

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE DRS35312-LEa-154C (03/21)

Short Title: Ensure Timely Payment of 2012 Medicaid Costs. (Public)

Sponsors: Senators Brunstetter, Hunt, and Stevens (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENSURE ADEQUATE FUNDING IN THE STATE MEDICAID PROGRAM
3 FOR THE 2011-2012 FISCAL YEAR; AND TO PROHIBIT THE DRAWING DOWN OR
4 TRANSFERRING OF MEDICAID DISPROPORTIONATE SHARE RECEIPTS OR
5 OTHER FUNDS IF DOING SO WOULD CREATE OR INCREASE A FINANCIAL
6 OBLIGATION IN THE 2012-2013 FISCAL YEAR.

7 The General Assembly of North Carolina enacts:

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

- 17 (1) Transfer a minimum of fifty million dollars (\$50,000,000) of funds available
18 within the Department of Health and Human Services. Neither the Director
19 of the Budget nor any other State official, officer, or agency shall, pursuant
20 to this subdivision, authorize any (i) transfer of unearned or borrowed
21 Medicaid Disproportionate Share Receipts; (ii) delay of drug rebates; or (iii)
22 transfer of any funds, if the action would create or increase a financial
23 obligation in the 2012-2013 fiscal year or any subsequent fiscal year.
- 24 (2) Transfer funds from the Repairs and Renovations Reserve Account that are
25 currently allocated to the Department of Health and Human Services in the
26 amount of ten million five hundred thousand dollars (\$10,500,000),
27 notwithstanding G.S. 143C-4-3. If funds are transferred pursuant to this
28 subdivision, then notwithstanding G.S. 143C-4-3, Section 30.5 of S.L.
29 2011-145, or any other provision of law, the Office of State Budget and
30 Management shall not allocate or use funds in the Repairs and Renovations
31 Reserve Account to replace those funds.
- 32 (3) Transfer of projected 2011-2012 General Fund reversions from all State
33 agencies and departments, including debt service reversions, in the amount
34 of one hundred five million dollars (\$105,000,000). Neither the Director of
35 the Budget nor any other State official, officer, or agency shall authorize any



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1 such transfer that creates or increases a financial obligation in the 2012-2013
2 fiscal year or any subsequent fiscal year.

3 (4) Transfer of projected revenue overcollections for the 2011-2012 fiscal year
4 in the amount of twenty million dollars (\$20,000,000). These funds are
5 hereby appropriated.

6 (5) Transfer funds from the Repairs and Renovations Reserve Account in the
7 amount of twenty million dollars (\$20,000,000), notwithstanding
8 G.S. 143C-4-3. This transfer is in addition to the transfer authorized by
9 subdivision (2) of this subsection.

10 **SECTION 1.(b)** Subsection (a) of this section applies only to funds required to
11 cover the costs of paying Medicaid providers during the 2011-2012 fiscal year. Transfers under
12 each subdivision of subsection (a) of this section shall be limited to the amounts actually
13 required to pay providers through the end of the 2011-2012 fiscal year. To the extent that the
14 full amount of any of these funds is not required to pay providers through the end of the
15 2011-2012 fiscal year, (i) the authority to transfer funds shall immediately lapse with respect to
16 the unneeded portions and unneeded adjustments; and (ii) any excess funds transferred shall be
17 transferred back to the source fund.

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

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

27 **SECTION 3.** This act is effective when it becomes law.