

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**SENATE BILL 239**

Short Title: Raise DSP Pay to \$25 Per Hour. (Public)

Sponsors: Senators Grafstein and Moffitt (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 6, 2025

A BILL TO BE ENTITLED  
AN ACT TO PROVIDE A WAGE INCREASE TO DIRECT SUPPORT PROFESSIONALS  
THAT SERVE MEDICAID BENEFICIARIES RECEIVING SERVICES UNDER THE  
NORTH CAROLINA INNOVATIONS WAIVER.

Whereas, local management entities/managed care organizations (LME/MCOs) must maintain adequate provider networks pursuant to their managed care contracts and 42 C.F.R. § 438.68 and must "assure clients' care is coordinated, received when needed, likely to produce good outcomes, and is neither too little nor too much service to achieve the desired results" pursuant to G.S. 122C-115.4(b)(5); and

Whereas, there is a serious shortage of direct support professionals (DSPs) available to provide services under the North Carolina Innovations waiver and other funding sources supporting the needs of people with intellectual and developmental disabilities (I/DD); and

Whereas, the DSP workforce shortage has caused significant disruption in services for many Medicaid beneficiaries with I/DD; and

Whereas, a leading factor in the DSP workforce shortage is the inadequacy of compensation rates; and

Whereas, legislatively provided, short-term DSPs pay enactments are not a substitute for LME/MCO responsibility to maintain adequate rates and network adequacy in their respective catchment areas on an ongoing basis; and

Whereas, appropriate and competitive compensation rates vary geographically, and the monitoring of such local market conditions is within the purview and responsibility of each LME/MCO; Now, therefore,

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** It is the intent of the General Assembly to assist in increasing the hourly wages of direct support professionals (DSPs) that serve Medicaid beneficiaries receiving services under the North Carolina Innovations waiver by five dollars (\$5.00) per hour for the 2025-2026 fiscal year and by five dollars (\$5.00) per hour for the 2026-2027 fiscal year. To that end, the Department of Health and Human Services, Division of Health Benefits (DHB), shall provide a rate increase for services provided by DSPs to Medicaid beneficiaries receiving services under the North Carolina Innovations waiver. This rate increase shall be effective on the date approved by the Centers for Medicare and Medicaid Services but no sooner than July 1, 2025. Any provider receiving a rate increase under this section shall be required to use at least ninety percent (90%) of the funding that results from that rate increase to increase the rate of pay paid to its DSP workforce. This wage increase shall be provided in addition to the rate of pay each employee was receiving as of June 30, 2025. DHB shall determine the amount of the rate increase under this section and the definition of DSP to be applied.



1           **SECTION 1.(b)** Upon implementation of the rate increase under subsection (a) of  
2 this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to  
3 local management entities/managed care organizations (LME/MCOs). These capitation rate  
4 adjustments shall include amounts sufficient to implement the same rate increase for providers  
5 paid by the LME/MCO and all LME/MCOs shall be required to implement that rate increase.  
6 Providers receiving a rate increase under this section shall be subject to the requirements of this  
7 section.

8           **SECTION 1.(c)** Prior to receiving the rate increase under this section, all providers  
9 employing DSPs that serve Medicaid beneficiaries receiving services through the North Carolina  
10 Innovations waiver shall attest and provide verification to DHB, or to the relevant LME/MCO,  
11 that at least ninety percent (90%) of the funding that results from that rate increase is being used  
12 to increase the rate of pay paid to its DSP workforce. DHB shall set the standards for  
13 documentation that shall be required as verification that the provider used the rate increase in the  
14 manner required by this section, and LME/MCOs shall use these same standards at a minimum.  
15 DHB and LME/MCOs may require verifiable methods of accounting, such as payroll-based  
16 journals. Providers receiving a rate increase under this section shall keep documentation of the  
17 use of that rate increase and make the documentation available upon request by DHB or by the  
18 relevant LME/MCO.

19           **SECTION 1.(d)** In addition to other allowable reasons for recoupment of funds,  
20 LME/MCOs may recoup part or all of the funds related to the rate increase received by a provider  
21 pursuant to this section if the LME/MCO determines that the provider did not use at least ninety  
22 percent (90%) of the funding that results from that rate increase to increase the rate of pay paid  
23 to its DSP workforce.

24           **SECTION 1.(e)** For the 2025-2027 fiscal biennium, LME/MCOs shall report on a  
25 quarterly basis to DHB and to the Joint Legislative Oversight Committee on Medicaid regarding  
26 provider development efforts and planned or enacted provider rate increases as they pertain to  
27 the DSP workforce.

28           **SECTION 2.** Effective July 1, 2025, there is appropriated from the General Fund to  
29 the Department of Health and Human Services, Division of Health Benefits, the sum of one  
30 hundred fifteen million three hundred seventy thousand dollars (\$115,370,000) in recurring funds  
31 for the 2025-2026 fiscal year and the sum of two hundred thirty million seven hundred eighty  
32 thousand dollars (\$230,780,000) in recurring funds for the 2026-2027 fiscal year to be used to  
33 implement the changes in this act. These funds shall provide a State match for two hundred ten  
34 million seven hundred thirty thousand dollars (\$210,730,000) in recurring federal funds for the  
35 2025-2026 fiscal year and the sum of four hundred twenty-one million five hundred twenty  
36 thousand dollars (\$421,520,000) in recurring federal funds for the 2026-2027 fiscal year, and  
37 those federal funds are appropriated to the Division of Health Benefits for the same purpose.

38           **SECTION 3.** Except as otherwise provided, this act is effective when it becomes  
39 law.