§ 368-b. State reimbursement to local health districts; chargebacks. 1. Each approved local health district which enters into a contract with the department of health pursuant to section three hundred sixty-four-a of this title shall submit to the department of health a quarterly report of expenditures for administrative expenses incurred in the performance of such contract. The department of health shall review such expenditures and, upon approval, shall submit the report to the department. Upon receipt of such approved report, there shall be paid to each such district

(a) the amount of federal funds, if any, properly received or to be received on account of such expenditures; and

(b) fifty per centum of the amount expended for such administrative expenses, after first deducting therefrom any federal funds properly received or to be received on account thereof.

2. The department of health shall submit a quarterly report to the department of expenditures for administrative expenses incurred by each of the state health districts in the performance of the cooperative agreement entered into pursuant to section three hundred sixty-four-a of this title. Upon receipt of such report, the department shall deduct the amount of federal funds, if any, properly received or to be received on account of such expenditures from the total amounts reported for each such district Fifty per centum of the balance shall be apportioned among the public welfare districts served by such district in the ratio that the total expenditures by each such public welfare district for medical assistance for needy persons for the quarter bears to the total expenditures by all such public welfare districts for such quarter. The proportionate share shall be deducted from the next payment due each of such public welfare districts pursuant to section three hundred sixty-eight-a of this title.