

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



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CHAIRMAN CROPP

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: JAN 27 2005

SUBJECT: Fiscal Impact Statement: "School-Based Health Services Approval Resolution of 2005"

REFERENCE: Proposed Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed approval resolution. No additional staff or resources will be required to implement the provisions of the proposed resolution.

Background

The proposed resolution would approve a new State Plan Amendment that would change the current reimbursement methodology for school-based health services. The change to these services is from a "bundled rate option" to a cost-based fee schedule methodology that would charge for each service performed separately, limit services to those authorized by an Individualized Education Plan (IEP), and limit the providers to only school-based providers. The proposal would bring the District government into compliance with federal Medicaid requirements.

If the rates for the covered services in the annual audited cost reports are less than the interim rates, then the interim rates would have to be reduced to match the audited cost reports. Covered services would include physical therapy (PT) including adaptive equipment, occupational therapy (OT), speech and language services (SP), nursing, nutrition, case management, audiology, evaluation and/or re-evaluation assessment, mental health and counseling services, and psychiatric evaluation and consultation.

Costs for transportation services are already covered in the current District of Columbia Medicaid State Plan.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed approval resolution. No additional staff or resources will be required to implement the provisions of the proposed resolution.

The cost for the first year is \$74.97 million with \$22.49 million as the local share and \$52.48 million as the federal share. The annual cost for all services is projected forward by factoring a 3 percent utilization rate increase per year. The local share costs associated with the implementation of the proposed resolution is presented in the table in Figure 1.

Figure 1.

Expenditure Impact to the Financial Plan				
(\$ in millions)				
FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
\$22.49	\$23.16	\$23.86	\$24.59	\$94.10