

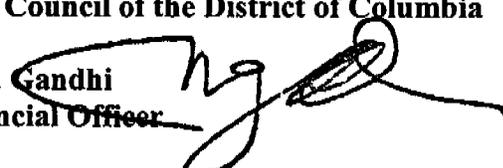
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** NOV 14 2005

**SUBJECT:** Fiscal Impact Statement: "Provision of Uncompensated Care Rules  
Approval Resolution of 2005"

**REFERENCE:** Draft Legislation – Resolution Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed resolution because no additional resources would be required.

**Background**

Since 1980, all health care facilities and service providers in the District have been required to apply for and receive a Certificate of Need (CON) prior to operation. Furthermore, the law<sup>1</sup> requires all CON holders<sup>2</sup> to provide free or "charity care" equivalent to three percent of their facility's annual budget<sup>3</sup>.

In 2004 Council enacted the Health Services Planning and Development Amendment Act of 2004 (D.C. Law 15-149) which, among other provisions, defined uncompensated care as a combination of charity care and bad debt generated by patients who fail to pay their share of care received. As a result, a health care facility would be able to include bad debt as well as charity care in meeting its CON obligations of uncompensated care equivalent to three percent of its annual budget.

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<sup>1</sup> D.C. Official Code Title 44 § 405 (a).

<sup>2</sup> According to the State Health Planning and Development Agency (SHPDA), there are currently 227 CON holders in the District of Columbia.

<sup>3</sup> Three percent of facility annual budget is calculated from the total operating expenses of a facility as set forth in an audited financial statement or its equivalent, minus the amount of reimbursement, if any, under Titles XVIII and XIX of the Social Security Act.

The proposed resolution would approve proposed rules implementing the provisions of D.C. Law 15-149.

**Financial Plan Impact**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed resolution because no additional resources would be required<sup>4</sup>.

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<sup>4</sup> SHPDA estimates the use of 0.25 of one FTE, which will be absorbed by their contract employee budget.