March 1998

TO: New York State County Fiscal and Budget Officers

FROM: New York State Office of the State Comptroller, Division of Municipal Affairs

SUBJECT: Medicaid Management Information System Accrued Liability Calculation

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Each year since the early 1980s, we've sent an accounting bulletin that provides the billing lag factor and formula to compute your accrued MMIS liability. **Since your county's billing lag factor is included in the MARS 039 Reports sent to your county Social Services Commissioner, we are no longer sending an annual bulletin**. As counties closed their books and filed their 1997 annual reports, a few questions arose about the MMIS accrual. The purpose of this bulletin is to restate the procedure for making this accrual. You should use the formula below and the latest available lag factor (either November 30 or December 31) when you compute your accrual. This accrual must be made in order for your financial statements to be in accordance with generally accepted accounting principles. If the calculation results in materially understating or overstating the liability (because the billing lag factor is unusually high or low in the month you are using), you should use an alternative that results in fairly stating the liability. For example, a simple average of the last eleven or twelve months may be used. If you have questions, please contact my office by calling 518-474-6023.

Step 1 $$\frac{\text{Total of Weekly Shares Report System Generated Payments}^*}{\text{\# of Weekly Shares Reports}} = \text{Avg. Sys. Gen. WSR}$$

Step 2   Average Weekly Shares X 2   =   2 Week Lag Amount

Step 3 $$\frac{\text{Total of Weekly Shares Report System Generated Payments}^*}{12} = \text{Average Monthly Sys. Gen WSR}$$

Step 4   (Average Monthly Sys. Gen. WSR X Lag Factor)
                + (2 Week Lag Amount)   =   Year End Accrued Liability

   *   In early 1997 there may have been IGT Transactions in weekly shares reports. If so, these must be subtracted from the WSR totals in making this computation.

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