

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB 1108

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Yancey

**3. Committee:** Rules

**4. Title:** Medicaid Legacy Fund; created

**5. Summary:** The proposed legislation directs the Secretary of Health and Human Resources to apply for a waiver pursuant to § 1115 of the Social Security Act, 42 U.S.C. § 1315, to allow the Commonwealth to receive the federal medical assistance percentage for the provision of medical assistance pursuant to the state plan for medical assistance, any Medicaid waiver, or 42 U.S.C. § 1396d(y) as an annual payment at the beginning of each fiscal year upon adoption of any measure expanding eligibility for medical assistance services to individuals described in 42 U.S.C. § 1396a(a)(10)(A)(i)(VIII).

**6. Budget Amendment Necessary:** See Item 8.

**7. Fiscal Impact Estimates:** See Item 8.

**8. Fiscal Implications:** The bill is expected to have significant fiscal implications for the Medicaid program with regard to the handling of federal revenue and year-end cash flow. However, there are a number of concerns and unknowns that prevent any specific fiscal impact from being determined at this time.

The Department of Medical Assistance Services (DMAS) indicates that, if passed, it is unlikely that the bill's provisions could be implemented. HB 1108 requires DMAS to apply for an 1115 waiver that would allow the Commonwealth to receive federal funds for Medicaid in a single annual payment at the beginning of the fiscal year. DMAS indicates that this type of waiver would likely not be permissible under federal law because an 1115 waiver can only waive sections of the Social Security Act (SSA). The Cash Management Improvement Act of 1990 (CMIA), not the SSA, requires that states and the federal government minimize the amount of time between the transfer of federal funds to the states and the payout of funds for federal purposes. It does not appear that an 1115 waiver could waive this requirement. Again, since the approval of the require 1115 waiver is unlikely (due to the conflict with the CMIA) section one of the bill could not be enacted.

In addition to CMIA concerns, it is unclear as to how or if federal funding would be adjusted at the end of the fiscal year to reconcile the Medicaid budget with expenditures. The bill assumes that the federal government will provide Virginia with an annual Medicaid payment at the beginning of each fiscal year. The basis for this payment is unclear. Further, if the

state's annual forecast is used, then it is uncertain how or if surpluses and shortages would be handled at year-end.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Medical Assistance Services

**10. Technical Amendment Necessary:** See Item 8.

**11. Other Comments:** None