



STEFAN I. MYCHAJLIW

ERIE COUNTY COMPTROLLER

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Contact – Erie County Comptroller's Office, (716) 858-8400

NEW YORK STATE SHORTCHANGES ERIE COUNTY ON MEDICAID PAYMENT SAVINGS

Data shared with the Legislature shows that while the Medicaid payment Erie County owes N.Y.S. will decline, the State refuses to pass down the entire savings this year

(ERIE COUNTY, NY)- Erie County Comptroller Stefan I. Mychajliw Jr.'s office sent a letter to Erie County lawmakers outlining the savings Erie County will realize as a result of federal relief legislation that ultimately increased federal Medicaid assistance. This federal aid, called Federal Medical Assistance Percentage, referred to as "FMAP," lowers the amount of money Erie County pays to New York State for Medicaid.

As part of a COVID-19 relief measure passed by Congress and signed into law by President Donald J. Trump, FMAP funding was increased, which means Erie County owes New York State a lower weekly Medicaid payment. The first reduced Medicaid payment Erie County pays to New York State will be June 30th, 2020.

The weekly savings realized is \$447,908. Those savings to Erie County government, through December 29th of this year will total \$12,093,516.

That's the good news.

Here's the bad news.

Under the original payment plan Erie County would have paid New York State \$103,610,772 for Medicaid. After FMAP funding was increased, it lowered Erie County's obligation to \$91,517,256. That's a savings to Erie County of \$12,093,516.

But in the deficit reduction plan proposed by the Erie County Executive and approved by the Erie County Legislature, they projected savings from increased FMAP assistance would be \$24.2 million.

So, if the Legislature passed a deficit reduction plan anticipating FMAP savings to be \$24.2 million, and the actual savings is only \$12 million, that leaves Erie County with a potential gap to fill this year of approximately \$11.7 million due to higher payments earlier in the year.

“On one hand, I’m grateful to federal lawmakers. They helped reduce our Medicaid payment to New York State. That’s great news. The savings will certainly help us as we work together to reduce our budget deficit,” said Comptroller Mychajliw

Now lawmakers may have to address how to close this unanticipated gap of \$11.7 million caused by earlier payments already made this year.

“This is no one’s fault. No one is to blame. As soon as we received actual data that showed the true Medicaid payment reduction, it immediately raised a red flag. We knew right away the deficit reduction plan passed by the Legislature anticipated the savings to be \$24 million. The real savings are nowhere near that. It’s less. Way less. About half of what the Legislature expected. This is why I notified the Legislature immediately. It is important that my office continues to provide legislators with all the information possible so they have a clear picture of where Erie County’s finances stand,” added Comptroller Mychajliw.

Adding insult to injury, New York State routinely “holds” 20-percent of the total FMAP Medicaid savings Erie County is supposed to get this year, and kicks the can on the payment until March of 2021. So, in essence, think of what New York State is doing is holding onto Erie County’s cash, keeping it themselves, then making the county whole next year.

It’s a financial shell game New York State plays every year to remain flush with cash. Unfortunately, the cash they use for themselves technically belongs to Erie County.

“This is another way Albany hurts counties like ours. We are hurting as well. The difference is, prior to the Coronavirus crisis, New York State faced a \$6 billion deficit. Erie County was in strong financial shape. Now Erie County suffers because of the fiscal mismanagement of New York State.”

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