



ACA eFMAP Reconciliation

Problem

The state is four years behind in sending federal medicaid savings to counties and New York City as required under the Affordable Care Act, withholding funds that should be used for local programs and services.

RECOMMENDATION

The state must fully reimburse counties and New York City for four years of federally funded Medicaid savings that have only been partially reimbursed by the state. The Affordable Care Act (ACA) provided enhanced Medicaid matching rates to states and local governments that pay a portion of Medicaid costs. The last full payment of these funds was completed for SFY 2015-16 costs. Over \$1 billion in federal funds is being withheld by the state and is owed to counties and New York City for local investment.

Background

In New York State, counties and New York City are required to contribute \$7.6 billion to fund a share of the costs of the state and federally designed and controlled Medicaid program. This mandated local share is the highest in the country and more than all other counties in the country (combined) are mandated to spend for Medicaid.

Under the Affordable Care Act (ACA), the federal government provided an enhanced federal Medicaid matching share (eFMAP) to a handful of states, including New York, that had already provided Medicaid coverage for the “newly eligible populations” in the ACA, which was intended to reduce the number of uninsured people. The New York State congressional delegation required that these savings be shared equally by the state and its counties, based on their proportionate share of the nonfederal Medicaid costs.

For the first two years of the ACA, the state provided 80 percent of these estimated federal savings to counties in the year the costs accrue, with the balance of the payments provided at the close of the state fiscal year when actual savings were reconciled. This ended in the SFY 2016. While the state continues to provide 80 percent of the estimated savings, no reconciliation payments have been made since 2017.

NYSAC and individual counties have made numerous requests, over multiple years, regarding the status of outstanding Medicaid ACA eFMAP reconciliations and the timeline for transferring these federal savings to counties and New York City. Due to the lack of a meaningful response from state officials, dozens of counties have submitted Freedom of Information Law (FOIL) requests to the New York State Department of Health (DOH) regarding the calculation of the potential federal savings that have not yet been passed through to counties.

As of October 1, 2021, 18 counties have received a FOIL response from DOH. Based on estimates that are closely aligned with the FOIL responses, there is well over \$1 billion in federally funded savings for SFY's 2017, 2018, 2019 and 2020 that has not been passed through to counties and New York City as required under federal law.



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Fact Points

- These are not state general fund dollars. These are federal funds that are required to be passed through to counties under federal law, based on the proportionate share localities pay of the nonfederal Medicaid match.
- Medicaid is the largest single state mandate imposed on county and New York City taxpayers and is a major contributor to New York's high local tax burden compared to other states. These federal savings can help alleviate some of this burden.
- Because the state is withholding these federal savings, it requires counties and New York City to reserve funds locally to make up for the loss; meaning local taxes have been kept higher than they need to be over multiple years, or local services have been diminished, or eliminated.
- As the annual ACA eFMAP reconciliations ended it has also impeded county and City budget development as counties were provided an estimate of their coming year Medicaid costs as part of the reconciliation process.

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