

## FMAP Contingency Cuts

The final 2010-11 state budget included legislation authorizing a Federal Medical Assistance Percentage (FMAP) contingency plan. Under the plan, the state will take across-the-board reductions against most unexpended local assistance appropriations beginning Sept. 16<sup>th</sup> to recover any discrepancy between the amount budgeted for FMAP extension in the state's financial plan and the amount the state will receive as a result of Congress's extension of the enhanced FMAP assistance. The state contends there is a \$281 million shortfall in the current fiscal year that must now be recovered through a 1.1% across-the-board cut to Medicaid and several other state funded programs.

Earlier this week, the Division of Budget (DOB) issued a [bulletin](#) to state agencies detailing how the plan will be implemented. In a nutshell, the 1.1 percent reductions will be taken through March 31, 2011 and deposited in a "lockbox." If the deposits exceed the amount needed to close the budget gap, they would apparently be refunded proportionately based on the reductions taken.

In this [week's State Register](#), the Department of Health (DOH) published a public notice of the reductions as they apply to Medicaid payments. DOH has also reportedly submitted a Medicaid State Plan Amendment to the federal government to authorize the reductions. We are advised that the first Medicaid reduction will be reflected in checks released on October 13<sup>th</sup>, and that it will be taken as a reduction to total payments rather than a cut to Medicaid rates. However, there are many unanswered questions on how this will work. DOH will be briefing NYAHSa this coming Tuesday on the plan.

NYAHSa is continuing in its advocacy efforts to have this FMAP contingency law repealed, having joined with 150 other organizations to urge the Legislature to undo the authority for these cuts. The state is receiving other unbudgeted increases in federal education funding that obviate the need for the FMAP contingency plan. NYAHSa has issued an [advocacy alert](#) to members to contact their legislators and urge repeal of this ill-advised and damaging law. We and our counsel are also researching the legalities of the law and how the state plans to implement it.

We will keep members posted on further FMAP developments.

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