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FISCAL IMPACT REPORT

SPONSOR: Bratton DATE TYPED: 03/08/01 HB 868/aHAFC
 SHORT TITLE: Nonreversion of Medicaid Appropriation 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 SB 811
 Companion to SB 867

SOURCES OF INFORMATION

Human Services Department (HSD)

SUMMARY

Synopsis of HAFC Amendment

House Appropriations and Finance Committee amendment of HB868:

- c Changes the language to signify that appropriations for Medicaid payment “may be expended for obligations for prior fiscal years”.
- c Deletes language that referenced the eighty-third fiscal year and the ability in that year to modify a reversion if such a reversion resulted in financial hardship to the state.

Synopsis of Original Bill

House Bill 868 (HB 868) provide that appropriations for Medicaid payments to the Human Services Department (HSD) shall not revert to the general fund. HSD would be able to use the appropriations for Medicaid payments in subsequent years.

Significant Issues

By making appropriations for Medicaid payments non-reverting, bills for services provided would be payable from the budget of the fiscal year that was in effect when the services were provided. Because the Medicaid program’s billing cycle is approximately 24 months, or longer in the case of

cost settlements, the necessary budget would remain available to pay for services provided in the budget year, but billed to the Medicaid program after the budget year has ended.

PERFORMANCE IMPLICATIONS

HB 868 was initiated by HSD's Medical Assistance Division (MAD), as one of several mechanisms that the department believes would help ensure uninterrupted payments to Medicaid program providers.

FISCAL IMPLICATIONS

Money appropriated to the Medicaid program would remain available for use in later budget years.

ADMINISTRATIVE IMPLICATIONS

HSD would be able to process payments for services provided in prior budget years without having to wait for deficiency appropriations to be granted by the next legislature.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

HB 868 duplicates Senate Bill 811, and it is a companion to Senate Bill 867, which would establish a "Medicaid Reserve Fund," to cover Medicaid program budget shortfalls.

TECHNICAL ISSUES

Subsection C refers to "Appropriations to the human services department for Medicaid payments..." There is legislation currently under consideration that would remove the Medicaid program from HSD.

The language could be changed to state "Appropriations to the human services department or its successor for Medicaid payments...".

OTHER SUBSTANTIVE ISSUES

HSD states that HB 868 recognizes the fact that the Medicaid program is a federally mandated entitlement program with a particularly long billing cycle, requiring budgetary guidelines that are different from other agencies.

BD/ar/njw