



# STATE OF INDIANA

Mitchell E. Daniels  
Governor

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## STATE BUDGET AGENCY

212 State House  
Indianapolis, Indiana 46204-2796  
317-232-5610

Christopher A. Ruhl  
Director

### MEMORANDUM

**DATE:** June 21, 2010

**TO:** Steve Daniels, Deputy Auditor  
Auditor of State

**FROM:** Christopher A. Ruhl, Director  
State Budget Agency 

**SUBJECT:** Medicaid Contingency and Reserve Account

Consistent with IC 4-12-1-15.5, please transfer the balance of \$57,600,000.00 from the Medicaid Contingency and Reserve Account (54410) to Medicaid Current Obligations (15050) effective immediately. According to 4-12-1-15.5(a):

*The Medicaid contingency and reserve account is established within the state general fund for the purpose of providing money for timely payment of Medicaid claims, obligations, and liabilities. Money in the account must be used to pay Medicaid claims, obligations, and liabilities. The account shall be administered by the budget agency.*

Per the December 2009 Medicaid forecast, the Medicaid Assistance program faced a substantial shortfall of more than \$50 million. Moreover, the passage of federal health care legislation resulted in the federal government confiscating pharmacy rebates previously captured by the state. Consequently, this transfer shall be used to support the continuation of timely Medicaid payments for the remainder of FY 2010 and FY 2011. I appreciate your timely processing of this transfer.

Should you require additional information, please contact me at 234-1625.

Cc: Adam Horst, Deputy Director, Budget Agency  
Jay Collins, Deputy Director, Budget Agency  
Zachary Jackson, Assistant Director, Budget Agency  
Joe Fistrovich, Controller, Budget Agency  
Christina Miller, Assistant Controller, Budget Agency