

Budget Bulletin 1191 Frequently Asked Questions

1) Does the bulletin expressly limit the 1.1 percent to the named programs in the attachment?

No, the 1.1 percent reduction will be applied to all non-exempt payments, regardless of whether they were identified in the FMAP Contingency Allocation Plan (commonly referred to as "Allocation Plan" or "Attachment A of B-1191"). In developing the Allocation Plan, the Division of the Budget (DOB) made an informed judgment concerning the appropriations from which payments subject to reduction were likely to occur over the course of the year.

The following is a list of the authorized exemptions.

- Public Assistance/ Supplemental Security Income
- OCFS Central Office Adoption Subsidies
- City University: Senior Colleges/ Joseph Murphy Institute
- Blind Veteran Annuity Assistance
- Metropolitan Transportation Authority Mobility Tax
- Court Orders/Judgments
- Court Facilities Incentive Aid: Interest/Debt Payments
- Debt Obligations of Certain NFP Providers (licensed by Mental Hygiene Agencies)
- DHCR Periodic Subsidies Local Areas (related to Debt Service)
- Medicare Claw-back Part D
- Federal Payments for Duly Eligible Recipients (SMI Part A & B)
- School Aid Payments for Teacher Retirement System/Teacher Pension Costs
- School Aid Payments from Lottery and Video Lottery Terminal Proceeds
- New York Interest on Lawyer Account Escrow Funds (non-General Fund)
- Charter Schools (non General Fund)
- VESID Case Services/Supported Employment/Worker's Compensation Fund/ Social Security
- Office of Management Grants Services (private bequests and donations for SED)
- Final Medical Assistance Program payments will include exemptions for certain non-State funded payments including indigent care and UPL payments, certain recipient groups including Native Americans and certain provider payments as required under Federal law including payments to Federally Qualified Health Centers.
- Regulation of Utilities - Intervenor Account
- Emergency Services Revolving Loan Fund
- Payments predominately financed by a transfer from Federal Funds:
 - OCFS Family Preservation Services
 - OTDA Payments for AFIS, CBIC and the EBT System
 - CQCAPD - Surrogate Decision-Making Committee
 - Federal - State Health Reform Partnership (FSHRP)
 - Community Health Care Conversion Demonstration Project (CHCCDP)
 - Office of Health Systems Management - Quality of Care Offset

Before the close of the Fiscal Year, there will be a reconciliation to properly realign appropriations with accrued savings achieved. Therefore, the proper accounting of the vouchers by agencies is essential. This reconciliation is possible because the appropriations have not been permanently reduced, just moved to the new FMAP Contingency Fund ("Lock Box").

2) Do agencies have to process a contract amendment for all affected providers? What about new contracts not yet executed by Office of the State Comptroller (OSC)?

No. Please see amended Budget Bulletin 1191 (dated September 28, 2010). Specific contract questions should be directed to OSC's Bureau of Contracts.

3) How is OSC handling the appropriation reductions? Is it based on the numbers in the bulletin or based on 1.1% of disbursed balance (since cash doesn't equal appropriation)?

OSC will reduce appropriations in accordance with the Allocation Plan. In instances where an appropriation was fully disbursed by September 15, 2010, no reduction will be made.

4) Must the agency certificate reductions match those in the OSC system or can they modify the reductions as appropriate given actual disbursements through September 15, 2010?

Certificate reductions must match those in the OSC system.

5) Do vouchers not yet submitted to OSC need to be changed, resubmitted to the payee, signed and returned for reduced payment? Or can we simply do a bottom line 1.1 percent adjustment and pay providers less without signoff?

To the extent that the payee will be receiving an amount that is less than the voucher amount, the State agency must notify the payee of the FMAP reduction and if such reductions impact contract encumbrances then the encumbrance must be reduced. It is expected that agencies will be communicating the impact of the FMAP reductions with their grantees, service providers, local districts, and other stakeholders. For example, the notification letter to be sent to contractors documenting the reduction protocols that will impact the contract.

6) There are cases where monies have been advanced to contractors prior to September 15, 2010. When those vouchers come in, they will go against that previously disbursed advance? Would the agency reduce the advanced amount included in those vouchers (particularly a payment made prior to September 15, 2010)?

The 1.1 percent FMAP reduction only applies to those payments made on or after September 16, 2010. If a provider had been advanced \$100 prior to September 16, 2010 and it was determined that the reimbursement for actual costs was \$110 then the provider is entitled to a settlement payment of \$10 less 1.1 percent.

7) If an agency received an invoice prior to September 16 does the payment still need to be reduced by 1.1 percent? In other words, does the receipt date of the invoice make a difference?

The 1.1 percent reduction should be applied to all non-exempt payments made after September 16, 2010 regardless of the invoice receipt date or liability date.

8) Why do agencies need to track reduced vouchers?

The existing Central Accounting System does not track or report details related to comments or reductions made on vouchers. As a result, agencies must use the voucher process to document and track the reductions to all non-exempt payments. This process will serve as (1) an audit trail for agencies to apply reimbursements at year-end, if necessary, and (2) provide the necessary documentation to attest to the cash savings that will be transferred periodically to the FMAP Fund 014. At this time, we anticipate agencies will be asked to provide aggregate savings data at the fund and subfund (account) level in December 2010, and February and March 2011.