

## FMAP Contingency Cuts Update

The Department of Health (DOH) and the Division of the Budget (DOB) have provided additional information on how the impending 1.1 percent reduction in Medicaid payments will be implemented. This reduction is needed to cover a state-projected \$281 million shortfall in the current fiscal year. The gap was created when Congress passed legislation extending the enhanced federal Medicaid match but at a lower rate than was originally expected. The final 2010-11 state budget includes a provision, the FMAP contingency plan, that requires the state to make cuts in the event that the enhanced federal match is lower than anticipated. This message updates information provided in a [recent e-mail from Dan Heim](#) on this topic.

In the briefing, DOH and DOB confirmed that the 1.1 percent reduction will impact Medicaid payments, including retroactive payments, made subsequent to September 16<sup>th</sup>. It will effect most members starting with Medicaid payment cycle 1727 which is scheduled for release on October 13<sup>th</sup> (checks dated 9/27/2010). Please note that the reduction is driven by the **payment date**, not the date of service. The reduction will be in place through the end of the state's fiscal year (March 31, 2011), although if the total savings amount of \$281 million (state share) is achieved, the excess amount would be returned to providers and other entities subject to the cut.

All Medicaid providers, including Managed Long Term Care plans, Medicaid managed care plans, Child Health Plus and Family Health Plus will be impacted. The state estimates that the reduction will result in a gross reduction of \$250 million to Medicaid state plan services and \$82 million to waiver programs. DOB projects that it will reduce nursing home funding by \$36 million but was unable to provide estimates for other individual provider types. While the reduction will impact grants that are paid through the Medicaid rates, HEAL NY grants will NOT be affected nor will IGT payments to public nursing homes. Cash receipt assessment payments, as well as reimbursements, will be affected.

DOH intends to post a provider notification letter on the [Health Commerce System \(HCS\)](#) by the end of this week providing additional details and listing all of the payments that are exempt from the cut. They have promised to provide a dedicated e-mail address where questions on the cut may be submitted and to periodically post Q & A's based on such submissions.

NYAHSa has joined with 150 other organizations in advocating repeal of the FMAP contingency law. We urge members to participate in the effort by [contacting their state legislators on this issue](#). The state is receiving other unbudgeted increases in federal education funding that obviate the need for the FMAP contingency plan. We and our counsel are also researching the legalities of the law and will keep you posted on any new developments.

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