



Ohio Department
of Mental Health

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Sandra Stephenson, Director

Ohio



Department of Alcohol &
Drug Addiction Services

780 North High Street, 12th Floor
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Angela Cornelius Dawson, Director

Ted Strickland, Governor

TO: Executive Directors, ADAMHS/ADAS/CMHS Boards
Chief Financial Officers, ADAMHS/ADAS/CMHS Boards

FROM: Sandra Stephenson, Director, ODMH 
Angela Cornelius Dawson, Director, ODADAS 

DATE: Sent Via e-Mail on June 9, 2009

RE: Temporary Federal Medical Assistance Percentage (FMAP) Increases under the American Recovery and Reinvestment Act (ARRA) of 2009, Including Modified Certified Public Expenditure Application Implications

The Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and the Ohio Department of Mental Health (ODMH) have entered into Interagency Agreements (included as attachments to the e-mail) with the Ohio Department of Job and Family Services (ODJFS) to facilitate the transfer of additional Federal Financial Participation (FFP) associated with the FMAP increases calculated in accordance with the terms of the ARRA during the remainder of State Fiscal Year (SFY) 2009. ODADAS and ODMH will be transferring the additional FFP reimbursement to ADAMHS/ADAS/CMHS Boards in the following manners: "lump sum" payments for claims where the FFP was originally drawn by ODJFS during the first (October 1, 2008 through December 31, 2008) and second (January 1, 2009 through March 31, 2009) quarters of Federal Fiscal Year (FFY) 2009 and during the months of April and May of 2009. ODADAS and ODMH will integrate the additional reimbursement into regular operations, that is, you will receive appropriate reimbursements at the ARRA calculated FMAP percentage (see table at the end of this letter) beginning with claims paid by ODJFS on or after June 4, 2009.

Section 5000 of ARRA sets forth the following purposes for the enhanced FMAP:

- To protect and maintain State Medicaid programs during a period of economic downturn
- To avert cuts to provider payment rates
- To avert cuts to benefits or services
- To prevent implementation of more stringent eligibility requirements

Rainy Day and Reserve Funds

A state is not eligible to receive the enhanced FMAP funds if any amounts directly or indirectly attributable to the increase are deposited or credited to any reserve or rainy day fund of the state [§ 5001(f)(3)]. The reason for this is straightforward as the purpose of the economic stimulus funding is to stimulate the economy through expenditures.

The State signed an assurance regarding this provision prior to receipt of the funds. ODADAS and ODMH have, through the Interagency Agreements, assured ODJFS that we will be in compliance with Section 5001 of the ARRA and that we will adequately monitor our subrecipients for their compliance. As a Subrecipient to

The State of Ohio is an equal opportunity employer.

ODADAS and ODMH, Boards are also required to be in compliance with the terms and conditions of the Interagency Agreements. Some of these terms and conditions include, but are not limited to:

- Protecting and maintaining state Medicaid programs, averting cuts to provider payment rates, benefits and services, preventing imposition of more restrictive eligibility requirements, and to help stimulate the economy.
- The additional FFP associated with the FMAP increases may be used as non-federal share to draw down federal match when spent to provide medically necessary services to Medicaid eligible persons.
- The additional FFP associated with the FMAP increases may not be used, directly or indirectly, to add to or replenish the Board's reserves or any rainy day fund.
- Compliance with the additional accounting, reporting and monitoring requirements relating to these funds as currently set forth or as developed by agencies of the federal government and/or ODJFS, as applied to boards by ODADAS and ODMH, relating to the State's accounting, reporting and monitoring responsibilities under the ARRA.

[Please see the Interagency Agreements and their attachments for a complete understanding of the requirements.]

Attached is a letter dated May 14, 2009 from the ODJFS Office of Fiscal and Monitoring Services which provides information related to federal expectations and monitoring of sister state agencies and other subrecipients. This letter also requires the identification of processes or controls which provide assurance that the additional FFP associated with the FMAP increases is not used to increase rainy day or reserve fund amounts to lower level subrecipients.

Payment of providers for subsequent Medicaid claims

ODADAS and ODMH received clarification from ODJFS that the additional FFP received due the FMAP increases may be used to pay providers for subsequent Medicaid claims, the same as earned FFP may be used today. Attached to the e-mail is a copy of the April 28, 2009 letter from ODJFS containing this and other clarifications.

Modified Certified Public Expenditure Application and ARRA FFP

Section 5001 of the ARRA also contains a state level reporting requirement on how these additional funds have been expended. The report is due to the Secretary of Health and Human Services (HHS) "not later than September 30, 2011" . . . "regarding how the additional Federal funds were expended." ODADAS and ODMH will be adding an ARRAFFP funding source for each Board to the web-based Modified Certified Public Expenditure (MCPE) application to assist our system in meeting this requirement. The additional funding is retroactive to October 1, 2008 and once the funding is deposited in the MCPE application it will be immediately available for use to pay for Medicaid claims. Unlike the standard FFP account, the ARRAFFP account will be restricted to only being available for claim payment purposes; it will not be able to be transferred to another account, such as local levy. This is to assure we can clearly track its usage in the application. Because the date of expected full MCPE application implementation has been adjusted to July 1, 2009, funding associated with the ARRA FMAP increase expended in the MCPE application will only be considered valid if a Board voluntarily requests ODADAS and ODMH implement the non-pursuit of FFP for SFY 2009 prior to July 1, 2009. That means all outstanding 835 certifications must be current for SFY 2009, otherwise claims will be excluded from submission to ODJFS.

The following table shows, by Federal Fiscal Year (FFY) and SFY, the original FMAP, the increased FMAP under ARRA 2009 and the percentage change between the FMAP and ARRA adjusted FMAP. Also included are the eFMAPs for CHIPS and BCCP, which do not change under ARRA.

Calendar Dates	FFY	SFY	Current FMAP	ARRA FMAP	Percentage Point Increase	eFMAP
7/1/08 – 9/30/08	Quarter 4 of 2008	Quarter 1 of 2009	60.79 %	N/A	N/A	72.55 %
10/1/08 – 12/31/08	Quarter 1 of 2009	Quarter 2 of 2009	62.14 %	70.25 %	8.11	73.50 %
1/1/09 – 3/30/09	Quarter 2 of 2009	Quarter 3 of 2009	62.14 %	70.25 %	8.11	73.50 %
4/1/09 – 6/30/09	Quarter 3 of 2009	Quarter 4 of 2009	62.14 %	71.29 %	9.15	73.50 %
7/1/09 – 9/30/09	Quarter 4 of 2009	Quarter 1 of 2010	62.14 %	71.29 %	9.15	73.50 %
10/1/09 – 12/31/09	Quarter 1 of 2010	Quarter 2 of 2010	63.42 %	73.47 %	10.05	74.39 %
1/1/10 – 3/30/10	Quarter 2 of 2010	Quarter 3 of 2010	63.42 %	73.47 %	10.05	74.39 %
4/1/10 – 6/30/10	Quarter 3 of 2010	Quarter 4 of 2010	63.42 %	73.47 %	10.05	74.39 %
7/1/10 – 9/30/10	Quarter 4 of 2010	Quarter 1 of 2011	63.42 %	73.47 %	10.05	74.39 %
10/1/10 – 12/31/10	Quarter 1 of 2011	Quarter 2 of 2011	Not Yet Published	Not Yet Calculable	Not Yet Calculable	Not Yet Published

If you have any questions, please contact either Angie Bergefurd at 614-387-2983 or Douglas L. Day at 614-644-9144.

Attachments:

- ODADAS/ODJFS Interagency Agreement
- ODMH/ODJFS Interagency Agreement
- April 28, 2009 ODJFS Letter
- May 14, 2009 ODJFS Letter

- c: Executive Directors, Medicaid Participating ODADAS-Certified Treatment Programs
- Executive Directors, Medicaid Participating Community Mental Health Agencies
- Cheri Walter, CEO, the Ohio Association of County Behavioral Health Authorities
- Hubert Wirtz, CEO, the Ohio Council of Behavioral Health and Family Services Providers
- Penny Wyman, Executive Director, Ohio Association of Child Caring Agencies
- John Corlett, Medicaid Director, Ohio Department of Job and Family Services



**Department of
Job and Family Services**

Ted Strickland, Governor
Douglas E. Lumpkin, Director

May 14, 2009

TO: Directors Sandra Stephenson, Angela Cornelius-Dawson, Dr. Alvin Jackson, Cristal Thomas, John Martin, Barbara Riley, Deborah Delisle

FROM: Michelle Horn, Deputy Director, Monitoring Services Division
Office of Fiscal and Monitoring Services

SUBJECT: **Sister State Agency/enhanced FMAP (eFMAP) Stimulus Monitoring Letter Number 2009-01: American Recovery and Reinvestment Act (ARRA) Requirements; OMB Circular A-133 Guidance**

As your department is preparing for the activities associated with the utilization of American Recovery and Reinvestment Act of 2009 (ARRA or the Act) funds, I am issuing this letter to convey an overview of the Office of Fiscal and Monitoring Services' (OFMS) plan to monitor the eFMAP requirements. Additional letters will be issued as further federal guidance is received.

The ARRA includes unprecedented accountability and transparency requirements with which all participating entities must agree to comply. In response to this emphasis on accountability, various federal and state agencies have indicated their intent to significantly increase oversight as to ARRA monies received by public offices in the state of Ohio. This includes:

- Bi-monthly Government Accountability Office (GAO) reviews of the use of ARRA monies by selected states and localities, including Ohio;
- Additional Auditor of State (AOS) reporting and audit requirements for all public offices receiving ARRA monies, including "interim" A-133 audit work in state and local governments.

Federal Expectations

The key features for implementation of the ARRA include:

- Management controls operating to identify and prevent wasteful spending and minimize waste, fraud, and abuse;
- Qualified personnel overseeing program activities supported with ARRA funds;
- Timely, accurate and appropriately accounting for recognition of awards of dollars;

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- Appropriate recognition, accounting for and reporting of expenditures of funds; and
- Minimization of improper payments.

With the ARRA's emphasis on transparency and accountability, OFMS's current process for monitoring sister state agencies will be modified so as to appropriately address federal expectations. Monitoring of your departments' activities may include on-site visits, desk reviews or additional requests for underlying documentation to substantiate reimbursement of eFMAP.

The following points will likely be the focus of testing during our monitoring of your department:

- A. A description of monitoring processes to be implemented or amended to assure lower level subrecipients (e.g., county boards) are compliant with ARRA requirements. Specific areas to be addressed within the state agency monitoring process include:
 1. Testing to verify the subrecipient appropriately accounted for eFMAP receipts and the corresponding expenditures within their accounting system.
 2. Testing to verify expenditures which serve as the basis for reimbursement of eFMAP receipts are allowable to Medicaid and are eligible for enhanced funding (e.g., relate to specific program services).
 3. Testing to verify the expenditures associated with eFMAP funding are supported by the appropriate level of source documentation (e.g., invoices, vouchers, cancelled checks, etc.).
 4. Testing to verify that eFMAP funding remitted to lower level subrecipients was not used to increase rainy day or reserve fund amounts.
- B. A description of processes to be implemented or amended at the state agency level to assure compliance with ARRA requirements. Specific areas to be addressed include:
 1. The identification of additional or modifications to existing controls which provide assurance that subrecipients responsible for the non-federal share of Medicaid expenditures are provided the benefit of eFMAP.
 2. The identification of additional or modifications to existing internal controls which provide assurance that eFMAP funding is not used as a basis for increasing state agency rainy day funds.
 3. The identification of processes or controls which provide assurance for the effective utilization of ARRA funds including the increase or maintenance of existing expenditure levels and existing services provided under waiver or state plan programs.
 4. Development and evaluation of performance indicators which demonstrate the use and outcomes of ARRA funding.

OFMS's revised monitoring process is currently in development and will be amended as circumstances change. Our immediate focus, however, is to assess the adequacy of internal controls sister state agencies have or will place into operation regarding eFMAP funding. Within the next month a member of OFMS will be in contact with your agency to establish a meeting time to discuss controls to be implemented at the state agency level and the monitoring process to be employed regarding subrecipients. The results of the meeting will be used to assess the ability of the State of Ohio to comply with eFMAP requirements and to coordinate monitoring activities.

Throughout the ARRA grant period, we will be conducting monitoring of your departments' activities in order to satisfy the transparency and accountability requirements of the Act. As a result, additional meetings will be held to discuss the results of procedures implemented and to gather information for use in our testing. You will receive a notification of the results of our monitoring activities and recommendations for corrective action. These results of our monitoring activities will also be shared with the staff of the Office of Ohio Health Plans so that they can address technical assistance needs, as necessary.

OFMS looks forward to working with your departments. If you have any questions at this time, please contact Al Dickerson, Section Chief, at (614) 466-7950 or at Al.Dickerson@jfs.ohio.gov.