

STATEMENT OF PURPOSE

RS28547C1 / H0209

This legislation creates the Medicaid Budget Stabilization Fund for Medicaid benefits and services. In 2020, the US Department of Health and Human Services Secretary, Alex Azar, issued a Public Health Emergency Declaration. Congress passed the Families First Coronavirus Response Act shortly thereafter, which carried with it an increase in the Federal Medical Assistance Percentage (FMAP), the federal match for the Medicaid program tied to the duration of the public health emergency. During the emergency declaration, FMAP is increased by 6.2%, which results in approximately \$10 to \$12 Million more in federal Medicaid funding per month. This FMAP increase will result in an estimated \$55 Million surplus in Fiscal Year 2021. In January 2021, the acting Secretary of Health and Human Services sent a letter to all governors announcing the Biden Administration's intent to extend the emergency declaration at least through the end of calendar year 2021.

Because the surplus will be the result of specific, dedicated federal funding for the Medicaid program, this legislation allows the surplus General Fund moneys to be retained in a budget stabilization fund to offset future shortfalls in the Medicaid budget. The Medicaid Budget Stabilization Fund may only be accessed by legislative appropriation, and may only accept surplus funds generated through the Medicaid budget

FISCAL NOTE

This legislation will benefit the General Fund in two ways:

- (1) when a surplus exists for Division of Medicaid appropriations at the end of a fiscal year, the surplus moneys will transfer to the Medicaid Budget Stabilization Fund instead of being reverted;
- (2) when a deficit exists for Division of Medicaid trustee and benefit appropriations at the end of a fiscal year, funds from the Medicaid Budget Stabilization Fund may be appropriated to meet that need by reducing or eliminating the need to use General Funds to address the deficit.

For Fiscal Year 2021, the Division of Medicaid projects an estimated \$55 Million general fund surplus. This is largely due to an increase in the Federal Medical Assistance Percentage (FMAP) of 6.2% dedicated to funding state Medicaid agencies under the Families First Coronavirus Response Act during the federal public health emergency.

Contact:

Representative Fred Wood
(208) 332-1000
Senator Fred Martin
(208) 332-1000

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).