

## Intergovernmental Transfers Frequently Asked Questions

1. What is an intergovernmental transfer (IGT)?

An intergovernmental transfer is a method in which local (non-state) governments and public hospitals can transfer funds to the Agency for Health Care Administration (the Agency) to help fund the Medicaid program. IGTs received by the Agency are then used to draw down funds from the federal government as “match” funding to support the Medicaid program.

2. Who is eligible to contribute IGTs?

Counties, hospital taxing districts, municipalities, and entities operated by state or local government are eligible to contribute IGTs.

3. Will IGT contributors get back the funds they have provided?

No. Only medical providers (local and statewide) will receive the IGT funds plus federal match. For example, if an IGT contributor provided \$0.39 during state fiscal year 2016-17, the local and state medical providers will receive \$1.00, which includes both the original IGT contributed (\$0.39) and the federal matching funds (\$0.61).

4. How will the IGT funding be used?

For all payments made through a Medicaid program, a certain percentage comes from state and the remainder comes from federal government. The amount collected in state funds (IGTs) is then matched by the federal funds. For example, in SFY 2016-17, the state share was 39.01% resulting in a 60.99% federal match.

5. What is a Letter of Agreement (LOA)?

An LOA is contract between the Agency and an IGT contributor holding the IGT contributor accountable for transferring funds to the Agency on behalf of the specified medical facility listed on the LOA. The LOA lays out the total amount of IGTs that the IGT contributor is pledging to contribute for the state fiscal year.

6. Can an IGT contributor send in funds without signing an LOA?

No, state law specifies, “in order for the agency to certify such local governmental funds, a local governmental entity must submit a final, executed letter of agreement to the agency.” (See Senate Bill 2514 Section 9(26) from 2017 Legislative Session.)

7. Can an IGT contributor provide funds on behalf of more than one medical provider?

Yes, an IGT contributor may send funds for more than one medical provider. A separate LOA must be executed for each medical provider for which funds are designated.

8. Can Certified Public Expenditures (CPEs) be used instead of IGTs to draw down federal matching funds?

No, CPEs can only be used for certain programs approved by the Centers for Medicare and Medicaid Services. Intergovernmental transfers must be used for the Low Income Pool (LIP) program.

9. Do LIP recipients need to sign an LOA?

No, the IGT contributor signs the LOA on behalf of the specified medical provider or program.

10. Are there any penalties if an IGT contributor signs an LOA but then decides to back out of the agreement?

No, LOAs are voluntary agreements and there are no penalties for not contributing funds. However, the total allotment of the LIP program decreases when less IGTs are contributed, and payments to medical providers may also decrease as a result.

11. Can an IGT contributor send more money than agreed to on the LOA?

No, the LOA states that the IGT contributor may not exceed the specified amount of funds on the LOA. The Agency can issue an LOA amendment to support additional contributions if a provider requests to send more funding than is specified on the original LOA.

12. What are the reporting requirements for IGT contributors and LIP recipients?

There are no reporting requirements for IGT contributors. However, the IGT contributors are required to keep related records on file for a minimum of six years following the end of the state fiscal year in which it contributed IGTs. The LIP recipients (i.e., hospitals, federally qualified health centers) are required to submit a LIP Cost Limit Report to the Agency within three years after the state fiscal year end for each year that LIP funding is received.

13. What are allowable expenditures for LIP funds?

LIP funds may be used for health care costs that would be within the definition of medical assistance in Section 1905(a) of the Social Security Act.

14. Will receiving LIP funds have an adverse effect on other awards, grants, or supplemental payments?

LIP funds are considered Medicaid revenue and must be included as revenue for awards and grant applications. LIP payments must also be included on reporting that requests Medicaid revenues such as the Disproportionate Share Hospital Survey.

15. Can a medical provider receive LIP funds without an IGT contributor?

Yes. IGT contributions are used to fund the LIP tiers up to allowable uncompensated care costs. Even if a LIP tier is not fully funded, the providers will receive a reduced payment from the available funds proportional to the other providers in their tier.

16. Can an IGT contributor send in funds after the October 31 deadline?

Per SB 2514 Section 9(26), "local governmental funds outlined in the letters of agreement must be received by the agency no later than October 31 of each fiscal year in which such funds are pledged, unless an alternative plan is specifically approved by the agency."