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FISCAL IMPACT REPORT

SPONSOR: Bratton DATE TYPED: 03/02/01 HB 867
 SHORT TITLE: Medicaid Reserve Fund SB _____
 ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Narrative			

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 807; Relates to House Bill 868 and House Bill 641

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	See Narrative		Recurring	Medicaid Reserve Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Human Services Department (HSD)
 Department of Labor (DOL)

SUMMARY

Synopsis of Bill

House Bill 867 would establish the “Medicaid Reserve Fund” which would be used to meet shortfalls in the budget for Medicaid payments.

Significant Issues

HSD indicates that the Medicaid program would be able to operate without interruptions due to budget shortfalls once the fund is established.

PERFORMANCE IMPLICATIONS

The Human Services Department's Medical Assistance Division (HSD/MAD) initiated HB 867, as one of several mechanisms to help ensure uninterrupted payments to Medicaid program providers.

FISCAL IMPLICATIONS

The bill language "makes an appropriation" but does not contain an appropriation. The bill does provide the language that all earnings of the fund shall be credited to the fund and any unexpended or unencumbered balance in the fund shall not revert to another fund at the end of the fiscal year.

ADMINISTRATIVE IMPLICATIONS

HSD would be able to process payments for Medicaid program services in excess of the annual budget appropriation, without having to wait for supplemental or deficiency appropriations to be granted by the next legislature.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

This bill is a duplicate of Senate Bill 807.

It is a companion to House Bill 868, which would make annual appropriations to the Medicaid program non-reverting, thus providing MAD the ability to pay for billings received after the close of a budget year (for services provided in the former budget year).

It is similar to House Bill 641 "Appropriation Contingency Fund," which provides the Medicaid program with \$163 million in general fund to cover current year budget shortfalls

TECHNICAL ISSUES

Section 1 (line 25) refers to "...the director of the medical assistance division of the human services department." There is legislation currently under consideration that would remove the Medicaid program and the Medical Assistance Division from the Human Services Department.

The language could be changed to state "...the director of the medical assistance division of the human services department or its successor."

In order to be useful, the bill needs an appropriation in it.

OTHER SUBSTANTIVE ISSUES

HSD notes that the approval of this bill would recognize the fact that the Medicaid program is a federally mandated entitlement program, requiring supplemental funding to be readily available to ensure uninterrupted payments to Medicaid program providers.

BT/ar