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Focusing on Legislative Representation

LEGISLATIVE REPORT October 10, 2025

The General Assembly came into Raleigh for their September session and approved several measures, including a Regulatory Reform bill, a “mini-budget” focused on disaster recovery and infrastructure/economic development projects, a crime bill prompted by the murder of Iryna Zarutskya, a policy addressing political terrorism, and a new adjournment resolution. It was the legislature’s busiest monthly session since adjourning at the end of June, but key priorities remain unresolved, most notably Medicaid rebase funding and a full two-year budget.

Legislators departed without a deal to prevent looming Medicaid reimbursement cuts, leaving physicians, hospitals, nursing homes and many other providers bracing for reductions by the October 1st deadline. The NC Department of Health and Human Services warned that it needs additional funding by Oct. 1 to avoid those rate cuts with NC DHHS Secretary Dev Sangvai saying “Just like any household budget, we must make decisions based on the resources we know are available, not those we hope to receive.” He added, “Without legislative action, health care providers will see reduced payments and North Carolinians will see reduced access to care.”

The House passed a bill to provide \$192 million more for Medicaid by trimming vacant positions in DHHS and ending coverage of GLP-1 drugs for weight loss. The Senate proposed similar additional funding but used another path, combining Medicaid funding with other health projects, including a new children’s hospital in Wake County. “This bill is a clean bill. We’re not playing games with it,” said Rep. Lambeth, who criticized the Senate plan for “funding other things that we just weren’t comfortable with.” Rep. Campbell, a physician, said, “These cuts are not, I repeat, not necessary. We have already appropriated over a half a billion dollars, not including the federal amount that will come with that as well.”

Gov. Stein accused lawmakers of endangering the program, saying, “Failure to act will lose us critical federal funding and take more than a billion dollars total out of our state’s health care system, needlessly hurting people’s health, health care providers, and our economy.” He added, “What’s crazy is that both the House and Senate agree that more funding is needed, and they agree on exactly how much, but they’re allowing a separate disagreement between the chambers to sink this critical funding. ... It’s inexcusable.”



NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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Stein said he will “keep pushing to reverse the damage ... using every tool at my disposal,” including the Medicaid contingency fund. Speaker Hall argued Tuesday that enough money is available until June. Stein rejected that claim: “The State Constitution requires the state to have a balanced budget. DHHS cannot spend money that it does not have. It cannot put health care costs on a credit card. It cannot spend at a rate that we know is unsustainable due to increased utilization and due to rising health care costs.” He also said, “We cannot look to Washington to save us. We must save ourselves.”

Jay Ludlam, NC Medicaid’s Deputy Secretary, said last year’s Medicaid budget ended with only \$9,000 left from \$34 billion in spending — “too close of a call for this big of a program.” Stein added that waiting until late October would force deeper cuts: “We did not institute these cuts in July, in August or September ... we were as clear as a ringing bell that this was their moment to solve this problem.” Health groups have urged DHHS to pause the cuts, but the agency said doing so beyond Oct. 1 would have “devastating impacts.” Stein called the reductions “reversible” and said, “I know the House and the Senate can work together. I know the General Assembly and my administration can work together. I am ready to sign a clean Medicaid funding bill today.”

Although the Governor, DHHS, the Senate and the House all agree that more funding is needed — the cuts went into effect on October 1st.

BUDGET UPDATE

With no agreement yet on a full two-year state budget, North Carolina legislators advanced a small spending package this week targeting disaster relief, infrastructure and economic development. The Senate passed the measure unanimously Monday, and the House followed Tuesday without debate, sending the bill to Gov. Stein. Key provisions include \$65 million for disaster recovery from Tropical Storm Chantal, \$35 million for public infrastructure near Raleigh’s arena complex, and \$51 million for economic development in Hertford County — including a publicly owned dock and new road construction. The package also earmarks \$65 million for the N.C. Global TransPark Authority as part of a larger construction initiative and provides \$1.5 million to help Raleigh-Durham International Airport expand nonstop service to Dublin. Another mini-budget bill passed the Senate unanimously, but has not been taken up in the House. House Bill 389 makes broad investments across health care, education, public safety, and infrastructure, including funding the Healthy Opportunities Pilots program and community-based mental health services.

IRYNA’S LAW

The General Assembly has passed “Iryna’s Law,” a sweeping crime bill responding to the killing of 23-year-old Iryna Zarutska in Charlotte last month. Zarutska, who had fled war-torn Ukraine, was stabbed to death on a commuter train in what police say was a random attack. The accused, Decarlos Brown, a homeless man with a history of mental illness, has been sent for psychiatric evaluation and was awaiting trial on other misdemeanor charges at the time of the killing.

The legislation seeks to toughen North Carolina’s criminal justice system on several fronts. It adds stricter bail rules, increases monitoring of defendants with mental health issues, and includes a controversial provision to restart the death penalty, a practice dormant for years in this state. The bill passed the Senate 28–8 after most Democrats walked out in protest, and then cleared the House 82–30 the next day. The measure had strong bipartisan support before Senate leader Berger added the death-penalty amendment. Governor Stein signed the bill into law this week although he expressed reservations about the lack of mental health funding and some of the provisions in the bill regarding the death penalty.

The troubling thing about this new law is a provision that would require law enforcement to bring violent offenders to the emergency department or other crisis facility with certified commitment examiners for the initial examination in certain conditions. We believe this would cause safety issues in the emergency department and increase boarding since the new law does not have any provisions for new mental health funding or additional beds to provide treatment. Since this bill was worked out by the House and Senate before it was released for review there were no opportunities to amend the bill to address these issues; however, we have been assured that we will have an opportunity to address our concerns before the effective date of December 1, 2025. A summary of the bill is below.

REP. JIMMY DIXON ANNOUNCES RETIREMENT

After 8 terms in the state House, Rep. Jimmy Dixon has decided not to seek re-election in 2026. Dixon, a Republican representing Duplin and Wayne counties, is the Senior Chairman of the Agriculture and Environment Committee, Senior Chairman of Appropriations, Agriculture and Natural and Economic Resources, and a Vice Chairman of Appropriations.

LEGISLATIVE SCHEDULE

The General Assembly has passed a new adjournment resolution that expands each monthly return from one day to three days, offering more time for business to take place.

The new reconvening dates include:

- October 20 – 23
- November 17 – 20
- December 15 – 18
- January 12 – 15
- February 9 – 12
- March 9 – 12
- April 6 – 9
- April 21, 2026 (Short Session begins)

BILL UPDATES

House Bill 13, Charges for Credit & Charge Cards, was amended in the House Finance Committee to: (1) amend the cap on how much a merchant can charge for payment by credit or charge card, to now prohibit charging more than 2% of the total transaction (was, prohibited from charging more than 3% of the total transaction or the charge that the merchant pays to a payment card entity to facilitate or process the payments, whichever is greater); and amend the effective date of the statute so that it is applicable to payments made on or after January 1, 2026 (was, October 1, 2025). **The bill as amended was approved by the House Finance Committee and will next be considered by the House Rules Committee.**

House Bill 192, Defund Planned Parenthood and Cost Transparency. The prior provisions of this bill were stripped out and the bill is brand new with the following:

- Section 1 of the bill prohibits Planned Parenthood's participation in Medicaid and requires the Department of Health and Human Services to disenroll Planned Parenthood as a Medicaid provider in NC.
- Section 2 of the bill provides that a hospital or ambulatory surgical facility shall not refer a patient's unpaid bill to a collections agency unless it has first presented an itemized list

of charges to the patient detailing, in language comprehensible to an ordinary layperson, the specific nature of the charges or expenses incurred by the patient. This section also provides for a patient's right to a good-faith estimate for a shoppable service. A shoppable service is defined as a non-urgent service that can be scheduled by a patient in advance.

The bill was approved by the Senate and will next be considered in the House Rules Committee.

House Bill 307, Irnya's Law. This bill which has been described as the crime bill provides a number of provisions in response to the violent death of the Irnya Zarutka in Charlotte. The bill modifies laws related to pretrial release conditions.

The bill also provides that if a defendant is (i) charged with a violent offense and, after a search of the court records for the defendant, the judicial official determines that the defendant has previously been subject to an order of involuntary commitment within the prior three years, or (ii) charged with any offense and the judicial official has reasonable grounds to believe the defendant is a danger to themselves or others, the judicial official shall set conditions of pretrial release and shall issue an order that **includes all of the following**:

1. Require the defendant to receive an initial examination by a commitment examiner to determine if there are grounds to petition for involuntary commitment of the defendant pursuant to Article 5 of Chapter 122C of the General Statutes.
2. Require the arresting officer to immediately transport, or cause to be transported, by an officer of the arresting officer's agency, the defendant to **a hospital emergency department** or other crisis facility with certified commitment examiners for the initial examination. If the defendant has met all other conditions of pretrial release, the transporting officer may release the defendant after the initial examination is conducted if one of the following criteria is met: (a) No petition for involuntary commitment is filed pursuant to Article 5 of Chapter 122C of the General Statutes. (b) A petition for involuntary commitment is filed, but no custody order is issued.
3. Require the commitment examiner, after conducting the initial examination to do one of the following: (a) Petition for involuntary commitment of the defendant, if there are grounds for that petition. (b) Provide written notice to the judicial official that entered the order for initial examination that there are no grounds to petition for involuntary commitment of the defendant.
4. Provide that, except as provided in other provisions, whether or not the defendant has met all other conditions of pretrial release, if a petition for involuntary commitment is filed the custody of the defendant shall be determined pursuant to the provisions of that Article during the pendency of that petition and any hearings and orders issued pursuant to that Article.
5. Provide that if a defendant has not met all other conditions of pretrial release, if one of the following criteria is met, the defendant shall be transported to and held in the local confinement facility of the county where the conditions of pretrial release were set until all conditions of pretrial release have been met: (a) A petition for involuntary commitment is not filed pursuant to Article 5 of Chapter 122C of the General Statutes. (b) A custody order is not issued pursuant to G.S. 122C-261. (c) At any other time, the provisions of Article 5 of Chapter 122C of the General Statutes would result in the release of the defendant.

The bill also directs the NC Collaboratory to study the intersection of mental health and the justice system for both adults and juveniles in North Carolina, including initial response, mental health

evaluation, inpatient and outpatient involuntary commitment, incarceration, post-release monitoring and treatment and any other items the Collaboratory deems relevant. The bill reallocates \$1 million to fund the study.

And finally, the bill provides that the infliction of the death penalty by administration of lethal substances shall NOT be construed to be the practice of medicine. **The bill was approved by the full Senate and House and has been signed into law by Governor Stein.**

House Bill 389, Continuing Budget Operations Part III, is a proposed mini budget released by the Senate which was not taken up by the House during the September session.

The bill would provide over \$12 million to provide increased funding for implementation of the Transitions to Community Living Initiative Plan designed to achieve compliance with the 2012 U.S. Department of Justice Settlements. The bill would also provide \$30 million in funding for the Medicaid Healthy Opportunities Pilot also known as HOP and additional funding for school safety grants.

The bill also provides that the lead State agency designated by the Governor to develop and submit the application for funding under the Rural Health Transportation Program (RHTP) established by the One Big Beautiful Bill Act shall collaborate with all relevant state entities to ensure that the RHTP application submitted on behalf of North Carolina includes demonstrated expertise on any combination of rural healthcare access, rural healthcare quality, rural healthcare workforce, or rural healthcare outcomes through system transformation. **The bill was approved by the Full Senate and was sent to the House Rules Committee.**

House Bill 562, Healthcare Investment Act. This bill is the Senate's proposed approach to funding the Medicaid rebase. The bill would provide \$690 million in funding for the rebase and provide for elimination of vacant state positions. The bill would also provide funding for the proposed children's hospital to be built in Apex. Funding for the children's hospital is a Senate leadership priority; however, it is not a priority for the House, and the bill did not move forward in the House. **The bill was approved by the Full Senate and was sent to the House Appropriations Committee.**

Senate Bill 13, Political Terrorism Prevention Act. The provisions of this bill were removed in the House Rules Committee and replaced with new provisions that would:

- define *politically motivated act of violence* as any act that constitutes a criminal offense under North Carolina law in which the offender intentionally targets, harms, threatens, or attempts to harm another person, in whole or in part, because of the victim's real or perceived political beliefs, viewpoints, affiliations, party membership, advocacy, candidacy for public office, voting history, participation in lawful political demonstrations, or public expression on political issues, and add politically motivated acts of violence as an aggravating factor in felony sentencing;
- enact a new statute setting out politically motivated violence sentence enhancement, directing that if a person is convicted of a felony offense, and the court or trier of fact finds that the offense was a politically motivated act of violence, then all of the following apply: (1) person must be sentenced at a felony class level one class higher than the principal felony for which the person was convicted and (2) the offender is ineligible for parole, early release or other form of sentencing reduction. The statute would establish the existence of politically motivated violence to the factfinder, for pleading the allegations constituting politically motivated violence, burdens of proof, and separate pleas for

underlying felony and sentence enhancement by the defendant and provide for a jury trial on the issue of politically motivated violence;

- expand capital sentencing aggravators to include when the capital felony was committed against a victim because of the victim's political beliefs, public political activity, candidacy for office, or affiliation with a political movement, and the act was committed to silence, intimidate, or retaliate against political expression. The bill would require notice of the aggravator to be included in the intent to seek the death penalty and allow the aggravator to be considered during capital sentencing even if the defendant pleads guilty; and
- require a district attorney to notify the Attorney General in any case involving a politically motivated act of violence.

The bill as amended was approved by the House Rules Committee and the full House and will next be considered by the Senate Rules Committee.

Senate Bill 403, Additional Medicaid Funds and Requirements. This bill is the proposed House “clean” Medicaid rebase funding bill. Unlike the Senate version which would also add funding for the proposed children’s hospital, the House bill focuses on providing \$690 million in recurring funds to fund the Medicaid rebase. The bill would also require additional state agency vacant positions cuts and DHHS mandatory vacant position eliminations. In addition, the bill would discontinue Medicaid coverage of obesity management medications. **The bill was approved by the full House and was sent to the Senate where they quickly sent it to the Senate Rules Committee and did not consider it further.**

Senate Joint Resolution 776, Adjournment Resolution Changes, amends the adjournment resolution, Resolution 2025-8, as follows:

- changes the start date of the October session from October 21, to October 20, at 10:00 am, and extends the session to October 23;
- changes the start date of the November session from November 18, to November 17 at 10:00 am, and extends the session to November 20;
- changes the start of the December session from December 16 to December 15, at 10:00 am, and extends the session to December 18;
- changes the start date of the January 2026 session from January 13, to January 12 at 10:00 am and extends the session to January 15;
- changes the start of the February session from February 10 to February 9 at 10:00 am, and extends the session to February 12;
- changes the start of the March session from March 10 to March 9 at 10:00 am and extends the session to March 12; and
- changes the start of the April session from April 7 to April 6 at 10:00 am and extends the session to April 9;
- amends the bills that can be considered during the sessions that begin on September 22, October 20, November 17, December 15, January 12, February 9, March 9, and April 6 to include: (1) adoption of conference reports for bills, including bills providing for disaster recovery, for which conferees had been appointed by both houses on or before September 25 (was, Thursday, July 31) 2025, and (2) bills, including bills providing for disaster recovery, returned on or before September 25 (was, Thursday, July 31) 2025, to the house in which the bill originated for concurrence.

Effective: September 24, 2025.

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