

HB126 ENROLLED



1 WV1H5E-3
2 By Representatives South, Reynolds
3 RFD: Ways and Means General Fund
4 First Read: 21-Mar-23
5 2023 Regular Session



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1 Enrolled, An Act,

2

3 To create the Medicaid Emergency Reserve Fund and to
4 provide for the withdrawal and use of amounts deposited into
5 the fund.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. This Act shall be known as the Medicaid
8 Emergency Reserve Fund Act.

9 Section 2. The Legislature finds that it is in the best
10 interest of the State of Alabama that the Alabama Medicaid
11 Agency is not forced to reduce payments to medical providers
12 or eliminate optional but essential medical benefits to
13 Medicaid recipients when the fiscal year appropriation is
14 insufficient to continue the operations of the Medicaid
15 program. It is the intent of the Legislature that there be a
16 Medicaid Emergency Reserve Fund to ensure the continued
17 operation of the Alabama Medicaid Agency during budget
18 shortfalls.

19 Section 3. There is hereby created in the State Treasury a
20 fund to be known as the Medicaid Emergency Reserve Fund. The fund
21 shall be administered in accordance with the provisions of this
22 article. The fund shall be budgeted and allotted in accordance with
23 Sections 41-4-80 through 41-4-96 and Sections 41-19-1 through
24 41-19-12.

25 Section 4. (a) The Medicaid Emergency Reserve Fund shall
26 only be used for the following reasons:

27 (1) To cover expenditure variances due to cost increases;



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28 (2) To cover expenditure variances due to unforeseen
29 cost; or

30 (3) To prevent overdraft or deficit if the Alabama
31 Medicaid Agency is expected to expend its total State General
32 Fund appropriation before the end of the fiscal year.

33 (b) Funds in the Medicaid Emergency Reserve Fund shall
34 only be used by the Alabama Medicaid Agency when authorized by
35 the Governor.

36 (c) The Alabama Medicaid Agency must exhaust its
37 appropriation from the State General Fund for the fiscal year
38 in which the Governor approves the release before any funds
39 from the Medicaid Emergency Reserve Fund are utilized.

40 Section 5. (a) The Commissioner of the Alabama Medicaid
41 Agency shall notify the Governor when he or she foresees that
42 the Alabama Medicaid Agency will exhaust its State General
43 Fund appropriation within 180 days or less due to any of the
44 reasons stated in Section 4(a). The notification must include
45 a detailed explanation of why the State General Fund
46 appropriation will be exhausted, the anticipated amount of
47 funds necessary to continue the operation of the Medicaid
48 program until the next fiscal year, and the effect on the
49 Medicaid program if the Alabama Medicaid Agency is unable to
50 utilize funds from the Medicaid Emergency Reserve Fund.



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51 (b) The Commissioner of the Alabama Medicaid Agency
52 shall ~~contemporaneously~~ send the same notification to the
53 Chairman of the Senate Finance and Taxation Committee-General
54 Fund, and the Chairman of the House Ways and Means
55 Committee-General Fund, the State Finance Director, and the
56 Legislative Fiscal Officer.

57 Section 6. The Governor shall notify the Commissioner of
58 the Alabama Medicaid Agency, the Director of Finance, and all
59 persons listed in Section 5(b) of his or her decision to
60 release funds in the Medicaid Emergency Reserve Fund. The
61 Governor shall include the maximum amount of funds from the
62 Medicaid Emergency Reserve Fund that may be released.

63 Section 7. At the end of fiscal year 2024, and at the
64 end of every fiscal year thereafter, the unencumbered balance
65 of both the Medicaid State General Fund Account, Account No.
66 0106, and the Medicaid State General Fund Carryforward
67 Account, Account No. 0110, that was not appropriated in a
68 future budget, shall be transferred to the Medicaid Emergency
69 Reserve Fund no later than November 15 of the following fiscal
70 year. Each year the legislature shall appropriate the
71 expected carryforward in the Medicaid Emergency Reserve Fund
72 back to the fund for use in the next fiscal year. Each year
73 the legislature shall also appropriate any expected transfers
74 from both the Medicaid State General Fund Account, Account No.



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75 0106, and the Medicaid State General Fund Carryforward
76 Account, Account No. 0110, to the Medicaid Emergency Reserve
77 Fund.

78 Section 8. (a) In addition to all other appropriations,
79 there is hereby appropriated \$88,000,000 from the Medicaid
80 State General Fund Carryforward Account to the Medicaid
81 Emergency Reserve Fund for the state fiscal year ending
82 September 30, 2024.

83 (b) In addition to all other appropriations, there is
84 hereby appropriated \$88,000,000 from the Medicaid Emergency
85 Reserve Fund to the Alabama Medicaid Agency to be used in
86 conformity with this Act during the state fiscal year ending
87 September 30, 2024.

88 Section 9. The balance in the Medicaid Emergency Reserve
89 Fund shall not exceed \$100,000,000. No transfers may be made
90 to the Medicaid Emergency Reserve Fund if the balance is
91 \$100,000,000.

92 Section 10. The State Treasurer shall invest the funds
93 in the Medicaid Emergency Reserve Fund in investments which
94 are eligible investments for the ~~Alabama Trust Fund as~~
95 ~~authorized by Amendment No. 450 and Amendment No. 488 of the~~
96 ~~Constitution of Alabama of 1901~~ State Treasurer, as authorized
97 by subsections (b), (c), and (d) of Section 41-14-30, Code of
98 Alabama 1975. All interest earned on the investment of money



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99 in the reserve fund shall be credited to the State General
100 Fund. The State Treasurer shall receive no fees or
101 compensation for his or her work in complying with this
102 provision.

103 Section 11. This act shall be effective upon its
104 passage and approval by the Governor, or its otherwise
105 becoming law.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 25-Apr-23, as amended.

John Treadwell
Clerk

Senate 25-May-23 Passed