

HB126 ENGROSSED



1 WV1H5E-2
2 By Representatives South, Reynolds
3 RFD: Ways and Means General Fund
4 First Read: 21-Mar-23
5
6 2023 Regular Session



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A BILL

TO BE ENTITLED

AN ACT

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

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

25 Section 3. There is hereby created in the State Treasury a
26 fund to be known as the Medicaid Emergency Reserve Fund. The fund
27 shall be administered in accordance with the provisions of this
28 article. The fund shall be budgeted and allotted in accordance with



29 Sections 41-4-80 through 41-4-96 and Sections 41-19-1 through
30 41-19-12.

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

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

34 (2) To cover expenditure variances due to unforeseen
35 cost; or

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

39 (b) Funds in the Medicaid Emergency Reserve Fund shall
40 only be used by the Alabama Medicaid Agency when authorized by
41 the Governor.

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

46 Section 5. (a) The Commissioner of the Alabama Medicaid
47 Agency shall notify the Governor when he or she foresees that
48 the Alabama Medicaid Agency will exhaust its State General
49 Fund appropriation within 180 days or less due to any of the
50 reasons stated in Section 4(a). The notification must include
51 a detailed explanation of why the State General Fund
52 appropriation will be exhausted, the anticipated amount of



53 funds necessary to continue the operation of the Medicaid
54 program until the next fiscal year, and the effect on the
55 Medicaid program if the Alabama Medicaid Agency is unable to
56 utilize funds from the Medicaid Emergency Reserve Fund.

57 (b) The Commissioner of the Alabama Medicaid Agency
58 shall ~~contemporaneously~~ send the same notification to the
59 Chairman of the Senate Finance and Taxation Committee-General
60 Fund, and the Chairman of the House Ways and Means
61 Committee-General Fund, the State Finance Director, and the
62 Legislative Fiscal Officer.

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

69 Section 7. At the end of fiscal year 2024, and at the
70 end of every fiscal year thereafter, the unencumbered balance
71 of both the Medicaid State General Fund Account, Account No.
72 0106, and the Medicaid State General Fund Carryforward
73 Account, Account No. 0110, that was not appropriated in a
74 future budget, shall be transferred to the Medicaid Emergency
75 Reserve Fund no later than November 15 of the following fiscal
76 year. Each year the legislature shall appropriate the



77 expected carryforward in the Medicaid Emergency Reserve Fund
78 back to the fund for use in the next fiscal year. Each year
79 the legislature shall also appropriate any expected transfers
80 from both the Medicaid State General Fund Account, Account No.
81 0106, and the Medicaid State General Fund Carryforward
82 Account, Account No. 0110, to the Medicaid Emergency Reserve
83 Fund.

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

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

94 Section 9. The balance in the Medicaid Emergency Reserve
95 Fund shall not exceed \$100,000,000. No transfers may be made
96 to the Medicaid Emergency Reserve Fund if the balance is
97 \$100,000,000.

98 Section 10. The State Treasurer shall invest the funds
99 in the Medicaid Emergency Reserve Fund in investments which
100 are eligible investments for the ~~Alabama Trust Fund~~ as



101 ~~authorized by Amendment No. 450 and Amendment No. 488 of the~~
102 ~~Constitution of Alabama of 1901 State Treasurer, as authorized~~
103 by subsections (b), (c), and (d) of Section 41-14-30, Code of
104 Alabama 1975. All interest earned on the investment of money
105 in the reserve fund shall be credited to the State General
106 Fund. The State Treasurer shall receive no fees or
107 compensation for his or her work in complying with this
108 provision.

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



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House of Representatives

115 Read for the first time and referred 21-Mar-23
116 to the House of Representatives
117 committee on Ways and Means General
118 Fund
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120 Read for the second time and placed 19-Apr-23
121 on the calendar:
122 2 amendments
123
124 Read for the third time and passed 25-Apr-23
125 as amended
126 Yeas 105
127 Nays 0
128 Abstains 0
129
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131 John Treadwell
132 Clerk
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