

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

**SESSION LAW 2012-2
SENATE BILL 797**

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

The General Assembly of North Carolina enacts:

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

- (1) Transfer a minimum of twenty-nine million dollars (\$29,000,000) of funds available within the Department of Health and Human Services. Neither the Director of the Budget nor any other State official, officer, or agency shall, pursuant to this subdivision, authorize any transfer of unearned or borrowed Medicaid Disproportionate Share Receipts or transfer of any funds if the action would create or increase a financial obligation in the 2012-2013 fiscal year or any subsequent fiscal year.
- (2) Transfer twenty-one million dollars (\$21,000,000) in unanticipated federal Children's Health Insurance Program Reauthorization Act bonus funds to the State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code as determined by the State Controller. These funds are hereby appropriated.
- (3) Transfer ten million five hundred thousand dollars (\$10,500,000) currently allocated to the Department of Health and Human Services from Budget Code 19945, the Repairs and Renovations Reserve Account, to the State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code as determined by the State Controller, notwithstanding G.S. 143C-4-3. If funds are transferred pursuant to this subdivision, then notwithstanding G.S. 143C-4-3, Section 30.5 of S.L. 2011-145, or any other provision of law, the Office of State Budget and Management shall not



allocate or use funds in the Repairs and Renovations Reserve Account to replace those funds. These funds are hereby appropriated.

- (4) Transfer of projected 2011-2012 General Fund reversions from all State agencies and departments, including debt service reversions, in the amount of one hundred five million dollars (\$105,000,000). Neither the Director of the Budget nor any other State official, officer, or agency shall authorize any such transfer that creates or increases a financial obligation in the 2012-2013 fiscal year or any subsequent fiscal year.
- (5) Transfer twenty million dollars (\$20,000,000) currently allocated to the various State agencies from Budget Code 19945, the Repairs and Renovations Reserve Account, to the State Controller to be deposited in Nontax Budget Code 19978 or the appropriate budget code as determined by the State Controller. If funds are transferred pursuant to this subdivision, then notwithstanding G.S. 143C-4-3, Section 30.5 of S.L. 2011-145, or any other provision of law, the Office of State Budget and Management shall ensure priority is given to excluding from transfer those funds specifically allocated to State agencies to address health and safety projects. These funds are hereby appropriated.
- (6) Transfer of projected revenue overcollections for the 2011-2012 fiscal year in the amount up to twenty million dollars (\$20,000,000). These funds are hereby appropriated.

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

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

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

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

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

In the General Assembly read three times and ratified this the 24th day of May, 2012.

s/ Walter H. Dalton

President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 3:26 p.m. this 24th day of May, 2012