

**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

DATE: NOV 26 2007

SUBJECT: Fiscal Impact Statement: "Medicaid Benefits Protection Amendment Act of 2007"

REFERENCE: Draft Bill - No Number Available

Conclusion

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

Background

The proposed legislation is intended to strengthen Medicaid's status as a payer of last resort relative to private health insurance. Enactment of the proposed legislation is necessary to comply with federal requirements enacted in the Deficit Reduction Act of 2005 (DRA).¹

The proposed bill would amend the Medicaid Benefits Protection Act of 1994² to require health insurers that are legally responsible for the payment of a claim for a health care item or service to provide, as a condition of doing business in the District, information about individuals who were eligible for or received medical assistance. The proposed legislation would also amend the requirements for health insurers to reimburse the District for medical assistance it provided.

¹ Effective February 8, 2006. Public Law 109-171.

² Effective March 14, 1995. D.C. Law 10-202; D.C. Official Code § 1-307.41

Financial Plan Impact

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The Medical Assistance Administration (MAA) can absorb the cost of implementing the proposed legislation with existing resources.

The Congressional Budget Office (CBO) estimated³ that this provision of DRA would improve states' abilities to identify liable third parties and would increase the amounts that Medicaid recovers from insurers for recipients who also have private health insurance. However, the amount of these anticipated increases cannot be quantified at this time.

³ CBO official cost estimate for S.1932 (DRA), dated January 27, 2006.