



HOUSE BILL 576:

Dept. of Health and Human Services Revisions.

2025-2026 General Assembly

Committee:	Senate Health Care. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 5, 2025
Introduced by:	Rep. Potts	Prepared by:	Jessica Boney
Analysis of:	Second Edition		Jennifer Hillman Staff Attorneys

OVERVIEW: *House Bill 567 would make technical, conforming, and clarifying changes to pertaining to the Department of Health and Human Services (DHHS), Division of Child and Family Well-Being, Division of Health Benefits, Division of Health Services Regulation, Division of Public Health, Division of Social Services, and Division of State-Operated Health Facilities. The bill would also make the following substantive changes:*

- *Section 2.1 would extend the temporary authority of the federally facilitated marketplace to make North Carolina Medicaid eligibility determinations for certain applicants until June 30, 2028.*
- *Section 3.2 would permit the Department and county departments of social services to inspect (i) a residence or facility believed to be operating as an assisted living residence without appropriate licensure or registration, or (ii) a registered multiunit assisted housing with services facility to determine if it is operating as a licensable adult care home facility without a license.*
- *Section 5.1 would permit the chief district court judge to authorize one or more magistrates to hear and issue ex parte motions for the provision of emergency services to disabled adults outside of the clerk's business hours.*
- *Section 5.3 would allow the Department to provide foster parents, prospective foster parents, or prospective adoptive parents a copy of their criminal history for purposes of reviewing or challenging the accuracy of the criminal history.*
- *Section 6.1 would support implementation of community-based capacity restoration programs and detention center capacity restoration programs.*

BILL ANALYSIS:

Part I – Division of Child and Family Well-Being

Section 1.1 would designate the Department, previously the Division of Public Health, as the State agency responsible for managing school nurse funds.

Part II – Division of Health Benefits

Section 2.1 would extend the temporary authority of the federally facilitated marketplace to make North Carolina Medicaid eligibility determinations for certain applicants until June 30, 2028. The temporary authority currently expires on June 30, 2025. Medicaid eligibility determinations are otherwise made by county departments of social services.

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Section 2.2 would correct language enacted in S.L. 2024-34 specifying a period after release from incarceration when a Medicaid beneficiary will receive services through NC Medicaid Direct before enrolling with a prepaid health plan (PHP). Under this section, these Medicaid beneficiaries would participate in NC Medicaid Direct until the start of the next month after it has been one full year since their release, while current law requires enrollment with a PHP at their next eligibility certification period, even if that is less than a year after release. This section would apply to (i) inmates released on or after the date the act would become law and (ii) inmates released on or after January 1, 2025, who are not enrolled with a PHP on the date this act would become law.

Section 2.3 would conform G.S. 108C-3 to reflect updated Medicaid provider screening requirements in federal regulations that took effect in 2023 and 2024. The conforming changes require heightened screening for skilled nursing facilities, portable x-ray suppliers, newly-enrolling hospice organizations, and certain providers that received a waiver of fingerprinting requirements when they initially enrolled due to a national, state, or local emergency. The changes in Section 2.3(a) would be retroactively effective January 1, 2023. The remainder of the changes in this section would be retroactively effective January 1, 2024.

Section 2.4 would make clarifying changes to the Medicaid subrogation statute to reflect changes to the Medicaid program that are associated with the transition to a managed care model and PHP contracts, which began in 2021. The changes would explicitly authorize PHPs to receive subrogation payments for their enrollees when the PHP is designated by DHHS and would require certain information related to a subrogation claim to be sent those PHPs. This section would apply to subrogation for Medicaid claims brought by Medicaid beneficiaries against third parties on or after that date.

Part III – Division of Health Service Regulation

Section 3.1 would align the capacity of medical foster homes under the supervision of the United State Department of Veteran Affairs with federal regulations by changing the capacity to care for no more than three persons, previously no more than four persons.

Section 3.2(a) would raise the penalty for operating an unregistered multiunit housing with service program to a Class H felony, including a fine of \$1,000 a day for each day the facility operates in violation.

Section 3.2(b) would permit the Department and county departments of social services to inspect (i) a residence or facility believed to be operating as an assisted living residence without appropriate licensure or registration, or (ii) a registered multiunit assisted housing with services facility to determine if it is operating as a licensable adult care home facility without a license.

The penalty for operating an assisted living facility without a license or registration would be raised to a Class H felony, including a fine of \$1,000 a day for each day the facility operates in violation.

This section would be effective December 1, 2025.

Section 3.3(a) would add a definition for DHSR to the Hospital Licensure Act. **Section 3.3(b)** would align the hospital reporting requirements under the Hospital Violence Protection Act with the hospital license renewal application process. Each hospital would report on violent acts annually by February 28th for the prior fiscal federal fiscal year ending September 30th.

Section 3.4 would repeal Part 6 of Article 6 of Chapter 131E of the General Statutes governing the no longer existent NC New Organizational Vision Award Program.

Section 3.5 would designate the North Carolina Office of Emergency Medical Services as the entity responsible for approving individuals to administer epinephrine after completing the medical services training program.

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Part IV – Division of Public Health

Section 4.1 would amend the composition of the Local Child Fatality Review Teams to allow the social service directors and local health directors to designate a member of senior management to join in their place. The limit on the number of ad hoc members that may participate on the Local Team would be removed.

Sections 4.2(a) and **4.2(b)** would substitute erroneous references to the Commission for Public Health with the Department of Health and Human Services in the statutes governing the statewide chemical alcohol testing program.

Sections 4.3(a) and **4.3(b)** would substitute references to the defunct Cancer Committee of the N.C. Medical Board with the Advisory Committee on Cancer Coordination and Control.

Section 4.4 would remove the requirement for local registrars at Local Health Departments to submit paper copies of vital records to the County Register of Deeds.

Section 4.5 would align State communication of mammographic breast density information to patients with federal guidelines.

Section 4.6 would extend the option to donate a portion of State tax refunds to the breast and cervical cancer control program until January 1, 2030.

Part V – Division of Social Services

Section 5.1 allows the following: (i) when the office of the clerk is closed for a magistrate to accept the filing of a petition for an order authorizing the provision of emergency services to a disabled adult in emergency situations, and (ii) for the chief district court judge to authorize one or more magistrates to hear and issue ex parte motions for the provision of emergency services to disabled adults outside of the clerk's business hours.

Section 5.2 would align G.S. 108A-150(g) with federal regulations by directing a child care facility must not conditionally employ an applicant prior to receiving the results of the applicant's criminal history record check.

Section 5.3(a) would allow the Department to provide prospective adoptive parents a copy of their criminal history for purposes of reviewing or challenging the accuracy of the criminal history. **Section 5.3(b)** would allow the Department to provide a foster parent or a prospective foster parent a copy of their criminal history information for purposes of reviewing or challenging the accuracy of the criminal history. Public child placing agencies would be required to have an employee on staff that is trained and certified to receive criminal history information.

Part VI – Division of State-Operated Healthcare Facilities

Section 6.1 would support the implementation of pilot programs for community-based capacity restoration programs (CBCRP) and detention center capacity restoration programs (DCCRP). A court would be able to order capacity restoration at a CBCRP or a DCCRP as an alternative to a State-operated psychiatric hospital for individuals recommended by a forensic evaluator.

The Department or a Local Management Entity/Managed Care Organization (LME/MCO) may contract for 3 or more county or regionally based CBCRPs. The Department or an LME/MCO, in consultation with the appropriate sheriff, may contract for up to 3 DCCRPs. The DCCRPs would be county-based or regionally based, but no DCCRP would be regionally based without the express consent of the sheriffs of every county within the prospective DCCRP.

EFFECTIVE DATE: Except as otherwise provided, this act would be effective when it becomes law.