



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

JOSH STEIN • Governor

DEV DUTTA SANGVAI • Secretary

MELANIE BUSH • Deputy Secretary, NC Medicaid

MICHAEL LEIGHS • Deputy Secretary, Opportunity & Well-Being

July 6, 2026

DEAR COUNTY DIRECTORS OF SOCIAL SERVICES

ATTENTION: DIRECTORS, FISCAL OFFICERS

SUBJECT: SUPPORT FOR COUNTIES' IMPLEMENTATION AND ONGOING SUPPORT OF CHANGES IN ELIGIBILITY REDETERMINATIONS REQUIREMENTS AND COMMUNITY ENGAGEMENT REQUIREMENTS

REQUIRED ACTION: ☒ Immediate ☐ Information Only ☐ Time Sensitive

PURPOSE: NOTIFY COUNTIES OF A NEW FUNDING DISTRIBUTION TO ASSIST WITH IMPLEMENTATION OF H.R.1 AND THE CONTINUED SUPPORT OF MEDICAID EXPANSION ELIGIBILITY CHANGES

Session Law 2026-1/House Bill 696 provides a one-time off cycle quarterly distribution of \$7.8 million dollars in funding to support the implementation of Public Law 119-21/H.R.1. These funds will be provided funding to county departments of social services to support the counties with the increased administrative costs related to sections 71107 and 71119 of Public Law 119-21.

Session Law 2026-1/House Bill 696 also added a supplemental administration fund of \$7.8 million dollars to be paid quarterly for each quarter of the 2026-2027 state fiscal year. For each subsequent State fiscal year through the 2035-2036 State fiscal year, the supplemental county administration subcomponent shall be increased over the prior year's quarterly amount by a percentage that is the sum of each monthly percentage change in the Consumer Price Index. This funding is in addition to the base administration fund (previously known as administration fund) paid quarterly for each quarter of the 2026-2027 fiscal year as described in Dear County Director Letter BG-06-23 SUPPORT FOR COUNTIES DURING THE CONTINUOUS COVERAGE UNWINDING (CCU) AND IN PREPARATION FOR MEDICAID EXPANSION.

Please find below specific conditions to which counties must adhere to receive this funding:

- This funding represents the county's share of costs incurred for the specified intended purposes which are eligible for the Medicaid 75% or 50% federal match, via the standard County Admin Reimbursement/1571 process.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

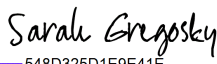
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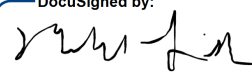
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

- Previous 1571 Codes for Part I and Part II reporting of specified costs still apply.
- These funds will be added to the Monthly 411 Report for tracking purposes.
- Any unused funds must be reverted back to DHHS by the end of each state fiscal year for potential reallocation.

Sincerely,

Signed by:

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Sarah Gregosky
Assistant Secretary and
Deputy Medicaid Director
On behalf of
Melanie Bush
Deputy Secretary, NC Medicaid

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Michael Leighs
Deputy Secretary, Opportunity and Well-Being

cc: Sarah Gregosky, Assistant Secretary and Deputy Medicaid Director, NC Medicaid
Lisa Tucker Cauley, Division Director for Human Services
Carla West, Division Director for Human Services
Adam Levinson, Chief Financial Officer
Chris Gordon, Chief Finance Officer, NC Medicaid
Wayne Mohr, Director, Division of Budget and Analysis
Laketha M. Miller, Controller, Office of the Controller
Gloria J. Waters, Budget Officer, Division of Social Services
Caleb Hawkins, Lead Local Business Liaison, Division of Social Services
Jill Simmerman Lawrence, Chief of Staff and Senior Advisor, Opportunity and Well-Being