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MEMORANDUM

To: House Committee on Appropriations
From: Scott Abbott, Assistant Revisor
Date: February 15, 2017
Re: House Bill 2180

House Bill 2180 would increase the privilege fee that is assessed on health maintenance organizations to 5.77% beginning with the reporting period commencing January 1, 2017. The bill would eliminate the sunset on the medical assistance fee fund to continue that fund indefinitely and would direct that moneys in the medical assistance fee fund first be expended to restore any reductions initiated during calendar year 2016 to provider reimbursement rates for state Medicaid services. Any remaining moneys in the medical assistance fee fund would continue to be expended for Medicaid medical assistance payments.

As background, the 2015 legislature enacted Substitute for House Bill 2281 and increased the privilege fee from 1% to 3.31% for the period between January 1, 2015 and December 31, 2017, and increased the rate to 2% thereafter. That same bill also created the medical assistance fee fund and directed that privilege fees be remitted to that fund for state fiscal years 2016, 2017 and 2018. Prior to 2015, privilege fees were remitted to the state general fund, and under current law privilege fees would be remitted to the state general fund again beginning in fiscal year 2019.

If enacted, the bill would take effect upon publication in the statute book, July 1, 2017.