

HB126 INTRODUCED



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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SYNOPSIS:

This bill creates the Medicaid Emergency Reserve Fund and provides for the withdrawal and use of the amounts deposited into the fund.

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

HB126 INTRODUCED

29 shortfalls.

30 Section 3. There is hereby created in the State Treasury a
31 fund to be known as the Medicaid Emergency Reserve Fund. The fund
32 shall be administered in accordance with the provisions of this
33 article. The fund shall be budgeted and allotted in accordance with
34 Sections 41-4-80 through 41-4-96 and Sections 41-19-1 through
35 41-19-12.

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

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

39 (2) To cover expenditure variances due to unforeseen
40 cost; or

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

44 (b) Funds in the Medicaid Emergency Reserve Fund shall
45 only be used by the Alabama Medicaid Agency when authorized by
46 the Governor.

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

51 Section 5. (a) The Commissioner of the Alabama Medicaid
52 Agency shall notify the Governor when he or she foresees that
53 the Alabama Medicaid Agency will exhaust its State General

HB126 INTRODUCED

54 Fund appropriation within 180 days or less due to any of the
55 reasons stated in Section 4(a). The notification must include
56 a detailed explanation of why the State General Fund
57 appropriation will be exhausted, the anticipated amount of
58 funds necessary to continue the operation of the Medicaid
59 program until the next fiscal year, and the effect on the
60 Medicaid program if the Alabama Medicaid Agency is unable to
61 utilize funds from the Medicaid Emergency Reserve Fund.

62 (b) The Commissioner of the Alabama Medicaid Agency
63 shall contemporaneously send the same notification to the
64 Chairman of the Senate Finance and Taxation Committee-General
65 Fund, and the Chairman of the House Ways and Means
66 Committee-General Fund, the State Finance Director, and the
67 Legislative Fiscal Officer.

68 Section 6. The Governor shall notify the Commissioner of
69 the Alabama Medicaid Agency, the Director of Finance, and all
70 persons listed in Section 5(b) of his or her decision to
71 release funds in the Medicaid Emergency Reserve Fund. The
72 Governor shall include the maximum amount of funds from the
73 Medicaid Emergency Reserve Fund that may be released.

74 Section 7. At the end of fiscal year 2024, and at the
75 end of every fiscal year thereafter, the unencumbered balance
76 of both the Medicaid State General Fund Account, Account No.
77 0106, and the Medicaid State General Fund Carryforward

HB126 INTRODUCED

78 Account, Account No. 0110, that was not appropriated in a
79 future budget, shall be transferred to the Medicaid Emergency
80 Reserve Fund no later than November 15 of the following fiscal
81 year. Each year the legislature shall appropriate the
82 expected carryforward in the Medicaid Emergency Reserve Fund
83 back to the fund for use in the next fiscal year. Each year
84 the legislature shall also appropriate any expected transfers
85 from both the Medicaid State General Fund Account, Account No.
86 0106, and the Medicaid State General Fund Carryforward
87 Account, Account No. 0110, to the Medicaid Emergency Reserve
88 Fund.

89 Section 8. (a) In addition to all other appropriations,
90 there is hereby appropriated \$88,000,000 to the Medicaid
91 Emergency Reserve Fund for the state fiscal year ending
92 September 30, 2024.

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

98 Section 9. The balance in the Medicaid Emergency Reserve
99 Fund shall not exceed \$100,000,000. No transfers may be made
100 to the Medicaid Emergency Reserve Fund if the balance is
101 \$100,000,000.

HB126 INTRODUCED

102 Section 10. The State Treasurer shall invest the funds
103 in the Medicaid Emergency Reserve Fund in investments which
104 are eligible investments for the Alabama Trust Fund as
105 authorized by Amendment No. 450 and Amendment No. 488 of the
106 Constitution of Alabama of 1901. All interest earned on the
107 investment of money in the reserve fund shall be credited to
108 the State General Fund. The State Treasurer shall receive no
109 fees or compensation for his or her work in complying with
110 this provision.

111 Section 11. This act shall be effective upon its
112 passage and approval by the Governor, or its otherwise
113 becoming law.