

# OFFICE OF THE NEW YORK STATE COMPTROLLER

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To: County Chief Fiscal Officers

From: Division of Local Government and School Accountability

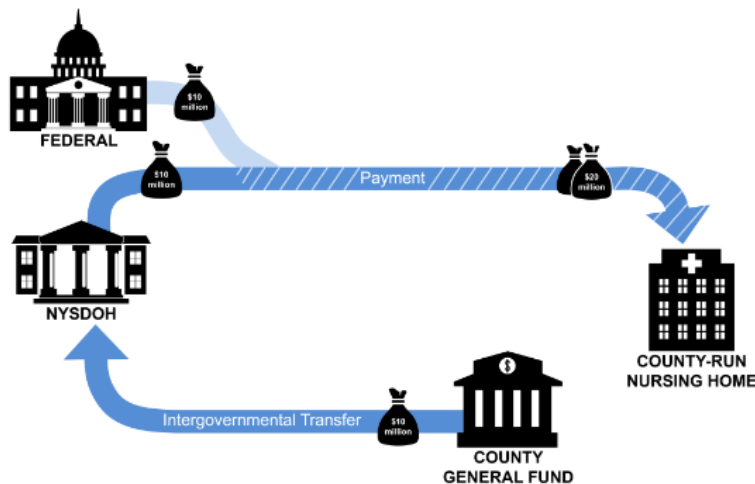
Subject: Accounting for Medicaid-Related Intergovernmental Transfers

Please share this document with others who would benefit from this information.

## Purpose of Bulletin

The purpose of this bulletin is to provide accounting guidance to counties for Medicaid-related intergovernmental transfers (IGTs). Medicaid-related IGTs are funds that are transferred from counties that own or operate health-related facilities (e.g. hospitals, nursing homes, mental health clinics, etc.) to the New York State Department of Health (NYSDOH). These funds, along with the funds provided by the federal government, are used to fund the Medicaid payments made by the NYSDOH directly to the counties.

The figure below is an example of a state Medicaid payment being financed by an IGT and federal funds. The state and federal government are each responsible for a share of a \$20 million Medicaid payment (this example assumes a 50 percent federal matching rate). In the example, the state receives a \$10 million IGT from the county to finance the nonfederal share of the Medicaid payment and \$10 million from the federal government to finance the federal share. As a result, the county-run nursing home receives a Medicaid payment of \$20 million from the NYSDOH.



Adapted from GAO, GAO-20-571R Medicaid Financing Primer

## Accounting Treatment

The following sample journal entries are intended to demonstrate how the Medicaid-related IGTs and subsequent receipt of Medicaid payments should be accounted for by counties in their fund level financial records.<sup>1</sup> All amounts in the journal entries are in millions.

- a) To record the county IGT of \$10 million to the NYSDOH for the 50% non-federal share of the Medicaid payment:

Account	Subsidiary Account	Debit	Credit
A522 Expenditures		\$10	
A6101.4 Medicaid, Other	\$10		
A200 Cash			\$10

- b) To record the county's receipt of the Medicaid payment (\$20 million) from the NYSDOH:

- 1) The following entry illustrates how to record the Medicaid payment (\$20 million) from the NYSDOH if the payment is directly made, for example, to a county-run nursing home<sup>2</sup> (an enterprise fund):

Account	Subsidiary Account	Debit	Credit
EF200 Cash		\$20	
EF980 Revenues			\$20
EF3489 State Aid, Other Health	\$10		
EF4489 Federal Aid, Other Health	\$10		

- 2) The following entry illustrates how to record the Medicaid payment (\$20 million) from the NYSDOH if the payment is directly made to the county's general fund (for an internal county department):

Account	Subsidiary Account	Debit	Credit
A200 Cash		\$20	
A980 Revenues			\$20
A3489 State Aid, Other Health <sup>3</sup>	\$10		
A4489 Federal Aid, Other Health	\$10		

<sup>1</sup> County officials should, in consultation with their Certified Public Accountants, determine where to record IGT revenue on their government-wide financial statements to ensure compliance with any federal reporting requirements.

<sup>2</sup> Counties that operate public hospitals or facilities that are reported in **other** enterprise funds should record Medicaid payments using the same codes as shown in this example that are active in their applicable enterprise fund.

<sup>3</sup> Counties may use more specific State or Federal Aid account codes to report this money if it is applicable to the Medicaid payments they receive. For example, A3490 and A4490 State/Federal Aid, Mental Health could be used for Medicaid payments received on behalf of county mental health clinics.

### **Additional Information**

If you have specific questions about the Medicaid IGT program and/or the amount of the Medicaid payments you will receive, please contact the NYSDOH directly at: [mfm@health.ny.gov](mailto:mfm@health.ny.gov)

If you have accounting questions about the Medicaid IGTs and subsequent Medicaid payments, please contact the New York State Comptroller's [regional office that serves your local government or school district](#).