



NCDHHS

NC Medicaid Division of Health Benefit



DECEMBER 19, 2025

Medicaid Rate Reduction Reversal Update

This bulletin applies to NC Medicaid Direct and NC Medicaid Managed Care.

North Carolina Medicaid remains committed to supporting our providers and protecting access to care for the millions of beneficiaries who depend on vital services. We recognize the challenges and uncertainty the recent rate reductions may have caused, and we appreciate your continued dedication to serving Medicaid members during this period of transition.

Effective Dec. 10, 2025, the State announced the reversal of Medicaid reimbursement rate reductions that took effect Oct. 1, 2025. These reductions, generally between 3% and 10%, impacted doctors, hospitals and other medical providers statewide. The State is now taking immediate action to update NC Medicaid Direct) fee schedules to align with rates in effect Sept. 30, 2025.

This includes updating the November and December NC Medicaid Direct fee schedules that were posted on Oct. 1, 2025, which implemented the reduced rates effective Oct. 1, 2025. The updated NC Medicaid Direct fee schedules are targeted to be posted on the Department's Fee Schedules and Covered Codes Portal by Jan. 5, 2026. NC Medicaid annual procedure code updates will also be reflected in updated NC Medicaid Direct fee schedules posted Jan. 5, 2026.

For Managed Care Claims:

- Once the updated NC Medicaid Direct fee schedules are published Jan. 5, 2026, to the Department's Fee Schedules and Covered Codes Portal, health plans will have 45 days to implement the updated fee schedule in their systems.
- Health plans have an additional 30 days from the date on which the updated fee schedule rates are implemented in their systems to reprocess claims for dates of service on or after Oct. 1, 2025, that were impacted by the rate reductions effective Oct. 1, 2025.

For Medicaid FFS claims:

- All claims with dates of service on or after Oct. 1, 2025, impacted by the rate reductions will be reprocessed following system updates to implement NC Medicaid Direct fee schedule rates posted Jan. 5, 2026.
- Reprocessed claims payments will begin to be reflected in the Jan. 13, 2026, check write going forward.

Recoupment and Claims Adjustments:

Health Plans have received guidance from the Department regarding the Governor's Dec. 10, 2025, announcement and publication of updated NC Medicaid Direct fee schedules Jan. 5, 2026.

If a provider has received a letter from a health plan regarding recoupment of overpayments related to the Oct. 1, 2025, rate reductions, health plans will initiate reprocessing of impacted claims after they have implemented the updated NC Medicaid Direct fee schedule rates posted Jan. 5, 2026.

Lesser of Logic:

NC Medicaid Direct will reprocess claims for dates of service on or after Oct. 1, 2025, using the updated NC Medicaid FFS fee schedule rates posted Jan. 5, 2026. If the claim is subject to reimbursement methodology that includes lesser-of logic, which compares the provider's originally billed charge to the updated fee schedule rate, NC Medicaid FFS will:

- Reprocess claims subject to lesser-of logic for date of service on or after Oct. 1, 2025, without requiring that providers submit an adjusted claim and will reprocess the claim to pay at the

updated NC Medicaid fee schedule rate; or

- If providers elect to submit an adjusted claim that reflects an updated billed charge aligned with usual and customary services, NC Medicaid Direct will process the adjusted claim to pay at the lesser-of the updated billed charge or updated the NC Medicaid Fee Schedule rates posted to the PHP Contract Data Utility (PCDU) Jan. 5, 2026.

Providers should work with their contracted health plans to address claims subject to lesser-of logic. The Department has encouraged health plan to align with the Department's approach.

North Carolina Medicaid extends our appreciation for your patience as we work through this process. Our goal is to ensure clarity, accuracy and fairness in restoring rates and supporting our provider community. Additional updates will be shared as key milestones are reached.

Contacts

NCTracks Call Center: 800-688-6696

[Health Plan Contacts and Resources \(https://medicaid.ncdhhs.gov/health-plan-contacts-and-resources\)](https://medicaid.ncdhhs.gov/health-plan-contacts-and-resources)

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