



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN  
GOVERNOR

DEV DUTTA SANGVAI  
SECRETARY

October 31, 2025

**SENT VIA ELECTRONIC MAIL**


Mr. Brian Matteson, Director  
Fiscal Research Division  
Suite 619, Legislative Office Building  
Raleigh, NC 27603-5925

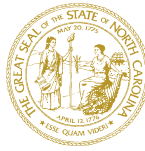
Dear Director Matteson:

Session Law 2023-123, Section 9E.9.(e) requires the Department of Health and Human Services, Division of Health Benefits, to report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at [Karen.Wade@dhhs.nc.gov](mailto:Karen.Wade@dhhs.nc.gov).

Sincerely,

DocuSigned by:  
 on behalf of Devdutta Sangvai  
06565C1C2A8F4C8...  
Devdutta Sangvai  
Secretary



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October 31, 2025

**SENT VIA ELECTRONIC MAIL**

The Honorable Benton Sawrey, Chair  
Joint Legislative Oversight Committee on  
Committee on Medicaid  
North Carolina General Assembly  
Room 521, Legislative Office Building  
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight  
Committee on Medicaid  
North Carolina General Assembly  
Room 303, Legislative Office Building  
Raleigh, NC 27603

The Honorable Larry Potts, Chair  
Joint Legislative Oversight  
Committee on Medicaid  
North Carolina General Assembly  
Room 307B1, Legislative Office Building  
Raleigh, NC 27603


The Honorable Donna White, Chair  
Joint Legislative Oversight  
Committee on Medicaid  
North Carolina General Assembly  
Room 307B, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

Session Law 2023-123, Section 9E.9.(e) requires the Department of Health and Human Services, Division of Health Benefits, to report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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Sincerely,

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 on behalf of Devdutta Sangvai  
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Devdutta Sangvai  
Secretary

# **Use of Medicaid Transformation Funds for Medicaid Transformation Needs**

**Session Law 2023-134, Section 9E.9(e)**



**Report to**  
**Joint Legislative Oversight Committee on Medicaid**  
**and**  
**the Fiscal Research Division**  
**by**  
**North Carolina Department of Health and Human Services**

**October 31, 2025**

## Background

Session Law 2023-134, Section 9E.9.(e) requires the Department of Health and Human Services, Division of Health Benefits (DHB), to report on expenditures paid for by Medicaid Transformation funds no later than January 15, 2024, and every six months thereafter until the final report due on July 15, 2025. Each report is to include the expenditures for the previous six months and whether the expenditure is expected to continue into the 2025- 2027 fiscal biennium.

This report reflects the expenditures from December 1, 2024, through May 31, 2025. The total amount of Medicaid Transformation funds spent for this period was \$292,139,621 with \$120,000,000 of that being the non-federal share. The breakdown of expenditures is set forth below.

### SL 2023-134, Section 9E.9.(e): Use of Medicaid Fund for Medicaid Transformation Needs December 1, 2024 – May 31, 2025 Expenditures

SL 2023-134 Qualifying Need #	Qualifying Need Title	Total Medicaid Expenditure	Medicaid Transformation Fund Non-Federal Share
1	Program Design	\$17,963,147	\$8,981,574
2	Beneficiary and Provider Experience	\$45,434,651	\$22,717,326
3	Information Technology Upgrades, Operations, and Maintenance	\$37,927,649	\$5,528,637
4	Data Management Tools	\$0	\$0
5	Program Integrity	\$0	\$0
6	Quality Review	\$5,820,321	\$1,736,000
7	Actuarial Rate Setting Functions	\$9,320,996	\$4,660,498
8	Technical and Operational Integration	\$106,234,017	\$52,703,450
9	BH IDD Tailored Plan Health Homes	\$0	\$0
10	Legal Fees	\$5,118	\$2,559
11	Expenses Related to the Enhanced Case Management and Other Services Pilot Program, Commonly Referred to as the "Healthy Opportunities Pilots"	\$69,433,722	\$23,669,956
<b>TOTALS</b>		<b>\$292,139,621</b>	<b>\$120,000,000</b>

NOTES:

1. "Total Costs" above reflect Year-to-Date Expenditures as of May 31, 2025. At the time this document was prepared, DHB has certified our books for May 2025, and we are working to close out books for June 2025.
2. This reporting only covers costs for DHB.
3. All of the costs documented above are expected to occur again in the next biennium, SFY 2025-27.
4. While Program Integrity, Data Management, and Health Home expenditures are identified in SL 2023-134 as categories of qualifying need for which Medicaid Transformation Fund dollars may be spent, these activities are primarily funded by other fund sources in the Medicaid budget.

## **Appendix A:**

### **Session Law 2023-134, Section 9E.9.(e) Use of the Medicaid Transformation Fund for Medicaid Transformation Needs**

SECTION 9E.9.(e) Reporting. – No later than January 15, 2024, and every six months thereafter until the final report due July 15, 2025, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.