

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



Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer  
Office of the Chief Financial Officer

**DATE:** JUN 29 2007

**SUBJECT:** Fiscal Impact Statement – “Renewal of the Medicaid Mental Retardation and Developmental Disabilities Section 1915(c) Home and Community-Based Services Waiver Approval Resolution of 2007”

**REFERENCE:** Draft Bill - No Number Available

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**Conclusion**

Funds are sufficient in the FY 2007 budget and proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. The proposed resolution is likely to result in net savings to the Department of Disability Services (DDS) because qualified services under the §1915(c) Waiver will be funded with Medicaid dollars<sup>1</sup> as opposed to 100% local dollars. The Medical Assistance Administration (MAA) has a standing Memorandum of Agreement with DDS for fiscal years 2007 and 2008, which stipulates that MAA will absorb the local cost of this Waiver up to \$2.9 million per year. Any additional costs are to be borne by DDS.

**Background**

The proposed resolution is a renewal application for the Medicaid Home and Community-Based Services (HCBS) waiver program, which is authorized in §1915(c) of the Social Security Act.<sup>2</sup>

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<sup>1</sup> 70 percent being federal dollars, and 30 percent being local dollars.

<sup>2</sup> The HCBS waiver program permits a State to furnish an array of home and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization. The State has broad discretion to design its waiver program to address the needs to the waiver’s target population. Waiver services complement and/or supplement the services that are available to participants through the Medicaid State plan and other federal, state, and local public programs as well as the supports that families and communities provide. The Centers for Medicare and Medicaid Services (CMS) recognizes that the design and operational features of a waiver program

The HCBS Waiver program, also known as the 1915(c) Waiver, supports approximately eight hundred ninety-three residents with developmental disabilities. The current application will expire in November 2007.

The proposed 1915(c) Waiver application will increase its services package to include six new services for DDS consumers. These services will include Host Home Services; In-Home Support Services; One-Time Transitional Services; Professional Services; Supported Living Services; and Vehicle Modifications.

The objectives of the Waiver are to: (1) promote independence by providing services that meet the highest standards of quality and national best practices while ensuring health and safety through a comprehensive system of participant safeguards; (2) offer an alternative to institutionalization and costly comprehensive services by providing an array of services and supports that promote community inclusion and independence; (3) support participants and their families to exercise their rights and share responsibility for their programs regardless of the method of service delivery; and (4) offer access to services on a short term basis that would protect the health and safety of the participant if the family or other care-giver were unable to provide care and supervision.

### **Financial Plan Impact**

Funds are sufficient in the FY 2007 budget and proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. As a result of the renewal of the §1915(c) Waiver, services covered by the proposed Waiver that are now funded with local dollars will be funded with Medicaid dollars.<sup>3</sup> This is likely to generate net savings for DDS. Total net savings for DDS are difficult to calculate however, because DDS would also incur additional costs through the transfer of consumers from Intermediate Care Facilities for the Mentally Retarded (ICF-MR) to community-based facilities. In effect, this would be a transfer of costs from MAA to DDS.

MAA has a standing Memorandum of Agreement with DDS for fiscal years 2007 and 2008<sup>4</sup> which stipulates that MAA will absorb the local cost of this Waiver up to \$2.9 million per year. Under the agreement, any additional costs (over \$2.9 million) are to be borne by DDS. As local costs for these services would continue to be more than \$2.9 million per year, the fiscal impact of this proposed resolution on MAA should be minimal.

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will vary depending on the specific needs of the target population, the resources available to the State, service delivery system structure, State goals and objectives, and other factors. A State has the latitude to design a waiver program that is cost-effective and employs a variety of service delivery approaches, including participant direction of services.

<sup>3</sup> See footnote 1.

<sup>4</sup> Such memorandums can only be renewed for one fiscal year at a time. Program officers for MAA and DDS expect this renewal to continue through at least FY 2011 (the last year covered by this impact statement).