

Proviso Report

Proviso 33.22 Carry Forward

The following is submitted as required by Proviso 33.22 of the SFY 2014 Appropriations Act

The Department of Health and Human Services is authorized to carry forward cash balances from the prior fiscal year into the current fiscal year for any earmarked or restricted trust and agency, or special revenue account or subfund. The department shall submit a comprehensive reporting of all cash balances brought forward from the prior fiscal year. The report shall, at a minimum, for each account or subfund include the following: the statutory authority that allows the funds to be carried forward, the maximum authorized amount that can be carried forward, the general purpose or need for the carry forward, the specific source(s) of funding or revenue that generated the carry forward, and a detailed description of any pending obligations against the carry forward. The report must be submitted to the President Pro Tempore of the Senate, Chairman of the Senate Finance Committee, Speaker of the House of Representatives, and Chairman of the House Ways and Means Committee, within fifteen days after the Comptroller General closes the fiscal year.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3187 **Subfund Name:** Medicaid Reserve Account

	SFY 2012-13
Beginning Balance	60,000,000.00
Receipts	3,440,580.00
Disbursement	-
Transfers	(298,163.69)
Ending Balance	<u>63,142,416.31</u>

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 21.1 – Recoupment/Restricted Fund: The Department of Health and Human Services shall recoup all refunds and identified program overpayments and all such overpayments shall be recouped in accordance with established collection policy. Further, the Department of Health and Human Services is authorized to maintain a restricted fund, on deposit with the State Treasurer, to be used to pay for liabilities and improvements related to enhancing accountability for future audits. The restricted fund will derive from prior year program refunds. The restricted fund shall not exceed one percent of the total appropriation authorization for the current year. Amounts in excess of one percent will be remitted to the General Fund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

This account is used to accumulate a reserve fund for the Medicaid program due to the unknowns of population growth as a result of the Affordable Care Act and other growth along with the open-ended nature of medical claims within the fee-for-service population. This account is also for use in satisfying audit liabilities resulting from deferrals, disallowances, and uncollected accounts receivables due to the federal government within 365 days (such as nursing home receivables resulting from audits). Due to the potential size of our disallowances, this balance is necessary to prevent requests to the General Assembly to fund disallowances. Funding in this account is not generated at a consistent rate and the carry forward provision allows for the accumulation of balances sufficient to handle our sizable disallowances and receivables not collected within 365 days.

3. Please describe the key expenditures of this fund.

Expenditures for current year would be for payment of liabilities due to disallowances, deferrals, or uncollected accounts receivables due to the federal government. This amount does not post as expenditures but as a reduction of revenue because they must be posted as revenue in the federal account.

4. Please provide a description of the source(s) of funding for this account.

The source of funding for this account is the state portion of prior year refunds less expenditures for the Third Party Liability, Drug Rebate, and Fraud and Abuse Programs and is transferred to this sub-fund from sub-fund 3504 where all state refunds are deposited.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3440 **Subfund Name:** Med Care Prog - \$0.50 per Capita

	SFY 2012-13
Beginning Balance	318,596.50
Receipts	2,312,682.00
Disbursement	(2,631,278.50)
Transfers	-
Ending Balance	-

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund administers the provisions of Section 44-6-146(A): “Every fiscal year the State Treasurer shall withhold from the portion of the Local State Government Fund allotted to the counties, a sum equal to fifty cents per capita based on the population of the several counties as shown by the latest official census of the United States. The money withheld by the State Treasurer must be placed to the credit of the commission and used to provide Title XIX (Medicaid) Services.”

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

N/A.

3. Please describe the key expenditures of this fund.

These funds are for Medicaid Services. Expenditures are moved from state funds (1001) to this account.

4. Please provide a description of the source(s) of funding for this account.

Funds are allocated from the Local Government Fund through the State Treasurer’s Office.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3441 **Subfund Name:** State Agencies – Medicaid Allocation

	SFY 2012-13
Beginning Balance	23,712,622.42
Receipts	74,338,030.44
Disbursement	(65,823,058.22)
Transfers	10,787,180.83
Ending Balance	<u>43,014,775.47</u>

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund is used to account for the matching funds transferred from state and private providers participating in Medicaid contracts and services.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are given to the Department by other state entities or private providers and are expended on a yearly basis for Medicaid contracts or services. Any carry forward is due to timing of receipt of match for a new fiscal year that is received in prior year. Without this carry forward, the Department would be unable to fund these contracts and services at the beginning of the State Fiscal Year.

3. Please describe the key expenditures of this fund.

Expenditures represent Medicaid contracts and services.

4. Please provide a description of the source(s) of funding for this account.

Funds are received from state and private providers as match for Medicaid federal funding.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3442 **Subfund Name:** Special Grants

	SFY 2012-13
Beginning Balance	19,031,309.82
Receipts	78,388,751.14
Disbursement	(24,495,359.81)
Transfers	426,655.69
Ending Balance	73,351,356.84

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 21.4 – Third Party Liability Collection: The Department of Health and Human Services is allowed to fund the net costs of any Third Party Liability and Drug Rebate collection efforts from the monies collected in that effort.

Proviso 21.10 – Fraud and Abuse Collections: The Department of Health and Human Services may offset the administrative costs associated with controlling fraud and abuse.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Actual collections are received in subfund 3504 and transferred to this subfund as needed to fund Third Party, Drug Rebate and Fraud and Abuse activities. Because collections are not consistent through the year, one-twelfth of the expenditures may not be sufficient to cover monthly costs actually incurred. Use of this carry forward reduces the need for state appropriated dollars to fund these activities.

3. Please describe the key expenditures of this fund.

Administrative expenditures for the Third Party Liability, Drug Rebate and Fraud and Abuse programs are funded through this sub fund. These expenditures include salary, fringes, supplies, equipment, contractual services, etc.

4. Please provide a description of the source(s) of funding for this account.

Sources of funding for these programs are from Third Party Liability, Fraud and Abuse and Drug Rebate collections.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3475 **Subfund Name:** County Medicaid (MIAA)

	<u>SFY 2012-13</u>
Beginning Balance	21,254.59
Receipts	5,732,340.53
Disbursement	(5,753,595.12)
Transfers	-
Ending Balance	-

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund is used to account for funds received from counties to be used as Medicaid matching funds as required by Section 44-6-146(B) that states, in part: "County governments are assessed and additional thirteen million dollars annually for use as matching funds for Medicaid services. Of these funds, seven and a half million dollars must be deposited into the Medicaid Expansion Funding created by Section 44-6-155." With \$7.5 million required to be deposited in the Medicaid Expansion Fund (J02-4479), the remaining \$5.5 million is accounted for in this subfund. Usually, this sub-fund is used to reimburse expenditures made by J02-1001.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

N/A.

3. Please describe the key expenditures of this fund.

All expenditures are for Medicaid Services.

4. Please provide a description of the source(s) of funding for this account.

Funding is generated from assessments on county governments.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3476 **Subfund Name:** Medicaid CPE

	SFY 2012-13
Beginning Balance	-
Receipts	201,960,355.04
Disbursement	(201,960,355.04)
Transfers	-
Ending Balance	-

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This fund is used for budgetary purposes only. It is used to account for required Medicaid matching funds that are retained by state and local government providers and do not represent cash expenditures.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

N/A.

3. Please describe the key expenditures of this fund.

Revenues and expenditures are recorded in an equal amount in the accounting records monthly for these non-cash matching funds.

4. Please provide a description of the source(s) of funding for this account.

This fund is for budgetary purposes only and represents non-cash required matching funds retained by state and local governments for Medicaid services.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 35B4 **Subfund Name:** Medicaid Sponsored Workers

	SFY 2012-13
Beginning Balance	701,842.94
Receipts	5,335,147.33
Disbursement	(4,603,545.79)
Transfers	-
Ending Balance	1,433,444.48

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 21.12 establishes SC DHHS to continue as the agency responsible for the determination of Medicaid Eligibility. This subfund is used to account for funds received from sponsors of Medicaid Eligibility Workers. Individual providers contract with SC DHHS to provide state match requirement of the salary of Medicaid Eligibility Workers to be located at the sponsor's facility.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Any balances carried forward represent timing differences between receipt of contractual payments and the salary incurred for the workers sponsored. All funds are contractually obligated and must be available in order to preclude SC DHHS from having to incur expenditures pending receipt of the next year's contract payments.

3. Please describe the key expenditures of this fund.

Salaries and Other Operating for Medicaid Sponsored Eligibility Workers.

4. Please provide a description of the source(s) of funding for this account.

Funding is generated from contractual relationships with Medicaid Providers that sponsor Medicaid Eligibility Workers.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3504 **Subfund Name:** Med Asst Prog Refunds - State

	SFY 2012-13
Beginning Balance	-
Receipts	12,284,172.83
Disbursement	-
Transfers	(12,284,172.83)
Ending Balance	-

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This is a clearing account that is used to deposit the state portion of Medicaid assistance payment refunds until proper identification and distribution can be made. The net costs of contracting for these Third Party Liability collection efforts are paid from subfund J02-3442. These revenues are transferred to J02-3187 during the year.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These monies are transferred to subfund 3187 or 3442 throughout the year based on Proviso 21.1.

3. Please describe the key expenditures of this fund.

Expenditures are not paid from this subfund, but Third Party Liability and Drug Rebate efforts are funded from these revenues in subfund 3442.

4. Please provide a description of the source(s) of funding for this account.

The funding source for this account is prior year refunds.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3634 **Subfund Name:** Cap Reserve Fund Op

	SFY 2012-13
Beginning Balance	1,369,877.58
Receipts	-
Disbursement	-
Transfers	3,238,588.00
Ending Balance	4,608,465.58

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

FY 2011 – 12 Appropriations Act H.3701 established funding for DHHS through this fund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

The agency is charged with building a federally mandated Medicaid claims system. This project will take several years to complete; therefore, the agency will carry forward an amount greater than one-twelfth of the funds identified as disbursements as it works toward compliance with the mandated Medicaid claiming system. The procurement processes and project expenditures make it difficult to project in which year certain expenditures fall and therefore, over the duration of the project, the capital reserve funds may need to be carried forward.

3. Please describe the key expenditures of this fund.

These funds are to be used for Federal Mandated Medicaid Technology.

4. Please provide a description of the source(s) of funding for this account.

Proviso 90.20- Non-Recurring Revenue

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3861 **Subfund Name:** Services Fund for Emotionally Disturbed Children

	SFY 2012-13
Beginning Balance	1,835,144.50
Receipts	6,644,561.73
Disbursement	(7,263,125.68)
Transfers	-
Ending Balance	1,216,580.55

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

SC Code of Laws Section 20-7-5710: There is established the Interagency System for Caring for Emotionally Disturbed Children, an integrated system of care to be developed by the Continuum of Care for Emotionally Disturbed Children of the Governor's Office, the Department of Disabilities and Special Needs, the Department of Health and Human Services, the Department of Mental Health, and the Department of Social Services. The goal of the system is to implement South Carolina's Families First Policy and to support children in a manner that enables them to function in a community setting. The system shall provide assessment and evaluation procedures to insure a proper service plan and placement for each accountable for monitoring on a regular basis each child's care plan and procedures to evaluate and certify the programs offered by providers.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are obligated for the Emotionally Disturbed Children program through the MMIS payment system and are transferred to DHHS from DSS for this purpose.

3. Please describe the key expenditures of this fund.

Program Cost for the Emotionally Disturbed Children services.

4. Please provide a description of the source(s) of funding for this account.

These funds are transferred to DHHS from DSS for the purpose of funding the state share of the Emotionally Disturbed Children program.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3890 **Subfund Name:** Parking Fund

	<u>SFY 2012-13</u>
Beginning Balance	1,865.00
Receipts	4,435.00
Disbursement	(4,435.00)
Transfers	-
Ending Balance	<u>1,865.00</u>

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Previously, employees paid individual monthly checks to the landlord for parking, which was administratively cumbersome for all concerned. Through a cooperative effort between the agency, the Division of General Services and the Comptroller General's Office, a process was established for collecting the parking fees through payroll deduction and making one monthly payment to the landlord. This subfund was established as an account to deposit employee payroll deductions for monthly parking fees incurred by employees.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are obligated for monthly employee parking.

3. Please describe the key expenditures of this fund.

Expenditures are for employee parking fees.

4. Please provide a description of the source(s) of funding for this account.

The source of funding is from Agency employees.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3958 **Subfund Name:** Sale of Assets

	<u>SFY 2012-13</u>
Beginning Balance	75.00
Receipts	280.00
Disbursement	-
Transfers	-
Ending Balance	<u>355.00</u>

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund is to be used to deposit the proceeds from the sale of assets to be used to purchase like kind assets.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are held in an account to cover re-purchase of like kind assets needed by the agency. Due to timing of sales and ordering of new assets, carry forward balances may be necessary to cover the costs of the new equipment.

3. Please describe the key expenditures of this fund.

Expenditures in this fund are for the replacement of like kind assets.

4. Please provide a description of the source(s) of funding for this account.

Funds are deposited to this account from the sale of assets to state surplus.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 4176 **Subfund Name:** Nursing Home Sanctions

	SFY 2012-13
Beginning Balance	6,877,329.80
Receipts	812,709.04
Disbursement	(150,462.50)
Transfers	130,318.04
Ending Balance	7,669,894.38

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 21.8 – Nursing Home Sanctions: The Department of Health and Human Services is authorized to establish an interest bearing Restricted Fund with the State Treasurer, to deposit fines collected as a result of nursing home sanctions. The Department may use these funds to improve or protect life, health and property of patients in nursing homes, including payment for the costs of relocation of residents to other facilities, maintenance of operation of a facility pending correction of deficiencies or closure.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Federal law as stated in 42 CFR Part 488.442 mandates that civil money penalties collected by the State must be applied to the protection of the health or property of residents of facilities that the State or CMS finds non-compliant, such as (1) payment for the cost of relocating residents to other facilities; (2) state costs related to the operation of a facility pending correction of deficiencies or closure; and (3) reimbursement of residents for personal funds or property lost at a facility as a result of action by the facility or by individuals used by the facility to provide services to residents. These funds are obligated for this purpose and should be maintained to assure that funds are available should the need arise to relocate patients or to maintain operation of a facility pending corrective action. If adequate funding were not available, the Department would have to request funding from the State General Fund to fund the cost of a nursing closure. Also, this is not a consistent monthly need; therefore, one-twelfth carry forward may not be sufficient in the event a home closed in July or August.

3. Please describe the key expenditures of this fund.

Expenditures are related to nursing home contracts for training and testing costs.

4. Please provide a description of the source(s) of funding for this account.

These funds come from the collection of fees and fines as a result of nursing home sanctions imposed by the Centers for Medicare and Medicaid Services (CMS).

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 4275 **Subfund Name:** Tobacco Settlements

	<u>SFY 2012-13</u>
Beginning Balance	10,002,754.53
Receipts	-
Disbursement	(18,617,724.65)
Transfers	8,614,970.12
Ending Balance	-

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Revenues received from the State's participation in the multi-state legal settlement with the tobacco industry. Section 11-11-170 describes the distribution of tobacco revenues to various agencies.

Proviso 89.46 authorizes state agencies to retain and carry forward any unexpended Tobacco Settlement Agreement funds from the prior fiscal year into the current fiscal year to expend such funds for the same purpose.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

N/A.

3. Please describe the key expenditures of this fund.

Medicaid Program Expenditures.

4. Please provide a description of the source(s) of funding for this account.

Proviso 90.3- Tobacco Settlement: Contingent upon the approval of the Tobacco Settlement Revenue Management Authority and parties to the trust agreement, the State Treasurer shall transfer an amount equal to \$8,481,912 from the unrestricted taxable proceeds portion of the principal of the Healthcare Tobacco Settlement Trust Fund established pursuant to Section 11-11-170(B)(1) of the 1976 Code to the Department of Health and Human Services to be expended for Medicaid. The State Treasurer is authorized and directed to transfer to the Office of the Attorney General from funds available to the Tobacco Settlement Management Authority

such amounts as shall be necessary for the enforcement of Chapter 47 of Title 11, The Tobacco Escrow Fund Act, which will protect the payments to the State under the Master Settlement Agreement.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 4479 **Subfund Name:** Medicaid Expansion (MIAA)

	SFY 2012-13
Beginning Balance	34,354,176.88
Receipts	7,276,210.97
Disbursement	(271,206,587.35)
Transfers	265,387,578.81
Ending Balance	35,811,379.31

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

SC Code of Laws Section 44-6-155: (A) There is created the Medicaid Expansion Fund into which must be deposited funds: (1) collected pursuant to Section 44-6-146 and (2) collected pursuant to Section 12-23-810. This fund must be separate and distinct from the general fund. These funds are supplementary and may not be used to replace general funds appropriated by the General Assembly or other funds used to support Medicaid.

SC Code of Laws Section 44-6-146: (B) County governments are assessed an additional thirteen million dollars annually for use as matching funds for Medicaid services. Of these funds, seven and a half million dollars must be deposited into the Medicaid Expansion Fund created by Section 44-6-155.

SC Code of Laws Section 12-23-810: (C) Every hospital licensed as a general hospital by the Department of Health and Environmental Control is subject to the payment on an excise, license or privilege tax. Each hospital's tax must be based on the total expenditures of each hospital as a percentage of total hospital expenditures statewide. Total annual revenues from the tax, exclusive of penalties and interest, in subsection (A) of this section must equal two hundred sixty four million dollars.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are earmarked for the Medicaid Expansion program and carry forward is due to the timing of the receipt of funds from the Department of

Revenue. The agency is required to expend the total amount of two hundred and sixty four million dollars. The increase in the tax amount was the result of a change in state law. The Department of Revenue sends the funds for July of the new state fiscal year to the agency in June of the prior year, which results in carry forward, but by law, these funds cannot be expended in the prior year.

3. Please describe the key expenditures of this fund.

Expenditures are paid through the MMIS payment system for Medicaid services.

4. Please provide a description of the source(s) of funding for this account.

Revenues are received from the Department of Revenue from the hospital tax.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 46K5 **Subfund Name:** Tobacco Sur-Medicaid Res

	SFY 2012-13
Beginning Balance	-
Receipts	-
Disbursement	(157,299,845.00)
Transfers	157,299,845.00
Ending Balance	-

SFY2013 Year to Date as of 7/31/2013

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Health Funding Proviso 90.16 of FY2011-12 Appropriations Act established this funding for Medicaid Services and allows for unexpended funds to be carried forward to succeeding fiscal years and expended for the same purposes.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

N/A

3. Please describe the key expenditures of this fund.

Expenditures are paid through the MMIS payment system for Medicaid services.

4. Please provide a description of the source(s) of funding for this account.

Proviso 90.9- Health Care Maintenance of Effort Funding: The source of funds appropriated in this provision is \$157,299,845 from the revenue collected during Fiscal Year 2011-12 and Fiscal Year 2012-13 from the 50 cent cigarette surcharge and deposited into the South Carolina Medicaid Reserve Fund and shall be utilized by the Department of Health and Human Services for the Medicaid Program's maintenance of effort. By this provision these funds are deemed to have been received and are available for appropriation.

The residual funds from the cigarette surcharge shall remain in the South Carolina Medicaid Reserve Fund and may be used by the director of the Department of Health and Human Services to ensure access to care in rural and

underserved areas of the state. Within ninety days of the start of fiscal year, the department shall develop methods and criteria for determining how access issues will be identified, assessed and addressed. Any use of these funds shall require thirty days prior notice to the Chairman of the Senate Finance and House Ways and Means Committees. The department shall provide an assessment of access to care as part of the reporting requirements stipulated in Proviso 21.32, (DHHS: Medicaid Reporting). The director is not authorized to access any of the residual funds prior to January 31, 2013. The director must submit a proposal for any use of the funds to the General Assembly by January 1, 2013. If no action is taken on the proposal by the General Assembly by January 31, 2013, the director may access the residual funds as presented in the proposal.

Unexpended funds appropriated pursuant to this provision may be carried forward to succeeding fiscal years and expended for the same purposes.