

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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**SENATE BILL 797
House Committee Substitute Favorable 5/23/12**

Short Title: Pymt. of 2012 Medicaid Costs/Inmate Med Costs.

(Public)

Sponsors:

Referred to:

May 16, 2012

A BILL TO BE ENTITLED

1 AN ACT TO ENSURE ADEQUATE FUNDING IN THE STATE MEDICAID PROGRAM
2 FOR THE 2011-2012 FISCAL YEAR; TO PROHIBIT THE DRAWING DOWN OR
3 TRANSFERRING OF MEDICAID DISPROPORTIONATE SHARE RECEIPTS OR
4 OTHER FUNDS IF DOING SO WOULD CREATE OR INCREASE A FINANCIAL
5 OBLIGATION IN THE 2012-2013 FISCAL YEAR; AND TO REQUIRE PRIOR
6 APPROVAL FROM THE GENERAL ASSEMBLY BEFORE ISSUING ANY
7 REQUESTS FOR PROPOSALS OR ENTERING INTO ANY NEW CONTRACTS FOR
8 THE OPERATIONAL OVERSIGHT OR MANAGEMENT OF HEALTH SERVICES
9 FOR INMATES IN THE STATE PRISON SYSTEM.
10

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.(a)** In order to ensure that there is adequate funding in the Medicaid
13 budget for the 2011-2012 fiscal year, the General Assembly directs the Director of the Budget,
14 in conjunction with the State Controller and other necessary State officials, to effectuate the
15 following extraordinary budget adjustments in an amount not to exceed two hundred five
16 million five hundred thousand dollars (\$205,500,000). These adjustments are set forth in
17 priority order, and no adjustment shall be made until the preceding adjustment has been
18 completely exhausted in the permissible amount. To the extent necessary to ensure payment to
19 providers for the remainder of the 2011-2012 fiscal year, the following adjustments are
20 authorized in priority order:

- 21 (1) Transfer a minimum of twenty-nine million dollars (\$29,000,000) of funds
22 available within the Department of Health and Human Services. Neither the
23 Director of the Budget nor any other State official, officer, or agency shall,
24 pursuant to this subdivision, authorize any transfer of unearned or borrowed
25 Medicaid Disproportionate Share Receipts or transfer of any funds if the
26 action would create or increase a financial obligation in the 2012-2013 fiscal
27 year or any subsequent fiscal year.
- 28 (2) Transfer twenty-one million dollars (\$21,000,000) in unanticipated federal
29 Children's Health Insurance Program Reauthorization Act bonus funds to the
30 State Controller to be deposited in Nontax Budget Code 19978 or the
31 appropriate budget code as determined by the State Controller. These funds
32 are hereby appropriated.
- 33 (3) Transfer ten million five hundred thousand dollars (\$10,500,000) currently
34 allocated to the Department of Health and Human Services from Budget
35 Code 19945, the Repairs and Renovations Reserve Account, to the State
36 Controller to be deposited in Nontax Budget Code 19978 or the appropriate



1 budget code as determined by the State Controller, notwithstanding
2 G.S. 143C-4-3. If funds are transferred pursuant to this subdivision, then
3 notwithstanding G.S. 143C-4-3, Section 30.5 of S.L. 2011-145, or any other
4 provision of law, the Office of State Budget and Management shall not
5 allocate or use funds in the Repairs and Renovations Reserve Account to
6 replace those funds. These funds are hereby appropriated.

7 (4) Transfer of projected 2011-2012 General Fund reversions from all State
8 agencies and departments, including debt service reversions, in the amount
9 of one hundred five million dollars (\$105,000,000). Neither the Director of
10 the Budget nor any other State official, officer, or agency shall authorize any
11 such transfer that creates or increases a financial obligation in the 2012-2013
12 fiscal year or any subsequent fiscal year.

13 (5) Transfer twenty million dollars (\$20,000,000) currently allocated to the
14 various State agencies from Budget Code 19945, the Repairs and
15 Renovations Reserve Account, to the State Controller to be deposited in
16 Nontax Budget Code 19978 or the appropriate budget code as determined by
17 the State Controller. If funds are transferred pursuant to this subdivision,
18 then notwithstanding G.S. 143C-4-3, Section 30.5 of S.L. 2011-145, or any
19 other provision of law, the Office of State Budget and Management shall
20 ensure priority is given to excluding from transfer those funds specifically
21 allocated to State agencies to address health and safety projects. These
22 funds are hereby appropriated.

23 (6) Transfer of projected revenue overcollections for the 2011-2012 fiscal year
24 in the amount up to twenty million dollars (\$20,000,000). These funds are
25 hereby appropriated.

26 **SECTION 1.(b)** Subsection (a) of this section applies only to funds required to
27 cover the costs of paying Medicaid providers during the 2011-2012 fiscal year. Transfers under
28 each subdivision of subsection (a) of this section shall be limited to the amounts actually
29 required to pay providers through the end of the 2011-2012 fiscal year. To the extent that the
30 full amount of any of these funds is not required to pay providers through the end of the
31 2011-2012 fiscal year, (i) the authority to transfer funds shall immediately lapse with respect to
32 the unneeded portions and unneeded adjustments; and (ii) any excess funds transferred shall be
33 transferred back to the source fund.

34 **SECTION 1.(c)** On or before October 1, 2012, the Office of State Budget and
35 Management and the Department of Health and Human Services shall report on the measures
36 taken pursuant to this section to the Appropriations/Base Budget Committee of the Senate, the
37 Appropriations Committee of the House of Representatives, and the Joint Legislative
38 Commission on Governmental Operations.

39 **SECTION 2.** Notwithstanding any other provision of law, neither the Director of
40 the Budget nor any other State official, officer, or agency shall draw down or transfer unearned
41 or borrowed receipts or other funds if doing so would create or increase a financial obligation
42 in the 2012-2013 fiscal year.

43 **SECTION 3.** During the 2011-2013 fiscal biennium, the State of North Carolina
44 shall not issue any request for proposals for, or enter into any new contract for, the operational
45 oversight or management of health care services for inmates in the State prison system without
46 the prior approval of the General Assembly through a legislative act. However, notwithstanding
47 the provisions of this subsection, the Department of Public Safety may continue to enter into
48 contracts with providers to staff clinics within the existing health care delivery system without
49 such prior approval.

50 **SECTION 4.** This act is effective when it becomes law.