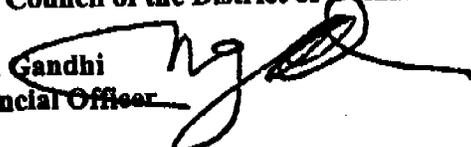


GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Natwar M. Gandhi
 Chief Financial Officer

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

FROM: Natwar M. Gandhi 
 Chief Financial Officer

DATE: NOV -9 2006

SUBJECT: Fiscal Impact Statement: "Community Access to Health Care
 Omnibus Amendment Act of 2006"

REFERENCE: Bill Number 16-913

Conclusion

The proposed legislation implements several health-related provisions based largely on the findings of the Mayor's Health Care Task Force. Overall this bill will result in an estimated \$169 million in known expenditures in Fiscal Year 2007 (FY 2007). These expenditures are funded through the \$245 million in net proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006.

Community Access to Health Care Omnibus Amendment Act of 2006 (\$ in Millions)				
Item	FY 2007	FY 2008	FY 2009	FY 2010
DC PCA - East Washington Ambulatory Care Centers	\$40	\$0	\$0	\$0
DC Cancer Consortium - Cancer Prevention Program	\$20	\$0	\$0	\$0
American Lung Association - Tobacco Cessation Program	\$10	\$0	\$0	\$0
Chronic Disease Management and Prevention	\$10	\$0	\$0	\$0
DC PCA - Regional Health Information Exchange Program	\$6	\$0	\$0	\$0
DC HA - Assessment of Urgent and Emergent Care Delivery System	\$1	\$0	\$0	\$0
Reserve for Urgent and Emergent Care Delivery System Investments	\$80	\$0	\$0	\$0
Procurement of Additional Emergency Transport Vehicles	\$2	\$0	\$0	\$0
Total	\$169	\$0	\$0	\$0
Available Funds	\$245	\$0	\$0	\$0
Balance	\$76	\$0	\$0	\$0

Note: DC PCA = District of Columbia Primary Care Association
 DC HA = District of Columbia Hospital Association

There are sufficient funds to implement the bill in its first year. However, it is important to stress that approval of the authorization of a Healthplex (Title II) and the construction of two ambulatory care centers (Title III) build in a potential commitment of future/long term costs (operating and capital) for which there is, at present, no future financing plan. All such potential future costs resulting from implementation of this legislation will need

to be budgeted and appropriated in future years. So, whereas this fiscal note confirms funds availability for the authorization of the first year spending in support of these several activities (see accompanying Table), it makes no judgment on the ability to finance the construction or operation of these activities.

TITLE I – CREATION OF HEALTH CARE FINANCING FUND

Background

The proposed title establishes within the General Fund a special non-lapsing account called the "Community Health Care Financing Fund." This title requires the Chief Financial Officer to pay into the Community Health Care Financing Fund all proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006 and the receipt from any fees and taxes specifically identified by any provision of District of Columbia law to be paid into the Fund.

The Mayor is authorized to make grants out of the fund to promote health care and delivery of health care related services including the construction of health care facilities and the operation of health care related programs.

Financial Plan Impact

The establishment of the Community Health Care Financing Fund with an initial balance of \$245 million is based on the transfer of the net proceeds from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006 into the Fund.

TITLE II – RESERVATION 13 HEALTHPLEX AUTHORIZATION

Background

The proposed title sets aside approximately 2 acres within Reservation 13 for a Healthplex which will include emergency care services, primary and specialty care physician offices, ambulatory surgery, diagnostic imaging, laboratory, and health education. The administration intends to solicit proposals for the development and management of the facility in the fall in order to determine the level of funding needed to support this initiative. This title authorizes the Mayor to enter into any contract or agreement necessary to enable the construction and operation of the Healthplex.

Financial Plan Impact

This title has no financial plan impact because the title sets aside a portion of Reservation 13 for the potential development of a Healthplex and authorizes the Mayor to issue a Request for Proposals for the development of a Healthplex on Reservation 13.

The Mayor is also authorized to enter into any contract or agreement necessary to enable the construction and operation of the Healthplex. If the mayor enters into a contract or agreement related to the construction and operation of the Healthplex that exceeds \$1 million, then the contract would require Council approval and CFO certification of the availability of funds.

TITLE III – EAST WASHINGTON AMBULATORY CENTERS

Background

The proposed title grants no more than \$40 million to the D.C. Primary Care Association as part of the Medical Homes DC project for the construction of two ambulatory care centers, one in Ward 7 and one in Ward 8. Each ambulatory care center shall offer more services than a typical Medical Homes DC project including primary care, specialty care, pharmacy, laboratory, radiology, and mental health services.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006.

This grant would be executed through the existing grant agreement with the District of Columbia Primary Care Association associated with the DC Medical Homes project. The Administration has indicated that the existing grant agreement can be strengthened to ensure that the District has no additional liabilities associated with the ambulatory care centers beyond the \$40 million grant.

TITLE IV – HEALTH CARE IMPROVEMENT GRANTS

Section 402 – Cancer prevention program:

Background

The proposed section grants \$20 million from the Community Health Care Financing Fund to the D.C. Cancer Consortium to implement a comprehensive cancer prevention program.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006. No additional staff or resources will be required.

Section 403 – Tobacco cessation program:

Background

The proposed section grants \$10 million from the Community Health Care Financing Fund to the American Lung Association of D.C. to implement a tobacco cessation program in partnership with the American Cancer Society.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006. No additional staff or resources will be required.

Section 404 – Comprehensive chronic disease management and prevention programs:

Background

The proposed section reserves \$10 million from the Community Health Care Financing Fund for a comprehensive chronic disease management and prevention program related

to the ten leading causes of death in the District of Columbia to be administered by non-profit organizations in partnership with the Department of Health.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006. No additional staff or resources will be required.

Section 405 – Regional health information exchange program:

Background

The proposed section grants \$6 million from the Community Health Care Financing Fund to the District of Columbia Primary Care Association, in partnership with the National Institute of Medical Informatics, for the purpose of establishing a regional health information exchange program.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006. No additional staff or resources will be required.

Section 406(a) – Assessment of urgent and emergent care delivery system:

Background

The proposed section grants up to \$1 million from the Community Health Care Financing Fund to the District of Columbia Hospital Association for the purpose of conducting a comprehensive assessment of the District's healthcare delivery system for individuals with urgent or emergent medical needs.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of

Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006. No additional staff or resources will be required.

Section 406(b) –Improvement of urgent and emergent care delivery system:

Background

The proposed section reserves up to \$80 million from the Community Health Care Financing Fund for investments in urgent and emergent care based on the findings of the assessment authorized in Section 406(a). Options cited in the legislation include the potential expansion of the emergency room capacity at Howard University Hospital and Greater Southeast Community Hospital. Funds would only be made available to Greater Southeast Community Hospital upon the condition that Greater Southeast Community Hospital changes ownership and converts to non-profit status.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006.

This section reserves \$80 million in funding, but does not authorize the expenditure of the funds. Additional Council action and the CFO certification of the availability of funds would be required prior to any further commitment of these funds.

Section 406(c) –Procurement of Additional Emergency Transport Vehicles:

Background

The proposed section allocates \$2 million from the Community Health Care Financing Fund for the purpose of procuring emergency transport vehicles.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds for the acquisition of the emergency transport vehicles in the form of the proceeds received by the District from the sale by the District of Columbia Tobacco Settlement Financing Corporation of its Tobacco Settlement Asset-Backed Bonds, Series 2006.

There will be future operating costs associated with the acquisition of the emergency transport vehicles which are not known at this time because the operating costs will depend on how the new vehicles will be added to the fleet. One approach would be to accelerate the replacement of existing, aging vehicles with the new ones. Another approach would be to expand deployment of vehicles. The actual operating costs would depend on how the Department intends to utilize the vehicles. If the decision is to expand the fleet on the streets, operating costs would have to be absorbed by the Department or appropriated.

TITLE V – GREATER SOUTHEAST COMMUNITY HOSPITAL

Background

The proposed title authorizes the Mayor to exercise eminent domain to acquire Greater Southeast Community Hospital for the purpose of operating the hospital, improving the physical plant of the hospital, and improving the health care services of the hospital. The taking of Greater Southeast Community Hospital by eminent domain under the authority granted in this Act shall follow the procedures set forth in subchapter II of Chapter 13 of Title 16 of the District of Columbia Official Code.

This title also authorizes the Mayor to enter into a sole source contract to manage Greater Southeast Community Hospital for a period not to exceed two years.

Financial Plan Impact

This provision does not have a direct fiscal impact because the Mayor would need to return to the Council for approval of any costs associated with finalizing the eminent domain transaction.

This provision establishes the potential for future fiscal impacts including:

- The costs associated with the District acquiring the hospital,
- The costs associated with a contract to manage Greater Southeast Community Hospital,
- The Hospital continues to run an operating deficit which would become a District liability if the District took ownership of the hospital. The magnitude of potential future deficits is not known at this time.

Any potential future costs resulting from implementation of this legislation would need to be budgeted and appropriated in future years.