



Net Deficit Funding and Year-End Reconciliations

OASAS is announcing changes to the year-end reconciliation and claiming process to help funded providers maintain or improve their fiscal status as the SUD system transitions to Medicaid Managed Care, Part 820 Residential Services and OASAS' Fee-for-Service replacement of net deficit funding. These changes will allow funded providers to retain surplus operating revenues while maintaining the budgeted State Aid.

Mid-Year Claim

- The mid-year claiming requirement is eliminated beginning with the Calendar year 2016 and NYC 2016/17 fiscal periods. The CBR/CFR manuals will be updated to reflect that an intra-year or mid-year claim is no longer required for OASAS.
- This is expected to improve cash flow for providers by eliminating withholding of payments related to mid-year under-claiming.
- OASAS retains the authority to require a provider to file a mid-year claim as needed.

The following changes will be implemented starting with the close-out of the Calendar Year 2015 claims and the NYC 2015/16 claims.

Close-Out Rules

- The following close-out rules will be adjusted:
 - Agency Administration for budgeting and claiming purposes will be limited. For Calendar Year 2015, Agency Administration is limited to 25% of total agency PS, FB, and NPS. For Calendar Year 2016, NYC 2015/16, and all out-years the limit is 20% of the total agency PS, FB and NPS.
 - Providers must be in compliance with the Agency Administration limit on all budget and claiming documents. They must also be in compliance with EO#38 for all covered reporting periods through the EO#38 website.
 - State Aid shifts within a provider between budgeted programs will no longer be limited. State Aid will shift automatically during the close-out process between programs within a provider to maximize State Aid claimed, although a program cannot be closed through this mechanism without prior approval.
 - This does not apply to Shelter Plus Care (3070), Permanent Supported Housing – High Frequency Medicaid Consumers (3480) and Legislative Initiatives (4778) because of their funding sources.
 - Gross expense increases will not be limited as long as there is sufficient off-setting revenue. While program expenses may increase, OASAS is under no obligation to fund such increases that do not have adequate off-setting revenues or State Aid. Claimed State Aid in excess of the total budgeted State Aid will be non-funded.
 - Automatic shifts of State Aid between providers in a County during the close-out process will be eliminated. No funds will transfer automatically between providers during the reconciliation.



Provider Revenues

To help funded providers maintain or improve their fiscal status as the SUD system enters a period of significant changes, OASAS will allow providers to “Not Apply” surplus revenue with prior approval, regardless of the source of the additional revenue. However, there will be a process to allow any surplus revenue to be retained by a provider.

Providers must receive written approval from OASAS prior to their submission of the final claim. If prior approval has not been obtained, all surplus revenues will be used to offset the State Aid and claims will be adjusted.

- Providers must request approval to “Not Apply” additional revenues and will be required to submit a written request to the Field Office prior to the submission of the final claim.
 - The request must identify the amount of the surplus and its source.
 - The request must describe in detail how the revenues will be used including the funding of any additional operating deficits.
 - The provider will be notified in writing by Field Office of the determination.
- Approval to “Not Apply” revenue will be made on a case-by-case basis and is solely at the discretion of OASAS.
- Programs will continue to be subject to all reporting and performance monitoring.
- Providers which received approval to “Not Apply” revenues will make a revenue adjustment on the DMH-2, line 39 Other Non-GAAP Adjustments and identify the entry as “OASAS Not Applied Revenues”. The amount entered must match the amount approved in writing by the Field Office. Any amount in excess of the approved amount will be used to offset State Aid.