



**THOMAS P. DiNAPOLI**  
COMPTROLLER

STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**  
110 STATE STREET  
ALBANY, NEW YORK 12236

**GABRIEL F. DEYO**  
DEPUTY COMPTROLLER  
DIVISION OF LOCAL GOVERNMENT  
AND SCHOOL ACCOUNTABILITY  
Tel: (518) 474-4037 Fax: (518) 486-6479

**April 2014**

**To: School District Chief Fiscal Officers**

**From: Division of Local Government and School Accountability**

**Subject: Accounting for Medicaid Reimbursements Paid by the Department of Health and the Resulting State Aid Deduction**

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**Please provide copies of this bulletin to others who may need this information.**

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### **Purpose of Bulletin**

The purpose of this bulletin is to provide guidance related to the accounting for Medicaid reimbursements paid by the Department of Health (DOH) and the resulting State Aid Deduction for those Medicaid reimbursements based upon a change in the Medicaid reimbursement methodology.

### **Accounting Treatment**

Education Law Section 3609-b allows some or all of the state share of moneys due to a school district pursuant to Title XIX of the Social Security Act to be assigned on behalf of the school district to the DOH. Since the appropriation authority for the federal share is already in the DOH budget, assigning the authority for the state share from SED to the DOH enables the DOH to make 100 percent of the payment. Therefore, the Medicaid reimbursement received from DOH will be comprised of both the federal share and the state share, and districts should account for this reimbursement accordingly. As of the date of this bulletin, the state share is 50 percent and the federal share is 50 percent. If this split changes in the future, districts' journal entries as displayed below would need to reflect the new percentages.

The following are illustrative journal entries to record: a) DOH's payment of \$10,000 for Medicaid reimbursement for special education programs provided pursuant to Article 89 of the Education Law; and, b) SED's payment of Basic Formula Aid - Excess Cost Aids (Education Law Section 3609-b) using a \$100,000 state appropriation reduced by the state share of the DOH Medicaid reimbursement:

a)

Account	Sub-account	Debit	Credit
A200 Cash		\$10,000	
A980 Revenues			\$10,000
A4601 Medicaid Assistance	\$5,000		
A3101 Basic Formula Aid - Excess Cost Aids (Education Law Section 3609-b)	\$5,000		

As mentioned above and illustrated in this journal entry, the state share, an amount currently equal to 50 percent of the Medicaid reimbursement received by the district, will be used by SED as a reduction to the district's Basic Formula Aid - Excess Cost Aids (Education Law Section 3609-b) calculation.

b)

Account	Sub-account	Debit	Credit
A200 Cash		\$95,000	
A980 Revenues			\$95,000
A3101 Basic Formula Aid - Excess Cost Aids (Education Law Section 3609-b)	\$95,000		

Therefore, if SED had a state appropriation of \$100,000 in Basic Formula Aid - Excess Cost Aids (Education Law Section 3609-b) for the district, it would reduce that amount by the already paid \$5,000 state share Medicaid reimbursement. SED would pay the district \$95,000 more in Basic Formula Aid - Excess Cost Aids (Education Law Section 3609-b).

### **Additional Information**

If you have questions pertaining to this bulletin, please contact the State Comptroller's regional office ([http://www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)) that serves your school district. For more information on the School Supportive Health Services Program (SSHSP), contact the NYS Education Department, Medicaid in Education Unit at [medined@mail.nysed.gov](mailto:medined@mail.nysed.gov).