



SENATE BILL 403: Additional Medicaid Funds and Requirements.

2025-2026 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	September 22, 2025
Introduced by:	Sen. Hise	Prepared by:	Jeff Cherry
Analysis of:	PCS to First Edition S403-CSMHa-6		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) of Senate Bill 403 adjusts Medicaid funding to account for projected health care changes and provides for cuts to vacant agency positions, future building reserves, and the State Capital and Infrastructure Fund (SCIF) to generate cost savings.*

BILL ANALYSIS: The PCS does the following:

Part I. Additional Agency Vacant Position Cuts

Section 1.1 provides for a \$19.7 million cut to vacant positions at non-Council of State cabinet agencies, with the exception of the SBI and the Highway Patrol. The Governor and OSBM is directed to identify and implement the vacant position reductions among those agencies.

Part II. Health and Human Services

Section 2.1 would require the Department of Health and Human Services to eliminate a sufficient number of vacant positions to achieve net General Fund savings in the amount of thirty-two million six hundred thirteen thousand four hundred ninety-three dollars (\$32,613,493) in recurring funds, beginning with the 2025-2026 fiscal year.

Section 2.2 appropriates from the General Fund \$690M in recurring funds for the Medicaid rebase for each year of the fiscal biennium and \$38,562,645 in recurring funds for Medicaid administration for each year of this fiscal biennium. It also appropriates from the General Fund \$45,437,355 in nonrecurring funds for FY 25-26 and \$11,437,355 in nonrecurring funds for FY 26-27 for Medicaid administration.

Section 2.3 eliminates Medicaid program coverage of GLP-1 drugs for weight loss.

Section 2.4 repeats a requirement for local management entity/managed care organization (LME/MCOs) to make recurring intergovernmental transfers to the Division of Health Benefits, with updates to reflect realignment of counties among the LME/MCOs.

Section 2.6 directs DHHS to adopt rules on timeliness standards for Medicaid eligibility determinations by April 1, 2027, track county compliance with these standards, and place noncompliant counties on corrective action plans. Requires that the accuracy audit results for Medicaid eligibility redeterminations be reported separately from the data for initial Medicaid applications.

Section 2.7 requires the State Auditor to conduct an audit of a sample of counties' SNAP and Medicaid eligibility determinations efforts. It appropriates \$1.5M to each DCFW and DHB to be transferred to the State Auditor to fund these audits.

Part III. Statewide

Daniel Ettefagh
Director



Legislative Drafting
919-733-6660

Senate 403 PCS

Page 2

Section 3.1 reduces funding for Future Building Reserves by \$42.2 million in recurring funds effective with the 2025-2026 fiscal year.

Section 3.2 reduces the statutorily mandated transfer from the General Fund to the SCIF by \$34 million for the 2025-2026 fiscal year and provides that the calculation of the transfer for the 2026-2027 fiscal year is not effected by that reduction.

Section 3.3 provides greater flexibility to use previously issued but unexpended bond proceeds not needed for the projects or purposes for which they were originally issued.

Part IV. Miscellaneous

Section 4.1 and 4.2 enact various appropriations boilerplate provisions.

EFFECTIVE DATE: Except as otherwise provided, the PCS would be effective retroactively to July 1, 2025.