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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 96 LCM-101

Date: November 15, 1996

Division: MSQI

TO: Local District Commissioners

SUBJECT: Settlement Agreement with the Federal Government on the  
Income Maintenance Random Moment Study Cost (IM/RMS)  
Cost Allocation Plan (CAP)

ATTACHMENTS: FP Percent for Shift of HR Costs to MA  
(available on-line)

The purpose of this LCM is to inform local districts that an agreement has been reached to resolve all outstanding issues concerning the Income Maintenance Random Moment Study (IM/RMS) cost allocation plan and federal claiming. The agreement is signed by the New York State Department of Social Services (NYSDSS) and the Federal Department of Health and Human Services (DHHS) and the United States Department of Agriculture, Food and Consumer Service (USDA/FCS). For DHHS, both the Administration for Children and Families and the Health Care Financing Administration had to approve the agreement.

Background

In March, 1992, the NYSDSS submitted to the DHHS the proposed IM/RMS Cost Allocation Plan (CAP) with an effective date of January 1, 1992. The IM/RMS CAP submitted March 1992 was later modified by Department submissions in May 1993 and May 1996. The proposed plan changed the method of allocating IM expenditures (F1) on the DSS-2347A "Schedule D-1, Claiming of E/IM Expenditures."

The IM/RMS CAP provides for a random moment study of the activities performed by eligibility workers to determine the proper allocation of administrative costs to Federal and State programs. The plan identifies and defines Program Types, Transaction Types, and five Categorical Eligibility Activities performed by eligibility workers (See Bulletin 143b, Appendix H procedures). Our original plan was based on the theory that Title IV-A should consider allowable all administrative costs related to determining and redetermining eligibility, even if the outcome of the eligibility process is negative, or the case is found eligible only for Home Relief.

Any incremental effort needed to determine such cases eligible for Food Stamps or Medicaid is also identified through the RMS. For any residual Home Relief eligibility activities, shifts to Medicaid and Food Stamps would be made through applying beneficial percentages to the Home Relief cost pool. Bulletin 143-b provides an explanation of how incremental percentages differ from beneficial percentages when shifting some public assistance eligibility costs to the Medicaid and Food Stamp Programs.

The Federal government disapproved certain sections of the proposed IM/RMS CAP amendment and approved other sections, effective January 1, 1992. In accordance with an interim agreement, federal reimbursement under the partially approved IM/RMS plan was set at the rate of 88.28% of the total federal share of the ADC amount claimed.

NYSDSS continued to claim to the Federal government the full amount of the administrative costs allocated to ADC through the proposed IM/RMS CAP for each quarter from January 1, 1992 through December 31, 1995. This was done to protect the claims while the issues were being negotiated. For this time period, the Federal government continued to provide interim federal reimbursement of 88.28% of the total federal share of the ADC amount claimed while deferring the remaining 11.72% of that amount until a settlement agreement could be reached.

Terms of the Agreement

A final agreement between the NYSDSS and the Federal Government has been reached on this matter. The following has been agreed upon:

- \* The IM/RMS CAP submitted by the NYSDSS to the Federal Government (DCA) in March, 1992, modified in May, 1993, and May, 1996, is approved by the Federal Government.
- \* The NYSDSS agrees to adjust all prior, current and future claims for administrative costs derived from the IM/RMS CAP amendment and the payment agreement noted below.
- \* For the period January 1, 1992 through December 31, 1995, DHHS agreed to pay 88.28% of the Department's timely filed federal share claims adjusted for allowable administrative costs derived from the IM/RMS CAP amendment. Any supplemental claims filed for this period will receive the same rate of reimbursement. The NYSDSS has forwarded 88.28% of the ADC costs claimed previously by the local districts through their federal share settlements. The 11.72% of those costs not allowed under the ADC program will be considered to be Home Relief costs. Consequently, any receivables the locals may have on their books for the remaining ADC Federal reimbursement should be written off your accounts. The beneficial percentages for Food Stamps and Medicaid will be applied to that 11.72% (originally claimed as ADC) now considered Home Relief. This is done to obtain Federal reimbursement for a portion of those costs. NYSDSS will be responsible to make those adjustments.

- \* For the period beginning January 1, 1996, pursuant to the approved IM/RMS CAP, the DHHS agrees to pay the NYSDSS's timely filed federal share claims for allowable administrative costs. For this period, the NYSDSS will claim Federal reimbursement under Title IV-A for those administrative activities related to screening, interview preparation, and interviewing for new applications regardless of whether such cases are finally determined eligible only for Home Relief. Once the applicant has been interviewed, there will be no further reimbursement allowed under Title IV-A for post-interview activities related to applicants who are determined eligible for Home Relief. Recertification and undercare activities of Home Relief cases are also not allowable under Title IV-A.

Screening, interview preparation, interviewing, Post-interview Activities, and Case Processing Activities are allowable under Title IV-A for all ADC, ADC-U, and PG-ADC cases/applicants. Such activities are also allowable related to applicants for which a determination has not yet been made. Recertification and undercare activities are allowable for ADC, ADC-U and PG-ADC cases.

#### Final Results

NYSDSS will adjust local district claims for the period January, 1996 to September, 1996, to reflect the agreed upon ADC percentage calculation for this period. Any reduction in the amount claimed under ADC will result in some additional Medicaid and Food Stamp reimbursement. NYSDSS will pass these adjustments to revenue to the local districts through the settlement process.

The percentages available for claims starting with October, 1996, reflect the Federal agreement. No adjustments will be made by NYSDSS from that point forward. The percentages to be used for the October-December 1996 claims are as follows:

	Upstate	NYC
ADC	74.08	69.86
EAF	.83	1.26
EAA	.39	.91
HR	24.70	27.97
NPA	0.00	0.00
Food Stamps		
Beneficial	33.01	31.84
Incremental	1.91	.96
MA		
Beneficial	29.14	25.80
Incremental	.28	1.04

Since we automatically load the percentages into the Automated Claiming System, we will discontinue the practice of issuing a quarterly notification letter containing the percentages to the districts outside of New York City. Because New York City does not have access to the Automated Claiming System, New York City will continue to receive written notification of their percentages.

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If you have any questions on the above information, please call:

Regions 1-4--Roland Levie (User ID FMS001) at 1-800-343-8859,  
ext. 4-7549, or  
Region 5--Marvin Gold (User ID 0FM270) at 212-383-1733.

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Thaddeus Ziemba  
Assistant Commissioner  
Office of Financial Management

County	FP % for MA	County	FP % for MA
Albany	15.18	Oneida	19.41
Allegany	28.55	Onondaga	6.95
Broome	23.78	Ontario	15.78
Cattaraugus	30.76	Orange	15.23
Cayuga	40.73	Orleans	20.69
Chautauqua	10.93	Oswego	22.77
Chemung	21.53	Otsego	34.55
Chenango	30.77	Putnam	39.36
Clinton	32.02	Rensselaer	4.83
Columbia	5.37	Rockland	8.66
Cortland	16.80	St. Lawrence	18.68
Delaware	5.25	Saratoga	28.95
Dutchess	20.91	Schenectady	14.71
Erie	11.89	Schoharie	31.06
Essex	20.13	Schuyler	28.34
Franklin	22.93	Seneca	29.26
Fulton	10.76	Steuben	24.86
Genesee	31.20	Suffolk	11.20
Greene	16.68	Sullivan	17.20
Hamilton	7.50	Tioga	31.52
Herkimer	24.36	Tompkins	2.72
Jefferson	25.09	Ulster	42.38
Lewis	16.04	Warren	25.18
Livingston	22.44	Washington	17.11
Madison	29.68	Wayne	20.08
Monroe	13.88	Westchester	6.56
Montgomery	5.68	Wyoming	29.60
Nassau	21.58	Yates	28.33
Niagara	14.83	New York City	9.77