

# 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

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 shortfalls.

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



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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

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

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



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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  
130  
131 John Treadwell  
132 Clerk  
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