• The areas in the most need may be resistant to telehealth due to cultural expectations or lack of broadband</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Creates a legislative foundation for modernized healthcare infrastructure in North Carolina</li> <li>• Could inspire technological literacy programs and investments in digital infrastructure</li> <li>• Strengthens North Carolina's healthcare independence and stability</li> </ul>	<ul style="list-style-type: none"> <li>• Broadband internet access and technological literacy may limit individuals from using telehealth</li> <li>• If more providers switch to telehealth, the technologically illiterate may struggle to find care</li> </ul>

<sup>18</sup> Evers et al., "Perceptions of Telemedicine and Costs Incurred by a Visit to a General Infectious Diseases Clinic."

The proposed policy described above is promising for creating a system in North Carolina that addresses the specific needs of the state's population. However, it may be problematic for state budgets, despite the long-term savings from preventative care. It also poses issues for reaching rural populations, despite these populations being the most in need. As a result of technological illiteracy, limited broadband connectivity, and cultural expectations, these populations may be less willing to engage with digital healthcare.

A potential win for rural populations can also be found in this policy. If the goal is to meaningfully connect these populations with healthcare and digital services, then investments in digital infrastructure and technological education must be made, which will ensure that they stay up to date with modern advancements and continue to have a role in the economy. In short, advancing in healthcare technology for rural populations may also serve as a significant investment in sustaining local economies.

### **3. Make federal temporary flexibilities permanent to protect telehealth**

Thus far, this is the most advocated for policy alternative. With federal waivers becoming a staple of COVID-era healthcare, organizations have argued that they have become a staple in many individuals' healthcare. Seeing the reduction in mortality associated with telehealth services, as well as the reduction in hospital costs, many are arguing that ending this program would directly lead to worsened health outcomes for under-resourced individuals. Under-resourced could be referring to but not limited to lack of opportunity based upon geography, race, gender, or socioeconomic status.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Builds protection into Medicaid systems by making them mandatory though Medicare</li> <li>• Continues to support existing infrastructure, as many programs have developed around these waivers</li> <li>• Reduces the burden on the state budget, allowing for sustaining or new development of state programs</li> </ul>	<ul style="list-style-type: none"> <li>• Requires long-term federal funding, but Congress is a volatile environment for healthcare provisions</li> <li>• May reduce state flexibility in how telehealth programs are delivered</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• telehealth services could be standardized nationwide, working their way into healthcare infrastructure</li> <li>• Encourages further investment in digital infrastructure</li> <li>• National support means auxiliary measures, like interstate licensing agreements, could become more impactful</li> </ul>	<ul style="list-style-type: none"> <li>• Policy reversal between administrations removes stability from the program</li> <li>• The necessity of telehealth varies for each state, leading to unequal implementation and the potential for erroneous spending</li> </ul>

National implementation has many of the same qualifications as state-level implementation, however, it promises a more uniform support system that benefits patients across the country. Further, if national telehealth coverage is provided, auxiliary measures like interstate licensure agreements could become more popular. These measures allow for physician flexibility and can broaden the healthcare system's ability to reach more patients by expanding their reach.

Further, due to federal waiver programs being sustained since the pandemic, they are now part of many patient's care plans, including those who wouldn't otherwise have access to care. As a nation, the United States has already developed the infrastructure to support telehealth, and continuing these waiver programs would be a seamless of process of making permanent already long-term systems.

## **B. Benefits and Shortcomings in Summary**

Reviewing the SWOT analyses above, there are distinct benefits and shortcomings of the alternative policies provided. Requiring private insurances to cover the cost of telehealth would be generally beneficial, however, it would not ensure access for patients on public insurance, and it is recognized that they may need it most. However, this system promises stability as it is not a government-funded intervention.

Similarly, the state leading a Medicaid waiver program would also be beneficial, as this program would also be independent of federal decisions, although it would benefit greatly from federal funding. A state-run program also has the benefit of targeting the individuals most in need, whereas a federal program may offer blanket coverage. The major constraint on a state-run program is the ability of the state budget to absorb the cost of increased participation in telehealth programs, as well as investments in technological infrastructure to ensure rural patients, the ones most in need, can access and engage with telehealth as self-advocates.

Lastly, federal waiver programs have been proven to save lives since the pandemic began, and that extends to treating chronic illnesses. National infrastructure to support telehealth already exists, making this a policy that could be smoothly implemented. However, healthcare as a national policy is often contested and varies heavily between administrations, meaning this option does not provide stability for those in need.

## PEST Chart

### Options

Do-nothing	+/-	+/-	-	-	-	-	-
Insurers cover costs	+/-	-	+/-	+	+/-	+	+
Medicaid provisions	+/-	-	+	+	+	+	+
Permanent flexibilities	+/-	-	+	+	+/-	+	+
<b>Interest Groups</b>	Political Feasibility	Administrative Feasibility	Equity	Public Health Impact	Economic Impact	Technological Impact	Geographic Impact

In the PEST chart above, it is observed that a do-nothing policy would be a political and administrative win for Republicans, as they are focused on reducing federal spending. However, Democrats are focused on expanding welfare, meaning it would be a political loss for them. In every other category, a do-nothing policy does not benefit the public.

If insurers cover the cost of telehealth services, the federal government is relieved of their cost and duties, however, the privatized insurance model would have to drastically change to accommodate this request. Shifting the burden of telehealth services to private insurers doesn't protect those who need it most, but does cement it into American healthcare, making it a net neutral in terms of equity. Otherwise, it is consistently positive, as telehealth promotes public health, is cost-efficient, expands technological infrastructure, and reaches rural populations.

Medicaid provisions are politically feasible, as demonstrated by Governor Stein's commitment to passing legislation that protects healthcare access for North Carolinians. This becomes a bit difficult from an administrative perspective, as the state would have to develop infrastructure to support supplementing the expiring federal programs. However, on a smaller

scale, this alternative policy would promote equity, positively impact public health in North Carolina, aid the economy long-term, necessitate technological infrastructure development, and reach rural populations that might otherwise not receive care.

Federal provisions are at the center of opposing political objectives on Capitol Hill. Democrats are seeking to preserve these provisions, while Republicans have not agreed to sustain them. As a result, their approval would be a political victory for some and defeat for others. That said, these waivers increase access to healthcare for Americans, promoting public health, technological literacy, and care independent of physical location. Economically, supporting more individuals receiving healthcare can put a strain on systems, but financial savings will be significant long-term.

### Stakeholders Chart

#### Options

Do-nothing	-	-	-	+/-
Insurers cover costs	+/-	+/-	+	+
Medicaid provisions	+	+	+	+
Permanent flexibilities	+	+	+	+
<b>Interest Groups</b>	General Public	Medicaid Patients	Healthcare Providers	Hospital Systems

A do-nothing policy would result in the general public losing access to healthcare services, including Medicaid patients, and healthcare providers having less options for providing care for at-risk patients. For hospital systems, a long-term trend will see increased emergency expenditures and resources spent on palliative care. However, in the short-term, the demand for healthcare will decrease and some economic gain may be seen.

If insurers cover costs, the general public gains more protected access to telehealth, which became a commonplace and reliable service during the pandemic. This alternative policy fails to protect Medicaid patients, as it relies on private insurance boosting telehealth, with no immediate promise to the publicly insured. With time, telehealth becoming more integrated into the American healthcare system will keep it on the agenda for Medicare and Medicaid patients, so this is not a total loss, but it would not address the immediate need. Provisions mandating insurers to cover telehealth services will ensure pay for healthcare providers and hospital systems, allowing them to more consistently provide services to those in need.

Medicaid provisions will serve as a critical public health measure that protects not just the publicly insured, but the public health of North Carolina. For Medicaid patients, this measure would greatly expand their access to healthcare, and healthcare providers would have the ability to treat a wider range of patients with guaranteed pay. For hospital systems, this system is a long-term win with less emergent expenditures.

Permanent flexibilities serve the same purposes described above; however, they also offer national standardization and integration with existing infrastructure, making for a smoother transition and enhancing the likelihood of interstate collaborations, which will serve more citizens than state policies alone could

### **C. Policy Alternative Actors and Advocates**

It is discussed in Section I.E and II.D, but several actors are arguing for or against the policies presented. For the do-nothing policy, federal lawmakers are split on either side. Democrats, as part of the government shutdown, are advocating for expanded healthcare provisions. Republicans, on the other hand, are advocating for allowing provisions to expire, and

propose a later alternative be developed. The federal decisions that are currently being made will determine whether the other alternative policies become necessary to protect telehealth services.

Private organizations, namely the NHCA and the ATA, are advocating for shifting the cost of telehealth onto private insurers, believing that these services are just as valuable as in-person appointments and should be treated as such. Insurance companies will likely lobby against this cause should it be introduced to the federal government, as they will be resistant to incurring extra costs.

Medicaid provisions to supplement expired federal programs are being advocated for by North Carolina's Governor and Assembly, with legislation being successfully passed to support long-term development of telehealth programs. It should be noted that some bills, particularly House Bill 555, *Medicaid Telehealth Services*, failed to progress through North Carolina's House.<sup>19</sup> This indicates some state-level resistance to the proposed alternative policy.

Federal waiver expansions are being advocated for by many organizations, with congressional letters being sent consistently, and many organizations, including the AAMC, AHA, and NCHA setting telehealth provisions as major policy agendas. The expansion of these waivers has been opposed by federal lawmakers, namely Republicans.

#### **D. Policy Alternative Methods of Advocacy**

Permanent flexibilities are being advocated for across the country, with congressional letters being written by many organizations, including the AAMC and 450 partners, as mentioned in Section II.E. This policy is being heavily advocated for because it has existed for a while now, and success has already been seen. As a result, lobbyists and organizations know not

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<sup>19</sup> "House Bill 555 (2025-2026 Session) - North Carolina General Assembly."

only that it is possible, but that it is effective, and they are concentrating their efforts around this policy.

At the state level, Medicaid provisions and interstate licensure agreements (a commonly advocated for support program for ensuring physicians can handle an influx of patients) could both become law, with a reasonable foundation having been laid by House Bill 546 and Governor Stein's continued backing of the Rural Health Transformation Program. This means that if the federal policy is not passed, advocacy efforts by the AAMC and other organization may fall upon state chapters, and this, coupled with the support of North Carolina's current administration, could result in state-level policy seeing success.

Advocacy for interstate licensure agreements has already made it to the state level, with the NCHA pushing for these agreements as part of their 2025 agenda. They believe that this will expand the number of providers available to North Carolinians, as well as citizens of other states, who benefit from Medicaid services.

As for the do-nothing policy, it is being advocated for at the federal level. Republican lawmakers have been able to remove provisions for telehealth, among other critical Medicare programs, by refusing to extend existing COVID-era waivers. This has led to a rapid drop in coverage, which the literature review indicates will result in rising health costs and a sharp decline in public health, particularly for rural and low-income communities.

Whether through legislation, lack of legislation, or letters to representative bodies, all these policies are being pushed for at the federal and state levels. From a federalist perspective, one could claim that the state and federal governments are in conflict, as the state has laid the

foundation for Medicaid provisions and licensure agreements and the federal government is denying federal waiver extensions in the next budget.

### **E. Policy Alternative Decision Timeline**

A policy alternative must be decided soon, as healthcare is a key item that Democrats advocated for during the longest government shutdown in United States history. With pressure on both sides of the aisle to end the shutdown, a deal that does currently address the expiring healthcare tax credits was passed, but a vote on healthcare provisions specifically is promised to be held in mid-December of 2025.<sup>20</sup> This is effectively a do-nothing option, and it may spur the State of North Carolina into action, led by Governor Stein, to ensure millions of North Carolinians maintain healthcare.

## **II. CONCLUSION**

### **A. Policy Options in Summary**

In the face of a modernizing healthcare system, American politicians must confront the telehealth debate. This proposal has focused on arguments for addressing the options available to lawmakers, and North Carolinians in particular.

If politicians elect to do-nothing, then federal waivers will remain expired and telehealth services will no longer be accessible to patients who have come to rely on them since the pandemic. This may have negative effects on public health, hospital emergency expenditures, and chronic illness mortality.

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<sup>20</sup> CBSNews.com et al., “Government Shutdown Ends as Trump Signs Funding Bill.”

To protect telehealth access without using federal or state funds, the government could mandate that insurers cover the cost. However, this would not guarantee healthcare for the publicly insured, which is arguably the population most in need of these services.

In the absence of federal action, the state could choose to act, supplement federal Medicare waivers with a state program. This would help provide care to North Carolina's population, which is 34% rural, yet it may result in increased costs that take away from other programs. This alternative policy would likely require investments in technological infrastructure that may also be costly to the state.

The federal government could choose to extend the now-expired waivers. This would allow existing infrastructure to come back online and provide seamless support across the nation for patients who rely on telehealth. Showing federal support for this program will enable the development of digital healthcare infrastructure, with auxiliary supports that advocate for streamlined national access. These programs are somewhat problematic because they are heavily dependent upon changes in power in Congress and require extensive federal spending.

### **B. Suggestion for Adoption of Alternative**

Considering the significant rural population in North Carolina, the volatile state of federal government, and Governor Stein's agenda, the suggested alternative policy to be adopted by the State of North Carolina is developing Medicaid provisions to cover telehealth services.

Telehealth services are essential for promoting the health of rural populations, making it a critical tool for protecting public health in North Carolina. Removing this issue from the federal government will provide North Carolinians with stability that the federal government cannot

provide, allowing for a large-scale investment in critical technological and healthcare infrastructure that the state can commit to.

While this policy could result in the state budget absorbing more patients utilizing services, telehealth has been proven to reduce mortality and strain on emergency services and has been studied as economically promising for rural populations, as evaluated in Section II.A.2. North Carolina needs to meaningfully invest in the health of its citizens, and telehealth is a well-suited and economically friendly resource for doing so, while also providing an opportunity for investment in the modernization of existing infrastructure, which will continue to support local economies long-term.

### **C. Opinion on Suggested Adoption**

I agree that the proposed policy is likely a good option, as it removes dependence on the federal government for providing services critical to the citizens of North Carolina. I find it important to acknowledge the various actors at play, and the fact that healthcare has been a contested item on the federal agenda for the past 70 years.

There is no promise that federal healthcare policy will improve in the future, but new technology shows promise for reaching a population that is especially relevant to North Carolinians. As a result, I believe that the state should claim agency and invest in this program, knowing that it will save the lives of North Carolinians.

I would also like to see this technology become more solidified in national infrastructure. I find it imperative that the healthcare system doesn't lag too far behind the forefront of technical innovation, else it risks becoming obsolete or unable to address modern needs. A good strategy for cementing telehealth in American healthcare policy is requiring private insurers to cover the

costs, which gives freedom to patients and doctors to receive healthcare as part of their life, rather than build a week around one appointment. As a result, I believe that this policy should be adopted, even though I do not find it to be the most impactful.

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