

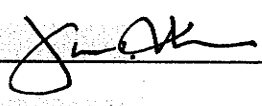
**State Report on the Use of Increased FMAP
Section 5001 of ARRA**

I. Introduction

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) into law, representing approximately \$87 billion in Federal funds to help States, D.C. and Territories meet the health care needs for their Medicaid populations during the recession period (October 1, 2008 thru December 31, 2011).

The purpose of this report is to identify how the increased Federal dollars are used; and, the States are meeting the conditions and requirements under section 5001 of ARRA.

II. State Information:

- 1. State: NY
- 2. State Organizational Component: Department of Health
- 3. State Contact Info: Name: Robert W. Reed
Address: GNARESP Corning Tower, Room 1495
Albany, NY 12237
E-Mail: rwr01@health.state.ny.us
Telephone: 518-474-8565
- 4. Date Submitted: 5/6/2011
- 5. Report Period: From (mm/dd/yyyy): 10/01/2010
To (mm/dd/yyyy): 12/31/2010
- 6.a. Attestation (signature): 
- 6.b. Office of Governor Reviewer: James Introne

7. Did your State draw down increased Federal dollars as provided under the ARRA for the reporting period?

Yes No

If you marked "Yes", please complete the remaining questions.

8. If you marked "No", please provide a brief explanation why your State did not use the increased Federal funds, and only complete those remaining questions that are still relevant.

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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>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>1,460,846,000</td></tr> </table>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,460,846,000
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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>-</td></tr> </table>	\$	-														
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2. Non-Health Care Related Uses (Describe):

	<p>Estimated Amounts:</p> <table border="1"> <tr><td>\$</td><td>-</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	\$53.8B

3.B. Please provide the original estimate of general fund revenue collections used in developing your FY 2011 budget and your most recent updated estimate of collections. When available, please provide the final actual general fund revenue collections.

Original Estimates for FY 2011	Actual Collections
\$54.7B	\$54.4B

* Please note these amounts represent estimates and actuals for the SFY 2010-11.

4. Medicaid Program Funding Process. Please provide an explanation of the budget process in your state for funding the Medicaid Program in FY 2009, FY 2010 and FY 2011.

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

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 2010-11, State appropriations in support of Medicaid were reduced to reflect the increased FMAP available under ARRA for the April-December 2010 period. In addition, these appropriations assumed the continuation of the increased FMAP at the same level for the January-March 2011 period.

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 2010-11 State appropriations in support of Medicaid were reduced to reflect the increased FMAP available under ARRA for the April-December 2010 period. In addition, these appropriations assumed the continuation of the increased FMAP at the same level for the January-March 2011 period.

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

For SFY 2010-11, an FMAP contingency was included in the State's budget that required a percentage reduction in most State Aid to Localities State share payments to reduce spending for the State's shortfall which resulted from the decreased FMAP available for the January-March 2011 quarter.

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

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IV. Medicaid Enrollment

1. Please provide enrollment data for the reporting period by population:

Table 1: Medicaid Enrollment/Eligibility Data

1.a. Eligibility Group	Enrollment 9/30/2008 /1	1.b. Eligibility Group	Enrollment In Report Period /2	Eligibility Months /3	Average Eligibility Months Col F ÷ 3
A	B	D	E	F	G
Aged (65 and Older)	514,174	Aged (65 and Older)	571,283	1,669,496	556,499
Disabled/Blind	615,205	Disabled/Blind	656,994	1,935,097	645,032
Pregnant Women	68,000	Pregnant Women	76,000	204,000	68,000
Children	1,640,589	Children	1,870,747	5,404,688	1,801,563
Other Adults	1,403,919	Other Adults	1,853,869	5,255,834	1,751,945
Total:	4,241,887	Total:	5,028,893	14,469,115	4,823,038

/1 Enrollment in Table 1.a. is equal to the baseline number of unduplicated individuals enrolled as of 9/30/08

/2 Enrollment in Table 1.b. is equal to the number of unduplicated individuals enrolled in report period (quarter)

/3 Eligibility Months in Table 1.b. is the total number of eligibility months during the report period (quarter)

2. Describe Significant Changes in Enrollment/Eligibility (+/- 5.0%)

2.a. Were there any policy changes that may have contributed to the increase/decrease? If yes, please explain below.

N/A

2.b. Which population(s) have decreased greater than 5%? Identify population(s) and indicate reason(s) for decrease.

N/A

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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:

N/A

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

FFY	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
2009	\$0	\$0	\$0	\$0	\$0
2010	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0	\$0	\$0	\$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.

N/A

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:

Reinstated Provision (Describe)	No. of Individuals
N/A	

5.a. **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.

N/A

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.

Increased Eligibility Income Standard (Describe)	No. of Individuals	Lost FMAP (\$000s)
N/A		

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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.

IV. Table 1.b.-Pregnant Women

Since historical data on pregnant women is not available, the monthly average of 68,000 is based on WMS data for July 2010 (68,141). Based on July 2010 data, approximately 84% (57,311) of this total pertains to adults over 21 years of age, while the remaining 16% consists of individuals under 21. For the quarterly recipient count, 76,000 was used for this category which is based on a total of 75,529 for the April to June 2010 quarter.

IV. Table 1.b.-Children

Total was derived by adding individuals who were under 21 to those classified as "Unborn." It was assumed that 16% of the pregnant women would also be considered children, and would therefor be included here. Thus, 16% of the monthly pregnant women total was subtracted from the overall total to prevent duplication with those identified in the table as "Pregnant Women."

IV. Table 1.b.-Other Adults

The total was derived by subtracting 84% of the monthly pregnant women total from all other individuals qualifying for this category to prevent duplication in this caegory with individuals included in the "Pregnant Women" category.

IV. Table 1.b.

Eligible numbers for the July to September quarter represent preliminary number of eligibles and are subject to change.

V. Maintenance of Effort

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

December 31, 2010 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 for SFY 2009-10 were not reduced, despite the increased FMAP. For the following SFY 2010-11, State share funding appropriations were reduced to reflect increased FMAP benefit. The increased FMAP has 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.

State Finance Law-Section 92-cc

§ 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.

FEDERAL TEST (Includes NH-IGT)
SFY 2009-10 RECONCILIATION

District	Federal Benchmark - Local Percentage of FMAP Eligible (50%FP) Pre FMAP Non-Federal Share Costs	Final Local Percent of Non- Federal Share of 50% FP Expenditures After Application of Amount Needed to Meet Federal Test
ALBANY	27.872010%	27.850577%
ALLEGANY	26.443333%	26.443333%
BROOME	25.109524%	25.088585%
CATTARAUGUS	23.607487%	23.603512%
CAYUGA	23.773084%	23.771629%
CHAUTAUQUA	24.790503%	24.781649%
CHEMUNG	22.666010%	22.663951%
CHENANGO	21.557900%	21.557900%
CLINTON	23.989719%	23.988284%
COLUMBIA	20.241945%	20.239504%
CORTLAND	23.736373%	23.736372%
DELAWARE	20.666045%	20.666044%
DUTCHESS	19.955417%	19.955417%
ERIE	27.861934%	27.849331%
ESSEX	16.150652%	16.147712%
FRANKLIN	19.873902%	19.871728%
FULTON	22.895629%	22.868487%
GENESEE	24.361772%	24.357012%
GREENE	23.571089%	23.571089%
HAMILTON	16.877336%	16.877325%
HERKIMER	21.026207%	21.026207%
JEFFERSON	24.980288%	24.980288%
LEWIS	27.722826%	27.691501%
LIVINGSTON	23.925347%	23.899984%
MADISON	20.802656%	20.802656%
MONROE	24.811451%	24.811451%
MONTGOMERY	20.096220%	20.096219%
NASSAU	23.004334%	23.004334%
NIAGARA	26.224975%	26.218853%
ONEIDA	22.410093%	22.410092%
ONONDAGA	25.414154%	25.412804%
ONTARIO	19.818337%	19.816951%
ORANGE	23.372638%	23.372638%
ORLEANS	31.408050%	31.379049%
OSWEGO	26.272290%	26.272290%
OTSEGO	20.474364%	20.470676%
PUTNAM	16.813079%	16.813079%
RENSSELAER	26.390877%	26.387493%
ROCKLAND	20.321174%	20.319584%
ST. LAWRENCE	21.201865%	21.201865%
SARATOGA	21.776238%	21.773220%
SCHENECTADY	23.525065%	23.522886%

SCHOHARIE	22.771032%	22.771031%
SCHUYLER	23.292751%	23.292750%
SENECA	20.218416%	20.218415%
STEUBEN	25.077982%	25.076538%
SUFFOLK	20.936561%	20.936227%
SULLIVAN	22.415626%	22.394038%
TIOGA	24.803855%	24.803855%
TOMPKINS	20.948106%	20.948106%
ULSTER	24.395690%	24.375212%
WARREN	23.393178%	23.393178%
WASHINGTON	24.171420%	24.154712%
WAYNE	19.468140%	19.465180%
WESTCHESTER	24.502686%	24.498983%
WYOMING	25.831974%	25.797010%
YATES	21.547723%	21.547719%
NEW YORK CITY	32.769368%	32.760605%

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

V.3 Political Subdivisions

Since the beginning of Medicaid in 1966, New York State has required its political subdivisions to contribute to the non-federal 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 non-federal 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 non-federal 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 non-federal 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. To determine this, New York State through the reconciliation process stated above, calculated the local percentage of the non-federal 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.

Subsequent to the completion of the State Fiscal Year 2008-09 reconciliation, the first reconciliation after the implementation of the ARRA FMAP increase, 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 with the ARRA political subdivision requirement.

In accordance with State statute, the cap is determined annually, i.e. not on a quarterly basis, as reflected in the format of the report. The benchmark determination is completed as part of the reconciliation for each fiscal year since the inception of the increased FMAP provided by ARRA. This process will continue through the end of the ARRA increased FMAP period now June 30, 2011. This calculation is now performed based on percentages for each fiscal year, as required by the Education Jobs and Medicaid Assistance Act, rather than the comparison back to September 30, 2008 as originally required by ARRA.

The attached listing of localities provides the local percentage for the non-federal share for SFY 2009-10 Medicaid expenditures both before and after the FMAP increase. All localities met this ARRA provision for all quarters for State fiscal year ending 3/31/10.