

HOUSE BILL NO. 880

INTRODUCED BY M. CAFERRO

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MEDICAID RESERVE FUNDING LAWS;
ESTABLISHING THE MEDICAID STABILIZATION RESERVE ACCOUNT; REVISING ALLOCATION OF
REVERSIONS FOR MEDICAID; PROVIDING LIMITATIONS ON APPROPRIATIONS FROM AND USE OF
THE ACCOUNT; PROVIDING AN APPROPRIATION; PROVIDING FOR A FUND TRANSFER; AMENDING
~~SECTION SECTIONS~~ 17-7-130 AND 53-6-151, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE
AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 17-7-130, MCA, IS AMENDED TO READ:

"17-7-130. Budget stabilization reserve fund -- rules for deposits and transfers -- purpose. (1)

There is an account in the state special revenue fund established by 17-2-102 known as the budget
stabilization reserve fund.

(2) The purpose of the budget stabilization reserve fund is to mitigate budget reductions when
there is a revenue shortfall.

(3) Except as provided in [section 2] and subsection (4) of this section, by August 15 following the
end of each fiscal year, an amount equal to the balance of unexpended and unencumbered general fund
money appropriated in excess of 0.5% of the total general fund money appropriated for that fiscal year must be
transferred by the state treasurer from the general fund to the budget stabilization reserve fund. General fund
appropriations that continue from a fiscal year to the next fiscal year and any general fund appropriations made
pursuant to 10-3-310 or 10-3-312 are excluded from the calculation.

(4) The provisions of subsection (3) do not apply in a fiscal year in which reductions required by
17-7-140 occur or if a transfer pursuant to subsection (3) would require reductions pursuant to 17-7-140.

(5) If the transfer provided for in subsection (3) increases the balance in the budget stabilization
reserve fund to exceed 16% of all general revenue appropriations in the second year of the biennium, the

amount in excess is transferred to the capital developments long-range building program account established in 17-7-209.

(6) By August 1 of each year, the department of administration shall certify to the legislative fiscal analyst and the budget director the following:

(a) the unaudited, unassigned ending fund balance of the general fund for the most recently completed fiscal year; and

(b) the amount of unaudited general fund revenue and transfers into the general fund received in the prior fiscal year recorded when that fiscal year's statewide accounting, budgeting, and human resource system records are closed. General fund revenue and transfers into the general fund are those recorded in the statewide accounting, budgeting, and human resource system using generally accepted accounting principles in accordance with 17-1-102.

(7) (a) The state treasurer shall calculate the operating reserve level of general fund balance defined in 17-7-102(12). The treasurer shall first apply the excess revenue to reach the operating reserve level general fund balance, if necessary.

(b) Once the general fund balance is at the reserve level, 75% of the remaining excess revenue is transferred as follows:

(i) to the budget stabilization reserve fund, until the amount in the fund is equal to 16% of all general revenue appropriations in the second year of the biennium; then

(ii) to the account established in 17-7-209, until the amount in the fund in excess of the amount needed for appropriations from the capital developments long-range building program account in the capital projects fund type is equal to 12% of all general revenue appropriations in the second year of the biennium.

(c) After the transfers in subsections (7)(b)(i) and (7)(b)(ii) have been made, if the balance of the budget stabilization reserve fund exceeds an amount equal to 16% of the general revenue appropriations in the second year of the biennium and the balance of the account established in 17-7-209 in excess of the amount needed for appropriations from the capital developments long-range building program account in the capital projects fund type exceeds 12% of all general revenue appropriations in the second year of the biennium, then:

(i) 75% of any funds in excess of that amount must be transferred to the account established in 17-7-134; and

(ii) 25% of the funds in excess of that amount remain in the general fund.

(8) For the purposes of this section, the following definitions apply:

(a) "Adjusted compound annual growth rate revenue" means general fund revenue for the fiscal year prior to the most recently completed fiscal year plus the growth amount.

(b) "Excess revenue" means the amount of general fund revenue, including transfers in, for the most recently completed fiscal year minus adjusted compound annual growth rate revenue.

(c) "Growth amount" means general fund revenue for the fiscal year prior to the most recently completed fiscal year multiplied by the growth rate.

(d) "Growth rate" means the annual compound growth rate of general fund revenue realized over the period 12 years prior to the most recently completed fiscal year, including the most recently completed fiscal year."

Section 2. Section 53-6-151, MCA, is amended to read:

"53-6-151. Medicaid stabilization reserve account. (1) There is a medicaid stabilization reserve account in the state special revenue fund provided for in 17-2-102. ~~Money in the account must be used by the department for medicaid benefits after June 30, 2011.~~

(2) The purpose of the medicaid stabilization reserve account is to mitigate expenditure reductions pursuant to 17-7-140 for the medicaid program by providing state medicaid matching funds when a revenue shortfall is expected.

(3) (A) At WITHIN 12 MONTHS OF the completion of each fiscal year, the entire 50% OF THE amount of any state general fund appropriations for medicaid FOR THAT FISCAL YEAR that would otherwise revert to the general fund must be transferred to this account AND 50% MUST BE TRANSFERRED INTO THE BUDGET STABILIZATION RESERVE FUND ESTABLISHED IN 17-7-130. IF THE BALANCE OF THE BUDGET STABILIZATION RESERVE FUND ESTABLISHED IN 17-7-130 IS AT ITS STATUTORY LIMIT, THEN 100% OF STATE GENERAL FUND APPROPRIATIONS FOR MEDICAID FOR THAT FISCAL YEAR THAT WOULD OTHERWISE REVERT TO THE GENERAL FUND MUST BE TRANSFERRED TO THIS ACCOUNT.

(B) ONCE THE BALANCE OF THIS ACCOUNT EXCEEDS 1.5% OF GENERAL REVENUE APPROPRIATIONS IN THE SECOND YEAR OF THE BIENNIUM, ANY TRANSFERS THAT WOULD OTHERWISE BE RECEIVED BY THIS ACCOUNT MUST BE

1 TRANSFERRED INTO THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT ESTABLISHED IN 17-7-
2 209.

3 (4) The provisions of subsection (3) do not apply in a fiscal year in which reductions required by
4 17-7-140 occur or if a transfer pursuant to subsection (3) would require reductions pursuant to 17-7-140.

5 (5) If a ~~reduction~~ EXPENDITURE REDUCTIONS to the medicaid program is ARE proposed pursuant to
6 17-7-140, the governor may submit a budget amendment for authority to use funds in this account to reduce or
7 eliminate the proposed reductions to state medicaid matching funds.

8 (6) (a) Funds from this account may not be appropriated unless the budget director certifies a
9 projected general fund budget deficit pursuant to 17-7-140.

10 (b) Funds may only be appropriated by the legislature for state medicaid matching funds.

11 (7) Any interest or income earned on the account must be deposited in the account. ~~Each calendar~~
12 quarter through December 31, 2010, the amount recovered under the federal medical assistance percentage
13 hold harmless provision of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, must be
14 transferred to the medicaid reserve account."

15
16 NEW SECTION. Section 3. Appropriation. There is appropriated \$50,000 from the general fund to
17 the department of public health and human services for the biennium beginning July 1, 2025, to provide state
18 medicaid matching funds.

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20 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

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22 NEW SECTION. Section 5. TRANSFER OF FUNDS. BY JUNE 30, 2025, THE STATE TREASURER SHALL
23 TRANSFER \$6 MILLION FROM THE CAPITAL DEVELOPMENTS LONG-RANGE BUILDING PROGRAM ACCOUNT ESTABLISHED IN
24 17-7-209 TO THE MEDICAID STABILIZATION RESERVE ACCOUNT PROVIDED FOR IN [SECTION 2].

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26 NEW SECTION. Section 6. Applicability. [This act] applies to medicaid appropriations for fiscal year
27 2025 and all subsequent fiscal years.

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