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MEDICAID AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rebecca Chavez-Houck

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Utah Health Code related to the state Medicaid program.

Highlighted Provisions:

This bill:

- ▶ defines the Patient Protection and Affordable Care Act (PPACA);
- ▶ requires the Department of Health to amend the state Medicaid plan to expand

Medicaid eligibility to the optional populations under PPACA;

- ▶ requires the department and the Department of Workforce Services to apply for an enhanced federal match rate and other funding to pay for administrative and developmental costs for the eligibility and enrollment system; and

- ▶ requires that General Fund savings associated with the expansion of Medicaid shall be deposited into the Medicaid Growth Reduction and Budget Stabilization Account to be used to fund the future costs of Medicaid expansion.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63J-1-315, as enacted by Laws of Utah 2011, Chapter 211



28 ENACTS:

29 **26-18-18**, Utah Code Annotated 1953



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **26-18-18** is enacted to read:

33 **26-18-18. Medicaid eligibility expansion.**

34 (1) For purposes of this section, "PPACA" is as defined in Section 31A-1-301.

35 (2) The state shall, in accordance with this section and PPACA, amend its state
36 Medicaid plan to expand Medicaid eligibility on or after January 1, 2014, to the optional
37 Medicaid expansion population under PPACA.

38 (3) The department and the Department of Workforce Services shall apply for
39 enhanced federal match rates to cover the eligibility and enrollment system costs associated
40 with increasing Medicaid eligibility under Subsection (2). The department and the Department
41 of Workforce Services may apply for grants and other assistance to cover the costs to the state
42 for developing and running the expanded Medicaid eligibility system.

43 (4) (a) The department shall assist the Department of Finance with identifying savings
44 to the state General Fund associated with the expansion of Medicaid eligibility under this
45 section.

46 (b) The Department of Finance shall deposit the savings identified under Subsection
47 (4)(a) into the Medicaid Growth Reduction and Budget Stabilization Account in accordance
48 with the requirements of Section 63J-1-315.

49 Section 2. Section **63J-1-315** is amended to read:

50 **63J-1-315. Medicaid Growth Reduction and Budget Stabilization Account**
51 **--Transfers of Medicaid growth savings -- Base budget adjustments.**

52 (1) As used in this section:

53 (a) "Department" means the Department of Health created in Section 26-1-4.

54 (b) "Division" means the Division of Health Care Financing created within the
55 department under Section 26-18-2.1.

56 (c) "General Fund revenue surplus" means a situation where actual General Fund
57 revenues collected in a completed fiscal year exceed the estimated revenues for the General
58 Fund for that fiscal year that were adopted by the Executive Appropriations Committee of the

59 Legislature.

60 (d) "Medicaid growth savings" means the Medicaid growth target minus Medicaid
61 program expenditures, if Medicaid program expenditures are less than the Medicaid growth
62 target.

63 (e) "Medicaid growth target" means Medicaid program expenditures for the previous
64 year multiplied by 1.08.

65 (f) "Medicaid program" is as defined in Section 26-18-2.

66 (g) "Medicaid program expenditures" means total state revenue expended for the
67 Medicaid program from the General Fund, including restricted accounts within the General
68 Fund, during a fiscal year.

69 (h) "Medicaid program expenditures for the previous year" means total state revenue
70 expended for the Medicaid program from the General Fund, including restricted accounts
71 within the General Fund, during the fiscal year immediately preceding a fiscal year for which
72 Medicaid program expenditures are calculated.

73 (i) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
74 balance in the General Fund is less than zero.

75 (j) "State revenue" means revenue other than federal revenue.

76 (k) "State revenue expended for the Medicaid program" includes money transferred or
77 appropriated to the Medicaid Growth Reduction and Budget Stabilization Account only to the
78 extent the money is appropriated for the Medicaid program by the Legislature.

79 (2) There is created within the General Fund a restricted account to be known as the
80 Medicaid Growth Reduction and Budget Stabilization Account.

81 (3) (a) (i) Except as provided in Subsection (6), if, at the end of a fiscal year, there is a
82 General Fund revenue surplus, the Division of Finance shall transfer an amount equal to
83 Medicaid growth savings from the General Fund to the Medicaid Growth Reduction and
84 Budget Stabilization Account.

85 (ii) If the amount transferred is reduced to prevent an operating deficit, as provided in
86 Subsection (6), the Legislature shall include, to the extent revenue is available, an amount
87 equal to the reduction as an appropriation from the General Fund to the account in the base
88 budget for the second fiscal year following the fiscal year for which the reduction was made.

89 (b) If, at the end of a fiscal year, there is not a General Fund revenue surplus, the

90 Legislature shall include, to the extent revenue is available, an amount equal to Medicaid
91 growth savings as an appropriation from the General Fund to the account in the base budget for
92 the second fiscal year following the fiscal year for which the reduction was made.

93 (c) Subsections (3)(a) and (3)(b) apply only to the fiscal year in which the department
94 implements;

95 (i) the proposal developed under Section 26-18-405 to reduce the long-term growth in
96 state expenditures for the Medicaid program, and to each fiscal year after that year[-]; or

97 (ii) expansion of Medicaid eligibility under Section 16-18-18.

98 (4) The Division of Finance shall calculate the amount to be transferred under
99 Subsection (3):

100 (a) before transferring revenue from the General Fund revenue surplus to:

101 (i) the General Fund Budget Reserve Account under Section 63J-1-312 and;

102 (ii) the State Disaster Recovery Restricted Account under Section 63J-1-314;

103 (b) before earmarking revenue from the General Fund revenue surplus to the Industrial
104 Assistance Account under Section 63M-1-905; and

105 (c) before making any other year-end contingency appropriations, year-end set-asides,
106 or other year-end transfers required by law.

107 (5) (a) If, at the close of any fiscal year, there appears to be insufficient money to pay
108 additional debt service for any bonded debt authorized by the Legislature, the Division of
109 Finance may hold back from any General Fund revenue surplus money sufficient to pay the
110 additional debt service requirements resulting from issuance of bonded debt that was
111 authorized by the Legislature.

112 (b) The Division of Finance may not spend the hold back amount for debt service
113 under Subsection (5)(a) unless and until it is appropriated by the Legislature.

114 (c) If, after calculating the amount for transfer under Subsection (3), the remaining
115 General Fund revenue surplus is insufficient to cover the hold back for debt service required by
116 Subsection (5)(a), the Division of Finance shall reduce the transfer to the Medicaid Growth
117 Reduction and Budget Stabilization Account by the amount necessary to cover the debt service
118 hold back.

119 (d) Notwithstanding Subsections (3) and (4), the Division of Finance shall hold back
120 the General Fund balance for debt service authorized by this Subsection (5) before making any

121 transfers to the Medicaid Growth Reduction and Budget Stabilization Account or any other
122 designation or allocation of General Fund revenue surplus.

123 (6) Notwithstanding Subsections (3) and (4), if, at the end of a fiscal year, the Division
124 of Finance determines that an operating deficit exists and that holding back earmarks to the
125 Industrial Assistance Account under Section 63M-1-905, transfers to the State Disaster
126 Recovery Restricted Account under Section 63J-1-314, transfers to the General Fund Budget
127 Reserve Account under Section 63J-1-312, or earmarks and transfers to more than one of those
128 accounts, in that order, does not eliminate the operating deficit, the Division of Finance may
129 reduce the transfer to the Medicaid Growth Reduction and Budget Stabilization Account by the
130 amount necessary to eliminate the operating deficit.

131 (7) The Legislature may appropriate money from the Medicaid Growth Reduction and
132 Budget Stabilization Account only:

133 (a) (i) if Medicaid program expenditures for the fiscal year for which the appropriation
134 is made are estimated to be 108% or more of Medicaid program expenditures for the previous
135 year; and

136 [~~(b)~~] (ii) for the Medicaid program[-]; or

137 (b) to fund the Medicaid expansion under Section 26-18-18.

138 (8) The Division of Finance shall deposit interest or other earnings derived from
139 investment of Medicaid Growth Reduction and Budget Stabilization Account money into the
140 General Fund.

Legislative Review Note
as of 2-12-13 3:31 PM

Office of Legislative Research and General Counsel