DMA ADMINISTRATIVE LETTER NO: 11-01, ADDENDUM 4, SPECIAL REIMBURSEMENT FOR ADMINISTRATIVE COSTS ATTRIBUTED TO DELINKING

DATE: SEPTEMBER 17, 2003

SUBJECT: COUNTY ALLOCATIONS FOR SFY 04: SPECIAL REIMBURSEMENT FOR ADMINISTRATIVE COSTS ATTIRUBTED TO DELINKING

DISTRIBUTION: County Directors of Social Services
County DSS Fiscal Officers
Family & Children's Medicaid Supervisors

I. BACKGROUND

The purpose of this Addendum is to issue county 'de-linking' allocations for SFY 03-04. Effective September 1, 2003, de-linking application codes are reactivated back to July 1, 2003. Counties may choose to charge activities against the de-linking allocation retroactive to July. However, they must complete a Part I adjustment to deduct the expenditure from the application code under which it was initially claimed.

DMA has allocated additional funds to the counties that used all their allocation in SFY03. The additional allocation is from the remaining state share of 'de-linking' funds. Counties that did not spend their entire allocation are allocated the balance remaining from SFY03. Attachment I contains these allocation amounts.

For further background, please refer to Administrative Letter 11-01 and Addendums 1 through 3.

II. DE-LINKING FUND EXPENDITURES

At the federal level, the 'de-linking' allocation offers an enhanced ffp rate of 75% or 90% for designated administrative activities. The methodology for determining expenditures from the 'de-linking' fund differs from normal administrative ffp tracking and continues to create confusion for counties trying to track their expenditures. Typically expenditures against a specific allocation reduce the allocation by 100% of the expenditures. This is not true for 'de-linking' funds. The federal guidelines stipulate that use of 'de-linking' funds reduces the allocation only by the difference between the enhanced ffp rate and the usual 50% ffp rate. For example:

Total expenditure @ 75% enhance ffp rate =	$100	
Non-federal share =	$25	County Share
Normal ffp rate @ 50% =	$50	Normal federal share at 50/50
Delinking allocation share =	$25	De-linking federal share

III. CALCULATING COUNTY EXPENDITURES

County dss's must rely on the XS411 numbers to track expenditures from the 'de-linking' allocation. To accommodate the methodology used to calculate the XS411 versus the different federal methodology for 'de-linking', DMA has adjusted the official allocation figures for the Controller's Office to the 75% rate. This will allow counties to rely on the XS411 so long as they only claim expenditures allowed at the 75% rate. Counties that use 'de-linking' funds for 90% activities will not be able to reconcile exactly with XS411. These counties should work closely with their LBL.

DMA will continue to track county spending and reconcile with the federal reports of expenditures. Any county overspending its 'de-linking' allotment will be rebudgeted to the usual 50/50 administrative match.

Please see Attachment II for the 'adjusted' allocations submitted to the Controller's Office.

Please contact your LBL should you have questions or need additional information.

Gary Fuquay
Acting Director