

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 34
Committee Substitute Favorable 2/25/25
PROPOSED SENATE COMMITTEE SUBSTITUTE H34-PCS40756-NL-3

Short Title: Strengthen Medicaid Provider Controls.

(Public)

Sponsors:

Referred to:

February 4, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO STRENGTHEN MEDICAID PROVIDER CONTROLS AND MAKE OTHER
3 CHANGES TO THE MEDICAID PROGRAM.

4 The General Assembly of North Carolina enacts:

5 SECTION 1.(a) G.S. 108C-1 reads as rewritten:

6 "**§ 108C-1. Scope; applicability of this Chapter.**

7 This Chapter applies to providers enrolled in Medicaid. The Department may adopt rules to
8 implement any provision of this Chapter."

9 SECTION 1.(b) Chapter 108C of the General Statutes is amended by adding a new
10 section to read:

11 "**§ 108C-3.1. Licensure limitation checks for providers.**

12 When the Department becomes aware of an adverse action by a health care provider licensing
13 entity, including through self-reporting required under the Medicaid provider administrative
14 participation agreement, that either (i) imposes a license limitation or restriction on a provider's
15 scope of practice, the range of services, or the time, place, and manner in which any service is
16 rendered that deviates from the prevailing procedures for administering the services or (ii)
17 imposes a license limitation or restriction on a provider's ability or authority to provide care for
18 all patients, then the Department may deny or terminate the provider retroactively to the effective
19 date of the provider's licensing entity's adverse action."

20 SECTION 1.(c) Subsection (b) of this section is effective October 1, 2026, and
21 applies to adverse actions effective on or after that date.

22 SECTION 2.(a) G.S. 108C-2 is amended by adding a new subdivision to read:

23 "(2e) Committee. – The Provider Enrollment Credentialing Committee, established
24 under G.S. 108A-26.6."

25 SECTION 2.(b) Part 1 of Article 2 of Chapter 108A of the General Statutes is
26 amended by adding a new section to read:

27 "**§ 108A-26.6. Provider Enrollment Credentialing Committee; provider enrollment**
28 **materials confidentiality.**

29 (a) The Department shall establish and determine the membership of the Provider
30 Enrollment Credentialing Committee. The Committee is the centralized administrative body
31 within the Department authorized to adjudicate provider participation in various programs
32 administered by the Department.

33 (b) The Provider Enrollment Credentialing Committee may review enrollment
34 applications, including initial, reenrollment, and recredentialing during any provider
35 credentialing process. The Provider Enrollment Credentialing Committee may review a



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1 provider's continued participation when the ongoing monitoring process reveals findings that can
2 impact a provider's eligibility for departmental programs.

3 (c) The Provider Enrollment Credentialing Committee is authorized to issue
4 determinations regarding the denial or termination of enrollment, reenrollment, revalidation, and
5 enrollment maintenance for providers, including those with risk factors identified through initial
6 application review or ongoing monitoring of the provider.

7 (d) The Provider Enrollment Credentialing Committee shall adopt bylaws and comply
8 with National Committee for Quality Assurance standards, federal law and regulations, and State
9 law.

10 (e) The following information about an individual that is acquired by the Department,
11 including through the Provider Enrollment Credentialing Committee, in connection with the
12 initial screening of applicants for enrollment, reenrollment, change requests, revalidation, or
13 ongoing monitoring of a provider applying for or participating in a departmental program, is
14 confidential and not a public record under Chapter 132 of the General Statutes:

15 (1) Health information, including chemical dependency or psychiatric conditions.

16 (2) Adverse licensure findings.

17 (3) Hospital admitting privileges denials or revocations.

18 (4) Liability insurance carrier cancellations, refusals, or unusual risk ratings.

19 (5) Confidential malpractice judgments and settlements.

20 (6) Any nonpublic criminal record information.

21 (7) Fingerprints.

22 (8) Any other information otherwise protected from public disclosure."

23 **SECTION 2.(c)** G.S. 108C-3(a) reads as rewritten:

24 "(a) Provider Screening. – The Department shall conduct provider screening of Medicaid
25 providers in accordance with applicable State or federal law or regulation. The authorization of
26 the Provider Enrollment Credentialing Committee extends to the Medicaid program, including
27 all prepaid health plans, as defined in G.S. 108D-1."

28 **SECTION 3.(a)** G.S. 108C-4 reads as rewritten:

29 "**§ 108C-4. Criminal history record checks for certain providers.**

30 (a) The Department shall conduct criminal history records checks of provider applicants
31 and enrolled ~~providers~~ providers, as well as their owners, operators, and managing employees,
32 in accordance with federal law and regulation.

33 (b) The Division shall deny enrollment or terminate the enrollment of a provider where
34 any person with a five percent (5%) or greater direct or indirect ownership interest in the provider
35 has been convicted of a criminal offense related to that person's involvement with the Medicare,
36 Medicaid, or any Children's Health Insurance Program in the last 10 years, unless the Division
37 determines that denial or termination of enrollment is not in the best interests of Medicaid and
38 the State Medicaid agency documents that determination in writing. The Department shall honor
39 civil and criminal settlement agreements entered into with a provider or any person with a five
40 percent (5%) or greater direct or indirect ownership interest in the provider within 10 years of
41 the effective date of this act.

42 (c) ~~The Division may deny enrollment or terminate the enrollment of a provider subject~~
43 ~~to G.S. 108C-3(g) for any of the following offenses of the provider, an permanently exclude from~~
44 ~~participation any provider, or owner, an operator, or an managing employee if, after review of~~
45 ~~the seriousness, age, and other circumstances involving the offense, the Division determines it is~~
46 ~~in the best interest of the integrity of the North Carolina Medicaid program to do so: of a provider,~~
47 ~~for any of the following convictions:~~

48 (1) ~~Any criminal offenses conviction as set forth in any of the following Articles~~
49 ~~of Chapter 14 of the General Statutes:~~

50 a. ~~Article 5, Counterfeiting and Issuing Monetary Substitutes.~~

51 b. ~~Article 5A, Endangering Executive, Legislative, and Court Officers.~~

- 1 c. Article 6, Homicide.
2 d. Article 7B, Rape and Other Sex Offenses.
3 e. ~~Article 8, Assaults.~~
4 f. ~~Article 10, Kidnapping and Abduction.~~
5 g. ~~Article 13, Malicious Injury or Damage by Use of Explosive or~~
6 ~~Incendiary Device or Material.~~
7 h. ~~Article 14, Burglary and Other Housebreakings.~~
8 i. ~~Article 15, Arson and Other Burnings.~~
9 j. ~~Article 16, Larceny.~~
10 k. ~~Article 17, Robbery.~~
11 l. ~~Article 18, Embezzlement.~~
12 m. ~~Article 19, False Pretenses and Cheats.~~
13 n. ~~Article 19A, Obtaining Property or Services by False or Fraudulent~~
14 ~~Use of Credit Device or Other Means.~~
15 o. ~~Article 19B, Financial Transaction Card Crime Act.~~
16 p. ~~Article 20, Frauds.~~
17 q. ~~Article 21, Forgery.~~
18 r. ~~Article 26, Offenses Against Public Morality and Decency.~~
19 s. ~~Article 26A, Adult Establishments.~~
20 t. ~~Article 27, Prostitution.~~
21 u. ~~Article 28, Perjury.~~
22 v. ~~Article 29, Bribery.~~
23 w. ~~Article 31, Misconduct in Public Office.~~
24 x. ~~Article 35, Offenses Against the Public Peace.~~
25 y. ~~Article 36A, Riots and Civil Disorders.~~
26 z. ~~Article 39, Protection of Minors.~~
27 aa. ~~Article 40, Protection of the Family.~~
28 bb. ~~Article 59, Public Intoxication.~~
29 cc. ~~Article 60, Computer Related Crime.~~
30 (2) Any criminal conviction as set forth in any of the following Articles of
31 Chapter 14 of the General Statutes when defined as a habitual felon under
32 G.S. 14-7.1:
33 a. Article 5A, Endangering Executive, Legislative, and Court Officers.
34 b. Article 8, Assaults.
35 c. Article 15, Arson and Other Burnings.
36 d. Article 16, Larceny.
37 e. Article 17, Robbery.
38 f. Article 18, Embezzlement.
39 g. Article 20, Frauds.
40 h. Article 21, Forgery.
41 (d) The Division may terminate the enrollment of a provider upon the conviction of the
42 provider, or the owner, operator, or managing employee of that provider, under any of the
43 following:
44 (1) Article 5, Counterfeiting and Issuing Monetary Substitutes.
45 (2) Article 10, Kidnapping and Abduction.
46 (3) Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary
47 Device or Material.
48 (4) Any criminal conviction in subdivision (2) of subsection (c) of this section
49 when not defined as a habitual felon under G.S. 14-7.1.
50 A provider may be excluded from enrollment for a period of 10 years from the date the
51 provider, or owner, operator, or managing employee of that provider, was fully discharged from

1 all imprisonment, probation, parole, and full payment of restitution for a conviction under this
2 subsection.

3 (e) The Division may terminate the enrollment of a provider upon the conviction of the
4 provider, or the owner, operator, or managing employee of that provider, under any of the
5 following:

6 ~~(2)~~(1) Possession or sale of drugs in violation of the North Carolina Controlled
7 Substances Act, Article 5 of Chapter 90 of the General Statutes.

8 ~~(3)~~(2) Alcohol-related offenses such as sale to underage persons in violation of
9 G.S. 18B-302.

10 A provider may be excluded from enrollment for a period of five years from the date the
11 provider, or owner, operator, or managing employee of that provider, was fully discharged from
12 all imprisonment, probation, parole, and full payment of restitution for a conviction under this
13 subsection.

14 (f) The Division may terminate the enrollment of a provider upon the conviction of the
15 provider, or the owner, operator, or managing employee of that provider, under any of the
16 following:

17 (1) Article 14, Burglary and Other Housebreakings.

18 (2) Article 19, False Pretenses and Cheats.

19 (3) Article 19A, Obtaining Property or Services by False or Fraudulent Use of
20 Credit Device or Other Means.

21 (4) Article 19B, Financial Transaction Card Crime Act.

22 (5) Article 26, Offenses Against Public Morality and Decency.

23 (6) Article 27, Prostitution.

24 (7) Article 28, Perjury.

25 (8) Article 29, Bribery.

26 (9) Article 31, Misconduct in Public Office.

27 (10) Article 35, Offenses Against the Public Peace.

28 (11) Article 36A, Riots and Civil Disorders.

29 (12) Article 39, Protection of Minors.

30 (13) Article 40, Protection of the Family.

31 (14) Article 59, Public Intoxication.

32 (15) Article 60, Computer-Related Crime.

33 ~~(4)~~(16) Driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5.

34 A provider may be excluded from enrollment for a period of two years from the date the
35 provider, or owner, operator, or managing employee of that provider, was fully discharged from
36 all imprisonment, probation, parole, and full payment of restitution for a conviction under this
37 subsection.

38 (g) Following any period of exclusion under this section, applicants shall be subject to
39 review by the Committee."

40 **SECTION 3.(b)** Chapter 108C of the General Statutes is amended by adding a new
41 section to read:

42 **"§ 108C-4.1. Termination for cause.**

43 (a) The Department may deny enrollment of, deny revalidation of, or terminate a
44 provider's participation in the Medicaid program for any of the following reasons:

45 (1) Submitting a claim, or claims, for services that could not have been furnished
46 to a specific individual on the date of service for various reasons.

47 (2) Billing for services furnished while the provider's license is in a state of
48 suspension.

49 (3) Engaging in a pattern of practice of prescribing drugs that is abusive or
50 represents a threat to the health and safety of beneficiaries or that fails to meet
51 Medicaid requirements.

- 1 (4) Certifying false or misleading information on the provider's enrollment
 2 application as true.
 3 (5) Knowingly falsifying medical records to support services billed to Medicaid.
 4 (6) Failure to repay an overpayment in delinquent status exceeding one thousand
 5 five hundred dollars (\$1,500).
 6 (7) Conduct that poses a risk to beneficiaries or the Medicaid program as
 7 demonstrated by repeated behavior, adverse actions, or other evidence
 8 indicating program integrity concerns.
 9 (8) For Medicaid providers that are subject to electronic visit verification
 10 requirements, failure to submit at least eighty-five percent (85%) of claims for
 11 applicable services electronically.
 12 (9) Any other reason allowable under State or federal law, rule, or regulation.
 13 (b) The Department may exercise its authority under this section regardless of whether
 14 the provider maintains a current, active license, certification, or other provider credential."

15 **SECTION 3.(c)** Subsection (a) of this section is effective when it becomes law and
 16 applies to provider enrollment and revalidation occurring on or after that date. Subsection (b) of
 17 this section is effective 30 days after it becomes law.

18 **SECTION 4.** The Department of Health and Human Services, Division of Health
 19 Benefits, shall ensure the Medicaid provider administrative participation agreement includes all
 20 of the following:

- 21 (1) A requirement that the provider identify its electronic health record system
 22 vendor.
 23 (2) A requirement that the provider notify the Division of Health Benefits of any
 24 changes to its electronic health record system vendor.
 25 (3) A requirement that every user of the provider's electronic health record system
 26 utilize a unique login to that system.
 27 (4) A requirement that the provider notify the Division of Health Benefits when
 28 that provider becomes aware that any individual employed by the provider is
 29 newly convicted of any criminal offense identified under G.S. 108C-4. This
 30 requirement applies to both current employees and any individual employed
 31 by the provider within the preceding 12 months from the date of the new
 32 conviction.

33 **SECTION 5.(a)** G.S. 108D-22, as amended by Section 3C.12(a) of S.L. 2026-1,
 34 reads as rewritten:

35 "**§ 108D-22. PHP provider networks.**

36 (a) Provider Networks. – Except as provided in ~~G.S. 108D-23(e)~~ subsection (e) of this
 37 section, G.S. 108D-23(c), and G.S. 108D-24(b), each PHP shall develop and maintain an open
 38 network of providers that meets access to care requirements for its enrollees.

39 ...

40 (d) Closed Networks for Designated Service Categories. – If an open network for a
 41 designated service category would jeopardize quality of care, program integrity, or cost-effective
 42 use of Medicaid funds, then, notwithstanding subsection (a) of this section, a PHP may develop
 43 a closed network for that designated service category and exclude providers that are not
 44 designated essential providers from that closed network. Prior to creating a closed network for a
 45 designated service category, the PHP must receive approval from the Department of the PHP's
 46 written request to close its provider network for that service category. This written request must
 47 include a demonstration of ongoing network adequacy. If the Department does not respond to a
 48 written request from a PHP for approval to close its provider network for a designated service
 49 category within 180 days after the request was submitted, the request is deemed approved.

1 (e) Mandatory Closed Networks. – Each PHP shall develop and maintain a closed
2 network, and may exclude providers from that closed network, for the provision of the following
3 services:

4 (1) Peer support services.

5 (2) Research-based behavioral health treatment services."

6 **SECTION 5.(b)** G.S. 108D-24, as amended by Section 3C.12(c) of S.L. 2026-1,
7 reads as rewritten:

8 "**§ 108D-24. Children and families specialty plan networks.**

9 (a) The entity operating the children and families specialty plan shall operate provider
10 networks in accordance with this section and G.S. 108D-22.

11 (b) ~~The~~In addition to the closed networks required under G.S. 108D-22, the entity
12 operating the children and families specialty plan shall develop a closed network, and may
13 exclude providers from that closed network, for the provision of the following services:

14 (1) Intensive in-home services.

15 (2) Multisystemic therapy.

16 (3) Residential treatment services.

17 (4) Services provided in psychiatric residential treatment facilities.

18 (5) Community support team services.

19 (d) In addition to the requirement to cover essential providers under G.S. 108D-22, the
20 entity operating the CAF specialty plan shall not exclude federally recognized tribal providers or
21 Indian Health Service providers from any provider network."

22 **SECTION 6.(a)** G.S. 108A-54.3A(a) is amended by adding a new subdivision to
23 read:

24 "(25) Qualifying individuals allowed under section 214 of the Children's Health
25 Insurance Program Reauthorization Act of 2009, P.L. 111-3, and described in
26 42 U.S.C. § 1396b(v)(4)."

27 **SECTION 6.(b)** G.S. 108A-54.3A(c), as amended by Section 3C.4(b) of S.L.
28 2026-1, reads as rewritten:

29 "(c) Medicaid coverage for individuals who are not citizens of the United States shall be
30 limited to coverage that is federally required for the State's participation in the Medicaid
31 ~~program-program~~program, except as provided for under subdivision (25) of subsection (a) of this section."

32 **SECTION 6.(c)** This section is effective October 1, 2026.

33 **SECTION 7.** Except as otherwise provided, this act is effective when it becomes
34 law.