

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



MEMORANDUM

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

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: AUG 14 2007

SUBJECT: Fiscal Impact Statement: "Health Services Planning Program Re-establishment Act Amendment Act of 2007"

REFERENCE: Draft Legislation – No Bill Number Available

Conclusion

Funds are sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation.

Background

The District Department of Health (DOH) reports that there is an immediate crisis with respect to the need to provide and deliver substance abuse treatment services in the District, and that the need is particularly acute with respect to youth substance abuse treatment.

D.C. Code § 44-406 requires all persons proposing to offer or develop in the District a new institutional health service, or to obligate a capital expenditure to obtain an asset to be located in the District shall, prior to proceeding with that offering, development, or obligation, obtain from the State Health Planning and Development Agency a Certificate of Need that demonstrates a public need for the new service or expenditure.

The proposed legislation would exempt District substance abuse treatment facilities from the Certificate of Need requirements by amending Section 8(b) of the Health Services Planning Program Re-Establishment Act of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-407). Said facilities would continue to be subject to the

certification requirements under § 5 of the District of Columbia Substance Abuse Treatment and Prevention Act of 1989 (D.C. Law 8-80; D.C. Official Code § 44-1204).

The proposed exemption from Certificate of Need requirements would expire 2 years from the effective date of the Act.

Financial Plan Impact

Funds are sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation. Exempting substance abuse treatment facilities from Certificate of Need requirements could result in a marginal revenue increase for the District, as the exemption is intended to encourage said facilities—which are normally for-profit entities—to locate in the District. However, actual or projected increases in tax revenues, if any, cannot be quantified at this time.