

Medical Assistance Transportation Memorandum *Systems* MATP OPS # 03/2008-006

Date: March 3, 2008

Subject: MATP Limitations on Purchases

To: All Statewide County MATP Program Offices

FROM: Tracee S. Gotwalt, Financial Section Chief, Financial Analysis Division

Purpose:

The Medical Assistance Transportation Program (MATP) is providing clarification to the MATP limitations on purchases in the Instructions and Requirements (I&Rs).

Background:

During County reviews and audits, it has been recommended that the Department clarify this requirement.

Discussion:

The MATP I&R, Appendix A, Fiscal Requirements, Section 28 (Limitations on Purchases) provides guidance for MATP purchases and depreciation.

County reviews and audits have concluded that counties are interpreting this requirement in different ways. This has caused purchases to be made that do not meet the established requirement.

The current MATP Instructions & Requirement's language reads:

"The allocation shall not be used to purchase or improve land, or purchase construct, or permanently improve any building or other facility, or purchase fixed assets that have a unit purchase price of \$10,000 or more. Fixed assets are defined as major items which have a useful life of more than one year or which can be used repeatedly without materially changing or impairing their physical condition by normal repair, maintenance or replacement or components. A class of components normally considered together as a unit may not be listed at the individual component value in order to avoid the \$10,000 unit purchase price limit. No capital acquisitions purchased outright with MATP funds may be subsequently depreciated."

Next Steps:

MATP is changing the MATP Instructions & Requirement's Appendix A, Fiscal Requirements, Section 28 (Limitations on Purchases to read:

"The allocation shall not be used to purchase or improve land, or purchase, construct, or permanently improve any building or other facility. The expenses incurred may be depreciated over the useful life of the purchase or improvement based upon past experience or the best estimate of the company. The depreciation and allocation methodology to expense MATP's portion must be submitted to the Department for review.

The allocation shall not be used to purchase fixed assets that have a unit purchase price of \$10,000 or more. The expenses incurred may be depreciated over the useful life of the purchase based upon past experience or the best estimate of the company. The depreciation and allocation methodology to expense MATP's portion must be submitted to the Department for review. Fixed assets are defined as major items which have a useful life of more than one year or which can be used repeatedly without materially changing or impairing their physical condition by normal repair, maintenance or replacement or components. A class of components normally considered together as a unit may not be listed at the individual component value in order to avoid the \$10,000 unit purchase price limit.

No capital acquisitions purchased outright with MATP funds may be subsequently depreciated."

Counties should review this clarification to ensure that they are currently meeting this established requirement and will continue to do so in the future.

If you have any questions, please contact your Financial Representative.