

Senator Gene Davis proposes the following substitute bill:

AMENDMENTS TO MEDICAID AND HEALTH CARE

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brian E. Shiozawa

House Sponsor: _____

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ requires the Department of Health to amend the state Medicaid plan to expand Medicaid eligibility to the optional populations under the Patient Protection and Affordable Care Act;
- ▶ requires the Department of Health 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;
- ▶ requires the General Fund savings associated with Medicaid expansion to be deposited into the Medicaid Growth Reduction and Budget Stabilization Account to be used to fund the future costs of Medicaid expansion; and
- ▶ repeals a provision requiring the governor to comply with certain requirements before expanding Medicaid; and
- ▶ provides that Medicaid expansion is repealed if federal funding decreases from the Patient Protection and Affordable Care Act funding rates.

Money Appropriated in this Bill:



26 None

27 **Other Special Clauses:**

28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **63J-1-315**, as enacted by Laws of Utah 2011, Chapter 211

32 ENACTS:

33 **26-18-20**, Utah Code Annotated 1953

34 REPEALS:

35 **26-18-18**, as enacted by Laws of Utah 2013, Chapter 477



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

38 Section 1. Section **26-18-20** is enacted to read:

39 **26-18-20. Medicaid eligibility expansion.**

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

41 (2) The state shall, in accordance with this section and PPACA, amend its state
42 Medicaid plan to expand Medicaid eligibility to the optional Medicaid expansion population
43 under PPACA.

44 (3) The department and the Department of Workforce Services:

45 (a) shall apply for enhanced federal match rates to cover the eligibility and enrollment
46 system costs associated with increasing Medicaid eligibility under Subsection (2); and

47 (b) may apply for grants and other assistance to cover the costs to the state for
48 developing and administering the expanded Medicaid eligibility system.

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

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

55 (5) The Medicaid expansion under this section is repealed on the date of a certification
56 by the executive director that:

57 (a) Congress has taken an action that will reduce the federal financial participation for
58 the expansion population; and

59 (b) the reduction in federal financial participation exceeds the reductions described in
60 PPACA, Subsection 2001(a)(3).

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

62 **63J-1-315. Medicaid Growth Reduction and Budget Stabilization Account**

63 **--Transfers of Medicaid growth savings -- Base budget adjustments.**

64 (1) As used in this section:

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

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

68 (c) "General Fund revenue surplus" means a situation where actual General Fund
69 revenues collected in a completed fiscal year exceed the estimated revenues for the General
70 Fund for that fiscal year that were adopted by the Executive Appropriations Committee of the
71 Legislature.

72 (d) "Medicaid growth savings" means the Medicaid growth target minus Medicaid
73 program expenditures, if Medicaid program expenditures are less than the Medicaid growth
74 target.

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

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

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

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

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

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

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

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

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

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

101 (b) If, at the end of a fiscal year, there is not a General Fund revenue surplus, the
102 Legislature shall include, to the extent revenue is available, an amount equal to Medicaid
103 growth savings as an appropriation from the General Fund to the account in the base budget for
104 the second fiscal year following the fiscal year for which the reduction was made.

105 (c) Subsections (3)(a) and (3)(b) apply only to the fiscal year in which the department
106 implements:

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

109 (ii) expansion of Medicaid eligibility under Section [26-18-20](#).

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

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

113 (i) the General Fund Budget Reserve Account under Section [63J-1-312](#) and;

114 (ii) the State Disaster Recovery Restricted Account under Section [63J-1-314](#);

115 (b) before earmarking revenue from the General Fund revenue surplus to the Industrial
116 Assistance Account under Section [63M-1-905](#); and

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

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

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

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

131 (d) Notwithstanding Subsections (3) and (4), the Division of Finance shall hold back
132 the General Fund balance for debt service authorized by this Subsection (5) before making any
133 transfers to the Medicaid Growth Reduction and Budget Stabilization Account or any other
134 designation or allocation of General Fund revenue surplus.

135 (6) Notwithstanding Subsections (3) and (4), if, at the end of a fiscal year, the Division
136 of Finance determines that an operating deficit exists and that holding back earmarks to the
137 Industrial Assistance Account under Section [63M-1-905](#), transfers to the State Disaster
138 Recovery Restricted Account under Section [63J-1-314](#), transfers to the General Fund Budget
139 Reserve Account under Section [63J-1-312](#), or earmarks and transfers to more than one of those
140 accounts, in that order, does not eliminate the operating deficit, the Division of Finance may
141 reduce the transfer to the Medicaid Growth Reduction and Budget Stabilization Account by the
142 amount necessary to eliminate the operating deficit.

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

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

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

149 (b) to fund Medicaid expansion under Section [26-18-20](#).

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

153 Section 3. **Repealer.**

154 This bill repeals:

155 Section **26-18-18, Optional Medicaid expansion.**