BP settlement bill, Medicaid fix dead for this session

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An effort to create a plan for spending a $1 billion oil spill settlement from BP and provide a one-year fix for Medicaid funding died in the Alabama Senate today.

The Senate adjourned at 9:30 tonight with the bill stuck in committee.

That means it can't pass on Wednesday, the final day of the legislative session.

The disagreement between competing versions of the bill concerned how much money should go to repaying state debts and how much should go to road projects in Mobile and Baldwin counties, the coastal counties on the front lines of the 2010 Deepwater Horizon disaster.

Both versions would have made available $70 million for the Alabama Medicaid Agency next year, which would erase most of what the agency says is an $85 million shortfall.

"We have pretty much a divided chamber on this bill and how it should be handled," Senate President Pro Tem Del Marsh, R-Anniston, said tonight after adjournment.

BP is scheduled **to pay the state $1 billion over 18 years** to compensate for economic damages from the oil spill.

Last week, the House **passed a bill** by Rep. Steve Clouse, R-Ozark, that would have authorized issuing about $640 million in bonds and using the annual BP payments to pay off the bond debt.

It would apply $448 million of the bond money to repaying the Alabama Trust Fund for money transferred since 2010 to balance the state budget.

The remainder, an estimated $191 million, would go to road projects in Mobile and Baldwin counties.

In the Senate budget committee today, Sen. Arthur Orr, R-Decatur, proposed a substitute bill that would apply more of the bond money to the state debt and less to road projects.

Orr's substitute would repay all the remaining debt to the ATF, leaving an estimated $90 million to $100 million for roads, Orr said.

Orr's plan would also spread the road money statewide, with eight of the state's nine Department of Transportation districts getting 10 percent and the Mobile and Baldwin county districts getting 20 percent.

Sen. Trip Pittman, R-Montrose, chairman of the budget committee, favored Clouse's version and asked the committee to reject Orr's substitute.

But the committee voted down Pittman's motion to table Orr's bill.

Pittman then adjourned the meeting without allowing a vote to approve Orr's substitute.

Orr said he was disappointed that Pittman did not allow a vote on his bill.

"The intransigence of some to want all the road money for themselves, that hurts the ability to pay the debts back," Orr said.

Sen. Bill Hightower, R-Mobile, who proposed a BP bill that passed the Senate, favored Clouse's bill because he said it was a good compromise on the road money.

"Many of the senators just did not recognize the damage that the coast received," Hightower said.

The bill's failure leaves uncertainty over state Medicaid funding.

Gov. Robert Bentley requested $785 million from the General Fund for the Alabama Medicaid Agency next year.

The Legislature overrode the governor's veto and passed a budget with $700 million for Medicaid.

Medicaid Commissioner Stephanie Azar says the agency will have to cut services if it does not receive the $785 million.

Azar said Medicaid won't be able to sustain a federally approved plan to change to managed care without the full budget request.

The plan to change to managed care, which has been in the works for several years, is intended to slow the growth in Medicaid costs over time and improve health outcomes.

"Whatever BP settlement plan is finally approved, I urge my colleagues to fully fund Medicaid reform so the foundation of rural health care in Alabama can be saved," Senate Majority Leader Greg Reed, R-Jasper, said in a statement.

Pittman's motion to table Orr's bill failed on a 9-6 vote. Voting against the motion were Sens. Billy Beasley, Priscilla Dunn, Bill Holtzclaw, Steve Livingston, Tim Melson, Orr, Paul Sanford, Bobby Singleton and Larry Stutts.

Voting in favor of the motion were Pittman, Hightower and Sens. Clyde Chambliss, Linda Coleman-Madison, Jabo Waggoner and Cam Ward.

"Right now I think Medicaid better be ready to live on the money it's budgeted," Marsh said.

Kimble Forrister, state coordinator for Alabama Arise, which advocates for low-income families, issued a statement urging the Legislature and governor to find a Medicaid solution.

"Putting health care at risk for children, seniors, and people with disabilities is no way to build a stronger Alabama," Forrister said.

"Neither is lurching from one budget crisis to another because of our state's failure to solve the General Fund's long-term funding shortfall."

This story was updated several times, including an update to say that the bill was officially dead.

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