

**SB77 INTRODUCED**



1 PLOTGG-1  
2 By Senator Albritton  
3 RFD: Finance and Taxation General Fund  
4 First Read: 21-Mar-23  
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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

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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

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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

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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.

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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.