



**State Report on the Use of increased FMAP  
Section 5001 of ARRA**

State: New York

Report Period:

From (mm/dd/yyyy): 10/1/2009  
To (mm/dd/yyyy): 12/31/2009

**III. State Plan Use of Increased FMAP**

Please describe how the State is using the freed up State funds associated with the additional Federal funds related to the increased FMAP available under the ARRA provision. For this purpose, the amount of "freed up State funds" is equivalent to the difference between the amount of available Federal funds at the increased FMAP under ARRA and the amount of the available Federal funds at the regular (non-increased) FMAP.

Indicate all that apply:

1. Uses related to the health care programs in the State:

<p>A. Medicaid</p> <p>a) Cover increased caseload</p> <p>b) Ensure prompt pay requirements are met</p> <p>c) Maintain current populations and avoid cuts to eligibility</p> <p>d) Maintain current benefits and avoid reductions in benefits</p> <p>e) Expand benefits and / or increase provider rates</p> <p>f) Expand eligibility / coverage</p> <p>g) Other. Please explain and provide any attachments if necessary</p>	<p>Estimated Amounts:</p> <table border="1"> <tr><td>\$</td><td align="right">-</td></tr> <tr><td>\$</td><td align="right">-</td></tr> <tr><td>\$</td><td align="right">-</td></tr> <tr><td>\$</td><td align="right">-</td></tr> <tr><td>\$</td><td align="right">-</td></tr> <tr><td>\$</td><td align="right">-</td></tr> <tr><td>\$</td><td align="right">1,372,064,000</td></tr> </table>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,372,064,000
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<p>B. Other Health Care Related (Non-Medicaid)</p> <p>Describe:</p>	<p>Estimated Amounts:</p> <table border="1"> <tr><td>\$</td><td align="right">-</td></tr> </table>	\$	-												
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<p>2. Non-Health Care Related Uses (Describe):</p> <div style="border: 1px solid black; height: 20px; width: 300px;"></div>	<p>Estimated Amounts:</p> <table border="1"> <tr><td>\$</td><td align="right">-</td></tr> </table>	\$	-
\$	-		

3. Describe the funding process with respect to expenditures during the quarter in the Medicaid program including both Federal funds related to the increased FMAP under ARRA and non-Federal funds. For this purpose, identify all of the State funds and accounts which are involved in the funding process for the Medicaid program and into/through which the increased Federal FMAP funds and the non-Federal share funds flow and/or are deposited.

See attached Medicaid Funding Process tab

3.A. Please provide the original estimates of general fund revenue collections used in developing the annual budget for FY 2009 and your actual or preliminary actual general fund revenue collections

Original Estimates for FY 2009	Actual Collections
\$55.6B	\$53.6B

3.B. Please provide the original estimate of general fund revenue collections used in developing your FY 2010 budget and your most recent updated estimate of collections. When available, please provide the final actual general fund revenue collections.

Original Estimates for FY 2010	Actual Collections
\$54.34B	\$52.7B

4. Medicaid Program Funding Process. Please provide an explanation of the budget process in your state for funding the Medicaid Program in FY 2009 and FY 2010.

NYS has an Executive Budget process wherein the Governor develops proposed Medicaid appropriations and State revenues in support of this spending. The Executive Budget is submitted to the Legislature, which can make adjustments prior to formal enactment. Fiscal year begins April 1.

4.A. Did your State reduce the share of State fund appropriations compared to Federal funds for the Medicaid Program, due to the increased FMAP? If yes please explain.

SFY 2009 - 10 was not reduced in order to ensure State maintained adequate authority (i.e., fluctuations in additional spending and FMAP earnings).

4.B. Did your State maintain the share of State fund appropriations for the Medicaid Program, despite the increased FMAP? If yes, please explain.

SFY 2009 - 10 was not reduced in order to ensure State maintained adequate authority (i.e., fluctuations in additional spending and FMAP earnings).

4.C. Please provide any other information that may help explain your State's funding of Medicaid during these two fiscal years.

NYS continues to propose provider reimbursement reductions and other cost containment actions to control rapidly increasing Medicaid costs.

5. Please include any other information/narrative not addressed in the questions above which would highlight the State's use of FMAP stimulus funds:

Please see tab "2009-10 Enacted Budget Fin Plan" which includes a chart illustrating planned program cuts which were averted through the availability of enhanced FMAP for the period 10/1/08-3/31/10. Information extracted from the 2009-10 Enacted Budget Financial Plan.





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**V. Maintenance of Effort (Cont'd)**

4. **Restrictive Eligibility.** Please report any changes to the eligibility standards, methodologies and procedures that are more restrictive than what was in effect on July 1, 2008. Provide a description of the changes(s), the effective date, and impact:

NA

4b. Please complete the chart below indicating the increased FMAP dollar amounts lost as a result of such changes, if any:

Table 5: Eligibility Restrictions (\$000s)					
FFY	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
2009	\$0	\$0	\$0	\$0	\$0
2010	\$0				\$0
2011					\$0
Total:	\$0	\$0	\$0	\$0	\$0

4c. **Reinstatement of Eligibility** - If applicable, specify the date (and Quarter) that the State reinstated eligibility standards, methodologies, or procedures, respectively, under such plan (or waiver) as in effect on July 1, 2008.

NA

4d. **Reinstatement of Eligibility** - With respect to the eligibility provisions that were reinstated, indicate, by provision, the number of unduplicated number of enrollees estimated to have retained eligibility, or have been able to be determined eligible, as a result of the reinstated provision:

Table 6. Number of enrollees during period that have retained or become eligible as a result of reinstatement of eligibility provisions	
Reinstated Provision (Describe)	No. of Individuals

5a. **Expanded Eligibility.** Please report any changes under Title XIX, for medical assistance provided to individuals determined eligible under eligibility standards that were higher than those in effect on July 1, 2008. Provide a description of the change, the effective date and impact.

NA

5b. **New Eligibles.** Please complete Table 7 below and list the number of new eligibles that are covered but excluded from increased FMAP payments because the expansion is subject to eligibility income standards that are higher than what was in effect on July 1, 2008.

Table 7. Number of new eligible individuals during period that became eligible as a result of increased income eligibility standards, and related lost FMAP		
Increased Eligibility Income Standard (Describe)	No. of Individuals	Lost FMAP (\$000s)
NA		

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**VI. Comments**

**III. State Plan Use of Increased FMAP**

**Item 1. A (g) Other**

The increased FMAP allows NYS to cover Medicaid caseload increases resulting from the continued economic downturn, allows the state to continue to provide services and benefits to eligibles without any reductions and alleviates the need for more cost containment beyond that enacted in the state's budget for the fiscal year.

**V. Maintenance of Effort**

**Item 1. A. Table 2. Rainy Day/Reserve Fund**

December 31, 2009 reserve fund balances are at \$0. This is due to State Finance Law allowing for these funds to be used for other purposes, such as covering cash shortfalls or other deficits, as long as the funds are returned by the close of the fiscal year.

On an accrual basis, these account totals would be as follows:

Tax Stabilization	\$1,031,000,000
Rainy Day	\$21,000,000
Contingency	\$175,000,000
Refund Reserve	\$978,000,000

## Medicaid Funding Process

### Section II Item 3.

The following is a listing of the state accounts used to support the non-federal share of Medicaid expenditures:

<u>Fund</u>	<u>Title</u>
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- General Fund - Local Assistance Account
- Fund 179 – Escrow Account
- 061/04 HCRA - Medical Assistance Account
- 061/IN HCRA - Indigent Care Fund
- Medicaid Recoveries Health Facilities
- 339/YV State Special Revenue Fund - Medicaid Provider Assessment

Medicaid claims are funded using a combination of federal, state and local funds. The shares funding for each claim is determined using a combination of eligibility group, type of service and other factors. The necessary federal, state and local funds are deposited into an escrow account (Fund 179) to fund checks issued to providers. Federal funds including ARRA's increased FMAP are drawn in accordance with CMIA requirements and deposited into the 179 account. The local funds are received electronically each week from localities and deposited into the 179 account. State funds are also moved into this account. The decision regarding which state appropriations to use are determined each week by the Department of Health in consultation with the Division of the Budget.

State share funding appropriations were not reduced, despite the increased FMAP. However, the increased FMAP allowed NYS to cover Medicaid caseload increases resulting from the economic downturn, allowed the State to continue to provide services and benefits to eligibles without any reductions and alleviated the need for more cost containment beyond that enacted in the State's budget for the fiscal year.

## FINANCIAL PLAN OVERVIEW

<b>FMAP FISCAL RELIEF DISTRIBUTION</b> <b>STATE FISCAL YEARS 2008-09 AND 2009-10</b> (millions of dollars)		
<b>NYC AIM Funding Restoration</b>		<b>328</b>
<b>Human Services Restorations:</b>		<b>126</b>
Redirect SSI COLA	84	
Community Optional Preventive Services	29	
Homeless Prevention Program	5	
Single Room Occupancy Program	2	
Neighborhood & Rural Preservation	2	
Caseload Reduction	2	
NY/NY III Bed Reduction	1	
HIV Welfare to Work	1	
<b>Mental Hygiene Restorations:</b>		<b>38</b>
January 2009 Human Services COLA Reduction	16	
Sheltered Employment/Day Habilitation	11	
OASAS AIDS/Case Management Services	4	
Unified Services	3	
Other Mental Health	4	
<b>Medicaid Enrollment/Utilization Increases:</b>		<b>750</b>
<b>HCRA Shortfall</b>		<b>282</b>
<b>Health Care Restorations:</b>		<b>981</b>
Hospitals	393	
Nursing Homes	174	
Home Care	133	
Insurance	112	
Pharmacy	72	
Other	97	
<b>Rejected Tax/Fee Increases:</b>		<b>1,271</b>
<b>Gap Closing</b>		<b><u>1,225</u></b>
<b>TOTAL FMAP AVAILABLE (October 2009 - March 2010)</b>		<b>5,001</b>

With one important exception, FMAP has no impact on the State's All Funds spending levels, since every dollar saved in the General Fund is offset by a corresponding increase in Federal Funds. However, since all Federal Medicaid payments must flow through the State's Financial Plan, the increase in FMAP results in an increase in the "pass-through" of more Federal aid to counties and New York City, which contribute to the financing of the State's Medicaid program. This pass-through amount totaled \$440 million in 2008-09 and is projected at \$1.4 billion in 2009-10. See "Spending Levels" herein for a discussion of the impact of Federal aid on State All Funds spending in 2009-10.

As of 09/01/2010 04:52PM, the Laws database is current through 2010  
Chapters 1-59, 61-418, 419-445, 447-481  
State Finance

§ 92-cc. Rainy day reserve fund. 1. There is hereby established in the state treasury a fund to be known as the "rainy day reserve fund". Such fund shall consist of moneys deposited therein and monies shall be withdrawn from such fund only for the purposes as provided therein.

2. Such fund shall have a maximum balance not to exceed three per centum of the aggregate amount projected to be disbursed from the general fund during the fiscal year immediately following the then-current fiscal year.

3. a. The amounts available in such reserve may be used if the following conditions are met:

(i) Economic downturn. The commissioner of labor shall calculate and publish, on or before the fifteenth day of each month, a composite index of business cycle indicators. Such index shall be calculated using monthly data on New York state employment, total manufacturing hours worked, and unemployment prepared by the department of labor or its successor agency, and total sales tax collected net of law changes, prepared by the department of taxation and finance or its successor agency. Such index shall be constructed in accordance with the procedures for calculating composite indexes issued by the conference board or its successor organization, and adjusted for seasonal variations in accordance with the procedures issued by the census bureau of the United States department of commerce or its successor agency. If the composite index declines for five consecutive months, the commissioner of labor shall notify the governor, the speaker of the assembly, the temporary president of the senate, and the minority leaders of the assembly and the senate. Upon such notification, the director of the budget may authorize and direct the comptroller to transfer from the rainy day reserve fund to the general fund such amounts as the director of the budget deems necessary to meet the requirements of the state financial plan. The authority to transfer funds under the provisions of this subdivision shall lapse when the composite index shall have increased for five consecutive months or twelve months from the original notification of the commissioner of labor, whichever occurs earlier. Provided, however, that for every additional and consecutive monthly decline succeeding the five month decline so noted by the commissioner of labor, the twelve month lapse date shall be extended by one additional month; or

(ii) Catastrophic events. In the event of a need to repel invasion, suppress insurrection, defend the state in war, or to respond to any other emergency resulting from a disaster, including but not limited to, a disaster caused by an act of terrorism, the director of the budget may authorize and direct the comptroller to transfer from the rainy day reserve fund to the general fund such amounts as the director of the budget deems necessary to meet the requirements of the state financial

plan.

b. Prior to authorizing any transfer from the rainy day reserve fund pursuant to the provisions of this section, the director of the budget shall notify the speaker of the assembly, the temporary president of the senate, and the minority leaders of the assembly and the senate. Such letter shall specify the reasons for the transfer and the amount thereof. Any amounts transferred from the rainy day reserve fund to the general fund shall be subject to all the repayment provisions of this section.

4. Any transfer authorized in subdivision three of this section shall be repaid in cash within a period of three years after the date that such authority to transfer funds under the provisions of this subdivision lapses, provided however that any transfer authorized as a result of a catastrophic event shall be subject to repayment provisions to be proposed by the governor and implemented by appropriation or transfer of funds.

5. Moneys in the rainy day reserve fund may be temporarily loaned to the general fund during any fiscal year in anticipation of the receipt of revenues from taxes, fees and other sources required to be paid into the general fund during such fiscal year. Moneys so temporarily loaned shall be repaid in cash during the same fiscal year.

## **STATE REPORT ON THE USE OF INCREASED FMAP SECTION 5001 OF ARRA**

### **3. Political Subdivisions**

Since the beginning of Medicaid in 1966, New York State has required its political subdivisions to contribute to the nonfederal share of the program. These political subdivisions are New York City and the 57 counties outside of New York City (a listing of these localities is attached). Initially localities were required to finance fifty percent of the nonfederal share of the program. Over the course of the next several decades, New York State has implemented several measures that reduced the local share of the program; these include a reduction in local shares for long term care services to 20 percent of the nonfederal share, the elimination of the local share for Family Health Plus eligibles and, starting in January 2006, the capping of the local share of Medicaid program and administrative costs.

The capping of the local share was authorized by New York State's Chapter 58 of the Laws of 2005. This law established calendar year 2005 as the base year against which annual non-compounded increases were authorized. These increases, three and a half percent the first year subsequently reduced to three percent for all future years starting in 2008. These cap amounts were computed on a state fiscal year with localities required to make weekly payments to the state. Chapter 58 also requires that the state perform an annual reconciliation of what localities paid under the cap to what they would have paid under the old shares funding methodology. If localities paid more under the cap than they would have paid under the old methodology, then they were refunded the difference. This annual reconciliation essentially held localities harmless from paying more under the cap than they would have paid absent the cap. Consequently, the local share portion of Medicaid costs for the state fiscal year is not determined until after the completion of the annual reconciliation.

The American Recovery and Reinvestment Act (ARRA) requires that, in states where political subdivisions are required to pay a portion of the nonfederal share, this percentage can not be greater after the application of the increased Federal Medical Percentage (FMAP) than the percentage they would have paid absent the increased FMAP. Although ARRA is written on the basis of a quarterly test to determine the local percentage of the nonfederal share, NYS law establishes local share as an annual lump sum for a state fiscal year, not on a percentage basis, or a quarterly basis. To comply with ARRA, New York State, through the annual reconciliation process stated above, calculated the local percentage of the nonfederal share of those costs covered by the increased FMAP both before and after the application of the increase. Any locality where the local percentage was higher after the FMAP increase received a refund from the state for the overage to ensure that each locality was in compliance with the ARRA requirement.

The reconciliation for state fiscal year 2008-09 was the first time that New York State implemented this requirement of the ARRA. Subsequent to the completion of that reconciliation, the DHHS Office of the Inspector General conducted an audit of New York's compliance with this ARRA provision. That audit found that the state's actions were in compliance and no political subdivision had paid more under ARRA than in the prior period.

Similarly, benchmarking for the State fiscal year ending 3/31/10 will be completed by September 30, 2010.

The attached listing of localities provides the local percentage for SFY 2008-09 Medicaid expenditures both before and after the FMAP increase. All localities met this ARRA provision for all quarters for State fiscal year ending 3/31/09.

DISTRICT	Percentage Required September 30, 2008 (x.x%)	Actual Percentage for SFY Ending 3/31/09
ALBANY	25.232968%	25.232968%
ALLEGANY	26.054423%	26.054423%
BROOME	23.917560%	23.917560%
CATTARAUGUS	29.689870%	29.689870%
CAYUGA	27.511862%	27.511862%
CHAUTAUQUA	26.608418%	26.608418%
CHEMUNG	26.544388%	26.544388%
CHENANGO	21.332802%	21.332802%
CLINTON	25.903840%	25.903840%
COLUMBIA	25.299016%	25.299016%
CORTLAND	24.580770%	24.580770%
DELAWARE	22.363073%	22.363073%
DUTCHESS	20.421129%	20.421129%
ERIE	26.869817%	26.869817%
ESSEX	19.391991%	19.391991%
FRANKLIN	23.041119%	23.041119%
FULTON	21.071823%	21.071823%
GENESEE	30.501900%	30.501900%
GREENE	24.178343%	24.178343%
HAMILTON	17.665901%	17.665901%
HERKIMER	22.227415%	22.227415%
JEFFERSON	25.033437%	25.033437%
LEWIS	31.459555%	30.670403%
LIVINGSTON	23.304211%	23.304211%
MADISON	21.172507%	21.172507%
MONROE	26.846990%	26.846990%
MONTGOMERY	21.560720%	21.560720%
NASSAU	26.716211%	26.595165%
NIAGARA	27.753601%	27.753601%
ONEIDA	23.481400%	23.481400%
ONONDAGA	28.948858%	28.948858%
ONTARIO	21.843505%	21.843505%
ORANGE	27.142121%	27.142121%
ORLEANS	29.690805%	29.690805%
OSWEGO	27.466379%	27.466379%
OTSEGO	26.303176%	26.303176%
PUTNAM	17.559318%	17.559318%
RENSSELAER	30.730922%	30.730922%
ROCKLAND	24.307585%	24.307585%
ST. LAWRENCE	22.809852%	22.809852%
SARATOGA	25.978811%	25.978811%
SCHENECTADY	27.729828%	27.729828%
SCHOHARIE	23.370565%	23.370565%
SCHUYLER	21.368097%	21.368097%
SENECA	22.085373%	22.085373%
STEUBEN	28.024955%	27.809055%
SUFFOLK	23.412599%	23.412599%
SULLIVAN	20.559469%	20.559469%
TIOGA	25.377003%	25.377003%
TOMPKINS	21.803124%	21.803124%
ULSTER	22.468776%	22.468776%
WARREN	25.846842%	25.679452%
WASHINGTON	24.632535%	24.632535%
WAYNE	24.691825%	24.691825%
WESTCHESTER	24.925689%	24.925689%
WYOMING	27.857670%	27.393007%
YATES	22.629195%	22.629195%
NEW YORK CITY	34.652877%	34.630169%