


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: July 1, 2008

SUBJECT: Fiscal Impact Statement: "Medicaid Budget Support Act Increase in Medicaid Physician and Specialty Rates to Match Medicare Rates Medicaid State Plan Amendment Approval Resolution of 2008"

REFERENCE: Draft Resolution - No Number Available

Conclusion

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution.

Background

The proposed resolution is intended to comply with Subtitle V(T) of the Fiscal Year 2009 Budget Support Act of 2008, which required the District Department of Health Care Finance (DHCF) to submit to Council, by October 1, 2008, a Medicaid State Plan Amendment (SPA) that would increase the specialty physician and primary care physician reimbursement rates to match those in the federal Medicare program. In general, the District currently sets the fee schedule to be approximately 80% of the Medicare rate.

Financial Plan Impact

Funds are sufficient in the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution.

As part of the FY 2009 Budget Support Act and the FY 2009 budgeting process, the District Council allocated \$8,840,000 in new local revenue and \$2,500,000 in existing local resources—

totaling \$11.34 million—to fully support the local cost of this initiative. The table below displays in detail the federal and local costs to implement the proposed resolution, in addition to the availability of District funds dedicated to support it.

Expenditure Impact on the Budget and Financial Plan*					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
Federal Cost	\$26,459,800	\$27,306,514	\$28,180,322	\$29,082,092	\$111,028,728
Local Cost	\$11,339,900	\$11,702,777	\$12,077,266	\$12,463,738	\$47,583,681
Total Cost of Services	\$37,799,700	\$39,009,290	\$40,257,588	\$41,545,830	\$158,612,409
Available Dedicated Local Funding	\$11,340,000	\$11,702,777	\$12,077,266	\$12,463,738	\$47,583,681

* Assumes that the proposed fee increase would go into effect on October 1, 2008.