

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



2007 JUN 28 PM 2: 58

Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

CHAIRMAN GRAY

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

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

**DATE:** JUN 28 2007

**SUBJECT:** Fiscal Impact Statement – “Modification of the Medicaid Nursing Facility Payment System Approval Resolution of 2007”

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

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**Conclusion**

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. This State Plan Amendment (SPA) is not expected to result in a fiscal impact to the District because the proposed rate increase will be funded through the Nursing Facility Quality of Care Fund, which is funded by nursing facilities.

**Background**

Since January 1, 2006, each nursing facility in the District of Columbia has been reimbursed on a prospective basis at a facility-specific per diem rate. This rate is developed by establishing a base year per diem rate for each facility, subject to a ceiling, is adjusted semi-annually for case mix, and is subject to other adjustments.

The proposed SPA would modify the nursing facility payment system to ensure the reimbursement for nursing facility services in the District of Columbia keep pace with the increased cost of nursing facility services by updating the payments rates annually for inflation, and shortening the times between recalculating the nursing facility rates from four years to three years.

**Financial Plan Impact**

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. This State Plan Amendment (SPA) is not expected to result in a fiscal impact to the District because the proposed rate increase will be funded through the Nursing Facility Quality of Care Fund, which is funded by nursing facilities.