

**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:** April 30, 2002

**SUBJECT:** Fiscal Impact Statement: “Emergency Renewal of the Medicaid Home and Community-Based Services Waiver for Individuals with Mental Retardation and Developmental Disabilities”

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

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**Conclusion**

Funds are sufficient in FY 2002 through FY 2005 budget and financial plan because no additional staff will be required. The amended waiver may result in up to \$24 million in cost savings over the four-year period as a result of lower residential setting costs and the receipt of a 70 percent federal Medicaid match. The cost of providing these services is an on-going expense under the Mental Retardation/Developmental Disabilities Administration, which is already funded via the Department of Human Services through current and prior year appropriation.

**Background**

The proposed legislation would renew the District’s 1915(c) Medicaid Home- and Community-Based Services Waiver for Individuals with Mental Retardation and Developmental Disabilities for the five-year period beginning June 1, 2002. It would make the following modifications to the existing waiver:

- Add case management services;
- Delete support coordination services;
- Add specialized medical/adaptive equipment and assistive technology; and
- Add 200 new Waiver slots per year for the next five years.

According to the Department of Health (DOH), the District's current waiver serves 225 clients, enabling them to live outside a medical institution. The proposed changes are consistent with the *Joy Evans* Exit Plan and are endorsed by the Mental Retardation and Developmental Disabilities Administration (MRDDA) at the Department of Human Services.

### Financial Plan Impact

Funds are sufficient in FY 2002 through FY 2005 budget and financial plan because the Mental Retardation/Developmental Disabilities Administration (MRDDA) is already providing services to this population with 100 percent local dollars. According to DOH, by including more of the population they serve and the services they cover under the 1915(c) waiver, MRDDA will be able to leverage 70 percent federal match. In addition, MRDDA will achieve additional savings by moving some clients to less expensive waiver-funded residential settings.

The table below represents DOH's estimated cost savings of local dollars based on the following assumptions:

- A 20 percent increase in services provided;
- A 10 percent savings from the use of residential settings; and
- MRDDA will switch from converting community-based clients to the waiver to converting ICF-MR recipients to the waiver

The proposal could result in a four year cost savings of over \$24 million in local funds.

<b>Cost Reduction/Savings Associated with Revised Waiver</b>				
<i>Conversion of MRDDA Community Clients to Waiver</i>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
	<b>(1/4 year)</b>			
Current costs per MRDDA recipient	\$8,592	\$35,952	\$37,590	\$41,159
Amount to be converted to waiver	\$6,874	\$28,762	\$30,072	\$31,462
Net Cost/(Savings) of new 70% federal match	(\$4,296)	(\$17,976)	(\$18,795)	(\$19,665)
New service demand	\$516	\$2,157	\$2,255	\$2,360
Covered recipients	200	300	400	500
Subtotal: cost/(savings)	(\$859,225)	(\$5,392,800)	(\$8,849,025)	(\$10,289,750)
<i>Conversion of ICF-MR Residents to Waiver</i>				
Est. client cost ICF-MR	\$26,641	\$108,175	\$110,162	\$112,022
Est. cost/(savings)	\$799	(\$3,245)	(\$3,305)	(\$3,361)
Covered recipients	0	100	200	350
<b>Total: cost/(savings)</b>	<b>(\$859,225)</b>	<b>(\$5,717,325)</b>	<b>(\$8,178,972)</b>	<b>(\$10,025,256)</b>