



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Benefits

JOSH STEIN • Governor

DEVDUTTA SANGVAI • Secretary

JAY LUDLAM • Deputy Secretary, NC Medicaid

July 1, 2025

Karen Llanos

Acting Director, State Demonstrations Group
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850

Shelby Higgins

Project Officer, State Demonstrations Group
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, MD 21244-1850

Dear Ms. Llanos and Ms. Higgins,

We are writing in follow-up to the update we provided on May 30, 2025 regarding funding for the Healthy Opportunities Pilots. As of today, the North Carolina General Assembly has not finalized a biennium budget for State Fiscal Years 2025–2027 and the continuing budget does not include non-recurring items, which were the source of Healthy Opportunities Pilots funding in the prior biennium. Because of this, there is currently no state funding available for the Healthy Opportunities Pilots. Therefore, as previously communicated, we have directed all Pilot Entities (managed care plans, care management entities, Network Leads, and Human Service Organizations) to stop 1) new authorizations for Healthy Opportunities Pilots services and 2) delivery of all existing Healthy Opportunities Pilots services (except where noted below), beginning today, until funding for the Pilots becomes available. We are deeply committed to the success of the Healthy Opportunities Pilots and the value they provide North Carolinians and appreciate CMS's ongoing partnership.

The North Carolina Department of Health and Human Services (NCDHHS) provided written guidance to Pilot Entities on June 2, 2025 requiring them to stop enrollments, authorizations, and service delivery for all Pilot enrollees on July 1, 2025, except in limited cases that pose a significant safety risk to certain enrollees experiencing interpersonal violence. In those limited cases, Pilot Entities are being provided the following extensions, for current enrollees only, in order to sufficiently address these enrollees' immediate needs before transitioning care to other community resources:

NC MEDICAID

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS

- An additional ninety (90) days to authorize services (through September 2025)
- An additional one-hundred and eighty (180) days to deliver services (through December 2025)

As required by the Special Terms and Conditions (STCs) of the North Carolina Medicaid Reform Section 1115(a) Demonstration (Project Number 11-W-00313/4), NCDHHS has made the following preparations for this stop in service offerings:

- 1) **May 30, 2025:** Per STC 10.12.a.iii, NCDHHS submitted a letter to CMS thirty (30) days prior to implementing changes to the State's service offerings and/or eligibility criteria under the Healthy Opportunities Pilots.
- 2) **June 2, 2025:**
 - a. Per STC 10.12.a.i, NCDHHS instructed all managed care plans to provide current Pilot enrollees with at least ten (10) days of advanced notice that their Pilot services would be discontinued on July 1, 2025.
 - b. Per STC 10.12.a.ii, NCDHHS provided public notice that Pilot services would stop beginning July 1.¹

NCDHHS is committed to improving the health of North Carolinians while simultaneously reducing utilization and costs, and recognizes the role the Healthy Opportunities Pilots play in advancing these goals. We will keep CMS informed of the state budget and its impact on Pilot funding as soon as updates are available.

We appreciate your ongoing partnership on the North Carolina Medicaid Reform Section 1115(a) Demonstration. If you have any questions, please contact Julia Lerche at Julia.Lerche@dhhs.nc.gov.

Sincerely, 

Jay Ludlam
Deputy Secretary, North Carolina Medicaid
North Carolina Department of Health and Human Services

Cc: Drew Snyder, CMS
Angela Garner, CMS
Julia Lerche, North Carolina Department of Health and Human Services
Kathryn Horneffer, North Carolina Department of Health and Human Services
Kristen Dubay, North Carolina Department of Health and Human Services
Maria Ramirez Perez, North Carolina Department of Health and Human Services

¹ <https://www.ncdhhs.gov/about/department-initiatives/healthy-opportunities/healthy-opportunities-pilots>