

## STATEMENT OF PURPOSE

### RS29915C1 / S1097

This legislation creates a dedicated fund, using one-time general funds resulting from the Public Health Emergency (PHE) enhanced federal match for the Medicaid MMIS (Medicaid Management Information Systems) procurement project. Through the creation of a dedicated fund, unexpended one-time funds from the PHE would be made available to support procurement and installation resource needs as part of this multi-year project.

On March 18, 2020 the Families First Coronavirus Response Act was passed by Congress in response to the COVID-19 pandemic. This legislation carries an increase in the Federal Medical Assistance Percentage (FMAP), the federal match for the Medicaid program tied to the duration of the national public health emergency. During the national public health emergency declarations, FMAP is increased by six point two percent (6.2%), which results in approximately \$10 to \$12 million more in federal Medicaid funding per month. Per the Consolidated Appropriations Act (2023), the 6.2% enhanced FMAP will end after March 2023 and the enhanced federal match will be phased down over calendar year 2023.

The Department of Health and Welfare, Division of Medicaid is underway with modernization of existing software systems and platforms. This project is a multi-year/multi-phase modular implementation that will span through calendar year 2031. This effort will replace dated technology with a current estimated cost of \$186,564,000 million (All Funds), which only accounts for estimated costs for Design, Development, and Installation of new systems.

This legislation preserves general funds for future mandatory Medicaid MMIS procurement and installation requirements without requiring a separate request for funding. This legislation allows surplus general funds to be retained in a dedicated fund which may only be accessed by legislative appropriation and may only accept surplus funds generated through the Medicaid budget.

### FISCAL NOTE

This legislation will have an increase in dedicated funds of \$18,656,401 based on available one-time federal PHE funds. These changes would be budget neutral across the State General Fund and show an increase in Federal Funds. The Department of Health and Welfare will request the needed federal funds authority on an annual basis.

This legislation allows surplus General Fund moneys to be retained in a dedicated fund to offset future operating expenditures necessary for the modernization of the MMIS. This fund will be used when a surplus exists for Division of Medicaid appropriations at the end of the fiscal year and the surplus moneys will transfer to the dedicated fund instead of being reverted. This will minimize the need for encumbrances, supplemental requests, and line items as it pertains to funding the MMIS procurement and installation project.

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**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).**