



Bulletin #06-06

Thursday, June 15, 2006

HOUSE BUDGET CONTAINS MEDICAID RELIEF

The proposed budget presented by the House Appropriations Committee this week includes relief for the counties faced with increasing Medicaid expenses. The House version of [S1741](#), containing modifications to the budget approved last year, includes a provision to cap county Medicaid expenses at "the amount paid by the county for the nonfederal share of (Medicaid) ... for the 2005-06 fiscal year." The bill proposes to make the cap permanent by stating "The limitation on the county share shall be in effect regardless of growth in (Medicaid) expenditures for the 2007-08 fiscal year and thereafter."

The bill also contains an appropriation of \$35 million to provide targeted relief for counties with larger than normal concentrations of Medicaid-eligible citizens. Of the total, 40 percent (\$14 million) would be allocated among counties with a Medicaid-eligible population of 25 percent or greater of the total population; 55 percent (\$19.25 million) among counties with Medicaid-eligible populations between 15 and 25 percent; and 5 percent (\$1.75 million) among counties with Medicaid-eligible populations under 15 percent of the total population.

In each category, each county's share would be based on that county's share of the total Medicaid expenditure for counties in that category.

Taken together, these provisions would lead to a reduction in Medicaid costs for each county. The absence of Medicaid relief in the Senate budget means that this issue will be among those in controversy when House and Senate conferees work toward resolving differences between the budget proposals approved by the two chambers.

The House budget proposal was approved by the full House on June 15. Differences between House and Senate budget proposals are expected to be resolved by conferees representing the two houses of the General Assembly.

VIDEO SERVICE BILLS APPROVED BY COMMITTEES

House and Senate Committees this week approved similar bills to revise the system through which video services are made available to North Carolinians. Both bills would create a state franchising system to replace a system that currently allows local governments to enter into franchise agreements with video service providers. The House Finance Committee favorably reported [H2047](#) at its meeting on June 13. The Senate Commerce Committee approved [S1559](#) on the same day. The Senate bill was then re-referred to the Senate Finance Committee. Discussion of both bills centered around the adequacy of protection against discrimination in delivery of video services, the absence of a "build-out" requirement to assure service in rural or inner-city areas, and the availability of "PEG" or public access channels (or "bandwidth").

Both Bills contain provisions to compensate local governments for lost franchise tax revenue and to support PEG channels. Counties and cities that do not currently have cable revenue will also be compensated based on population. Funds to compensate local governments will come from a state sales tax levied on providers of video programming.

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