

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number HB77

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Hamilton

3. Committee Appropriations

4. Title Virginia Health Care Trust Fund.

5. Summary/Purpose:

This bill establishes the Virginia Health Care Trust Fund and requires that:

- Interest earned on any money in the Fund will remain in the fund and be credited to it.
- The Fund be on general, non-reverting, and reappropriated for expenditure in the succeeding year.
- All of the federal matching funds received from one-time Medicaid intergovernmental transfers be deposited into the Fund to be used for health care purposes.

6. Fiscal Impact Estimates are:

6a. Expenditure Impact: None

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.0	GF
2002-03	\$0	0.0	GF
2003-04	\$0	0.0	GF

7. Budget amendment necessary: See below.

8. Fiscal implications: This bill appears to attempt to address concerns expressed by the Centers for Medicare and Medicaid Services that the federal funds resulting from the Medicaid intergovernmental transfers should be used by states for health-related issues. Some states using similar transfers earmarked their funds for health concerns, but were not mandated to do so. The approach proposed in Governor Gilmore's 2002 budget bill permits the funds to be transferred into the general fund to be used at the discretion of the General Assembly in the appropriations process.

The loophole permitting Virginia and the other states to draw down federal Medicaid matching funds is essentially eliminated after the current year. Accordingly, unless an emergency clause is added to the proposed bill, it will probably have no effects since it is unlikely that Virginia will again benefit from similar one-time intergovernmental transfers in the future. Another way to place limits on the use of the funds would be to adopt language in the FY2002 "Caboose" Budget Bill to effect the change.

If budget policy is established to remove the intergovernmental transfers amount of \$259 million from the general fund and setting it aside as a special fund to be used only for health

related needs, a potential hole could be created in the general fund budget in FY2002 of up to \$259 million plus any interest that may accrue. This action would force the reduction of appropriations in other areas of the budget to make up for the resulting shortfall in FY2002.

As previously stated, the \$259 million that is being addressed by this bill is by nature one-time funding. Most of the needs within the Health and Human Resources Secretariat are ongoing. It would be shortsighted to apply this funding to programs in FY2002 that would require continued or increased funding in the 2002-2004 biennium. Depositing the \$259 million into the state's general fund allows more flexibility in addressing those one-time needs in FY2002.

9. Specific agency or political subdivisions affected: State government in general

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/14/02/sas

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cc: Secretary of Finance

Secretary of Health and Human Resources