HLS 14RS-1333 ENGROSSED

Regular Session, 2014

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HOUSE BILL NO. 1241

BY REPRESENTATIVE HENRY

FUNDS/FUNDING: Provides for deposits of monies from certain settlement proceeds as a result of the Deepwater Horizon oil spill into the Budget Stabilization Fund and the Medicaid Trust Fund for the Elderly

AN ACT

2 To amend and reenact R.S. 46:2691(A) and (B)(1)(introductory paragraph) and to enact 3 Subpart A of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana Revised 4 Statutes of 1950, to be comprised of R.S. 39:91, relative to the deposit of monies 5 received by the state from the Deepwater Horizon oil spill; to establish the 6 Deepwater Horizon Economic Damages Collection Fund; to provide for deposits of 7 monies into the Medicaid Trust Fund for the Elderly; to provide for appropriation of 8 monies from the Medicaid Trust Fund for the Elderly; to provide for an effective 9 date; and to provide for related matters. 10 Be it enacted by the Legislature of Louisiana: 11 Section 1. Subpart A of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:91, is hereby enacted to read as 12 13 follows: 14 SUBPART A. DEEPWATER HORIZON ECONOMIC 15 DAMAGES COLLECTION FUND 16 §91. Deepwater Horizon Economic Damages Collection Fund A. There shall be established in the state treasury as a special permanent trust 17 18 fund the Deepwater Horizon Economic Damages Collection Fund. After allocation 19 of money to the Bond Security and Redemption Fund as provided in Article VII,

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

	Section 9(B) of the Constitution of Louisiana, the treasurer shall deposit in and credit	
	to the Deepwater Horizon Economic Damages Collection Fund all proceeds from the	
	settlement, judgment, or final disposition of the state's economic damages claims	
	asserted in State of Louisiana v. BP Exploration & Production, et al., MDL NO. 2179	
	(E.D.LA. pending), hereinafter "DWH litigation", to recover economic damages	
	sustained by the state from the Deepwater Horizon explosion and oil spill that	
	occurred on or about April 20, 2010, at the MC 252 site in the Gulf of Mexico.	
	B. Within thirty days of each deposit of the economic damages proceeds	
	from the DWH litigation into the Deepwater Horizon Economic Damages Collection	
	Fund, the treasurer shall make transfers from the fund as follows:	
	(1) Fifty percent of each deposit shall be transferred to the Budget	
	Stabilization Fund until the balance of such fund reaches the amount statutorily	
	mandated by R.S. 39:94.	
	(2) Fifty percent of each deposit shall be transferred to the Medicaid Trust	
	Fund for the Elderly until an amount not to exceed seven hundred million dollars has	
	been deposited into such fund.	
	C. This Subpart shall be null, void, and of no effect at the later of the	
	conclusion of the DWH litigation or July 1, 2024.	
	Section 2. R.S. 46:2691(A) and (B)(1)(introductory paragraph) are hereby amended	
and reenacted to read as follows:		
	§2691. Medicaid Trust Fund for the Elderly	
	A.(1) There is hereby established as a permanent trust fund in the state	
	treasury designated the "Medicaid Trust Fund for the Elderly", hereinafter referred	
	to as the "fund". After allocation of money to the Bond Security and Redemption	
	Fund as provided in Article VII, Section 9(B) of the Constitution of Louisiana, the	
	treasurer shall deposit in and credit to the fund the following sources:	
	(a) all All money that is received from any source, including but not limited	
	to an intergovernmental transfer program provided for in this Chapter and all income	
	on investment of monies in the fund.	

1	(b) As provided in R.S. 39:91, a portion of the proceeds of the settlement,
2	judgment, or final disposition of the state's economic damages claims asserted in
3	State of Louisiana v. BP Exploration & Production, et al., MDL NO. 2179 (E.D.LA.
4	pending) to recover economic damages sustained by the state from the Deepwater
5	Horizon explosion and oil spill that occurred on or about April 20, 2010, at the MC
6	252 site in the Gulf of Mexico, not to exceed seven hundred million dollars, except
7	when the terms and conditions stipulated in the settlement or judgment require
8	otherwise. Deposits into the fund from such proceeds received by the state
9	associated with the Deepwater Horizon oil spill shall cease when either of the
10	following occurs:
11	(i) An amount not to exceed seven hundred million dollars has been
12	deposited into the fund.
13	(ii) The full amount of the monies available as provided for in this
14	Subparagraph has been deposited into the fund.
15	(2) Monies in the fund shall be invested by the treasurer in the manner
16	hereinafter provided. All unencumbered and unexpended monies in the fund at the
17	end of the fiscal year shall remain in the fund.
18	(3) Monies in the fund may be used as the source of state matching funds for
19	Medicaid funds to make enhanced payments to local government-owned health care
20	facilities.
21	B.(1) The After July 1, 2014, the principal in the fund from proceeds
22	received by the state associated with the Deepwater Horizon oil spill or any other
23	source shall not be subject to appropriation, appropriation unless authorized by a
24	joint resolution approved by two-thirds of the elected members of each house of the
25	legislature and except to provide for:
26	* * *
27	Section 3. This Act shall become effective on July 1, 2014; if vetoed by the governor
28	and subsequently approved by the legislature, this Act shall become effective on July 1,
29	2014, or on the day following such approval by the legislature, whichever is later.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Henry HB No. 1241

**Abstract:** Provides for the deposit of settlement proceeds as a result of the Deepwater Horizon oil spill into the Budget Stabilization Fund and the Medicaid Trust Fund for the Elderly. Provides for legislative approval prior to the appropriation of monies out of the Medicaid Trust Fund for the Elderly.

<u>Present law</u> establishes the Budget Stabilization Fund and the Medicaid Trust Fund for the Elderly and provides for deposits and uses of the fund.

<u>Present law</u> relative to the Budget Stabilization Fund (R.S. 39:94) provides that no appropriation or deposit shall be made into fund if it would cause the balance of the fund to exceed 4% of the total state receipts for the previous fiscal year.

<u>Proposed law</u> creates the Deepwater Horizon Economic Damages Collection Fund and deposits proceeds of the settlement, judgment, or final disposition of the state's economic damages claims asserted in State of Louisiana v. BP Exploration & Production, et al., MDL NO. 2179 (E.D.LA. pending), hereinafter "DWH litigation", to recover economic damages sustained by the state from the Deepwater Horizon explosion and oil spill that occurred on or about April 20, 2010, at the MC 252 site in the Gulf of Mexico into the fund.

<u>Proposed law</u> further provides that within 30 days of each deposit of economic damages proceeds from the DWH litigation into the fund, the treasurer shall make the transfers from the fund as follows:

- (1) 50% of the deposits shall be transferred to the Budget Stabilization Fund until the fund reaches the amount statutorily mandated in <u>present law</u>.
- (2) 50% of the deposits shall be transferred to the Medicaid Trust Fund for the Elderly until an amount not to exceed \$700 million has been deposited into the fund except when the terms and conditions stipulated in the settlement or judgment require otherwise.

<u>Present law</u> relative to the Medicaid Trust Fund for the Elderly provides that the principal in the fund shall not be subject to appropriation, except to provide for:

- (1) The re-basing of nursing homes in accordance with the approved state Medicaid plan.
- (2) The development and funding of a case mix reimbursement system for the Medicaid nursing home program.
- (3) The payment of all costs of local governments for their participation in the intergovernmental transfer program.
- (4) The enhanced payment to any local government-owned health care facilities or health care programs in amounts as required by written agreements between the secretary and the local governments.

(5) The reimbursement of the Dept. of Health and Hospitals for costs incurred in preparing the application for and implementing the intergovernmental transfer program.

(6) The reimbursement of any monies deposited into the fund as a result of over payments of federal funds.

<u>Proposed law</u> retains <u>present law</u> and further provides that, after July 1, 2014, authorization of a joint resolution approved by 2/3 of the elected members of the legislature is required for appropriation of the principal in the fund.

The provisions of <u>proposed law</u> regarding the deposit of economic damage proceeds from the DWH litigation shall be null, void, and of no effect at the later of the conclusion of the DWH litigation or July 1, 2024.

Effective July 1, 2014.

(Amends R.S. 46:2691(A) and (B)(1)(intro. para.); Adds R.S. 39:91)

## Summary of Amendments Adopted by House

Committee Amendments Proposed by <u>House Committee on Appropriations</u> to the <u>original</u> bill.

- 1. Added provision that after July 1, 2014, authorization of a joint resolution approved by 2/3 of the elected members of the legislature is required for appropriation of the principal in the Medicaid Trust Fund for the Elderly.
- 2. Changed when the deposits into the Budget Stabilization Fund of the proceeds from the oil spill ceases <u>from</u> when the fund reaches the balance as of April 20, 2010, to when the fund reaches the limit mandated in <u>present law</u>.