

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN
GOVERNOR

DEVDUTTA SANGVAI
SECRETARY

January 15, 2026

SENT VIA ELECTRONIC MAIL

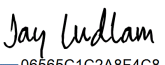
Mr. Brian Matteson, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Director Matteson:

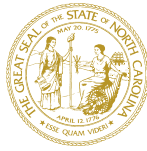
Session Law 2023-134, Section 9G.7A.(a1) amends NCGS 122C-115.6 by adding a section that requires the Department of Health and Human Services to submit a quarterly report on any funds transferred as a result of county realignments during the previous quarter. This report is due to the Joint Legislative Oversight Committee on Medicaid, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division. Pursuant to the provisions of law, the Department is pleased to submit the attached reports for the quarters ending September 30, 2025 and December 31, 2025.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at Karen.Wade@dhhs.nc.gov.

Sincerely,

DocuSigned by:

06565C1C2A8F4C8...
Devdutta Sangvai
Secretary

on behalf of Devdutta Sangvai



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN
GOVERNOR

DEVDUTTA SANGVAI
SECRETARY

January 15, 2026

SENT VIA ELECTRONIC MAIL

The Honorable Carla Cunningham, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 403, Legislative Office Building
Raleigh, NC 27603

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

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


The Honorable Jim Burgin, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 620, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

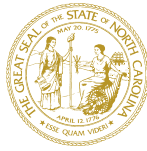
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STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN
GOVERNOR

DEVDUTTA SANGVAI
SECRETARY

January 15, 2026

SENT VIA ELECTRONIC MAIL

The Honorable Benton Sawrey, Chair
Joint Legislative Oversight
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

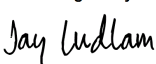
The Honorable Donna White, Chair
Joint Legislative Oversight
Committee on Medicaid
North Carolina General Assembly
Room 307B, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2023-134, Section 9G.7A.(a1) amends NCGS 122C-115.6 by adding a section that requires the Department of Health and Human Services to submit a quarterly report on any funds transferred as a result of county realignments during the previous quarter. This report is due to the Joint Legislative Oversight Committee on Medicaid, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division. Pursuant to the provisions of law, the Department is pleased to submit the attached reports for the quarters ending September 30, 2025 and December 31, 2025.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at Karen.Wade@dhhs.nc.gov.

Sincerely,

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06565C1C2A8F4C8...
Devdutta Sangvai
Secretary

on behalf of Devdutta Sangvai

**LME/MCO Fund Balance Transfers
G.S. 122C-115.6
Quarter Ending September 30, 2025**



Report to

Joint Legislative Oversight Committee on Medicaid

**Joint Legislative Oversight Committee on
Health and Human Services
and**

Fiscal Research Division

by

North Carolina Department of Health and Human Services

January 15, 2026

Background:

G.S. 122C-115.6(f), enacted by [Session Law 2023-134, Section 9G.7A\(a1\)](#) (see Appendix A for full text), requires the Department of Health and Human Services (DHHS) to report quarterly on any Local Management Entity/Managed Care Organization (LME/MCO) funds transferred as a result of county alignments during the previous quarter. This requirement begins on July 15, 2023. This requirement replaces an analogous report required by Session Law 2021-62, Section 3.5A, which was repealed by Session Law 2023-134, Section 9G.7A(a18).

Funds Transferred During the Previous Quarter:

Zero funds were transferred during the previous quarter (July 1, 2025 – September 30, 2025).

Appendix A: Session Law 2023-134-62, Section 9G.7A(a1)

AGENCY REQUESTED CHANGES/BEHAVIORAL HEALTH

SECTION 9G.7A.(a1) Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding the following new sections to read:

...

"§ 122C-115.6. Transfer of area authority fund balance upon county realignment.

...

(f) Beginning July 15, 2023, and quarterly thereafter, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division on any funds transferred as a result of county realignments during the previous quarter.

..."

LME/MCO Fund Balance Transfers

G.S. 122C-115.6

Quarter Ending December 31, 2025



Report to

Joint Legislative Oversight Committee on Medicaid

**Joint Legislative Oversight Committee on
Health and Human Services
and**

Fiscal Research Division

by

North Carolina Department of Health and Human Services

January 15, 2026

Background:

G.S. 122C-115.6(f), enacted by Session Law 2023-134, Section 9G.7A(a1) (see Appendix A for full text), requires the Department of Health and Human Services (DHHS) to report quarterly on any Local Management Entity/Managed Care Organization (LME/MCO) funds transferred as a result of county alignments during the previous quarter. This requirement begins on July 15, 2023. This requirement replaces an analogous report required by Session Law 2021-62, Section 3.5A, which was repealed by Session Law 2023-134, Section 9G.7A(a18).

Funds Transferred During the Previous Quarter:

Zero fund balances were transferred during the previous quarter (October 1, 2025 – December 31, 2025).

Appendix A: Session Law 2023-134-62, Section 9G.7A(a1)

AGENCY REQUESTED CHANGES/BEHAVIORAL HEALTH

SECTION 9G.7A.(a1) Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding the following new sections to read:

...

"§ 122C-115.6. Transfer of area authority fund balance upon county realignment.

...

(f) Beginning July 15, 2023, and quarterly thereafter, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division on any funds transferred as a result of county realignments during the previous quarter.

..."