

# **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**  
**Fiscal Research Division**  
**by**  
**North Carolina Department of Health and Human Services**

**May 2, 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 July 1, 2024, through November 30, 2024. The total amount of Medicaid Transformation funds spent for this period was \$203,443,506 with \$82,874,451 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 July 1, 2024 – November 30, 2024 Expenditures**

<b>SL2023-134 Qualifying Need #</b>	<b>Qualifying Need Title</b>	<b>Total Medicaid Expenditure</b>	<b>Medicaid Transformation Fund Non-Federal Share</b>
1	Program Design	\$8,849,116	\$4,424,558
2	Beneficiary and Provider Experience	\$18,321,124	\$9,160,562
3	Information Technology Upgrades, Operations, and Maintenance	\$6,409,629	\$1,401,827
4	Data Management Tools	\$0	\$0
5	Program Integrity	\$0	\$0
6	Quality Review	\$3,316,444	\$1,011,818
7	Actuarial Rate Setting Functions	\$4,414,438	\$2,207,219
8	Technical and Operational Integration	\$51,374,248	\$25,687,124
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"	\$110,753,389	\$38,978,784
<b>TOTALS</b>		<b>\$203,443,506</b>	<b>\$82,874,451</b>

#### NOTES:

1. "Total Costs" above reflect Year-to-Date Expenditures as of November 30, 2024. At the time this document was prepared, DHB has certified our books for November 2024, and we are working to close out books for December 2024.

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.