

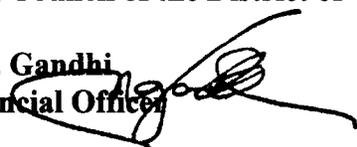
**Government of the District of Columbia
Office of the Chief Financial Officer**



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 8, 2010

SUBJECT: Fiscal Impact Statement – “DC High Risk Pool Program Emergency Establishment Act of 2010”

REFERENCE: Draft Legislation – No Bill Number Available

Conclusion

Funds are sufficient in the FY 2010 budget and the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would establish a DC High Risk Pool Program (“Program”) that would provide affordable health insurance benefits to eligible individuals. The Program would be administered by the Department of Health Care Finance (DHCF), be funded through federal funds made available via the Temporary High Risk Pool Program,¹ be subject to the availability of funding, and expire on December 31, 2013.² The Program would not constitute an entitlement to health insurance or health or medical benefits.

The proposed legislation also would establish program eligibility³ and criteria concerning the affordability of coverage. In addition it would authorize the Mayor enter into a contract with a qualified insurer or hospital and medical services corporation licensed in the District to provide

¹ Established by the Patient Protection and Affordable Care Act of 2010 (124 Stat. 141; 42 U.S.C. § 18001), approved March 23, 2010, and administered by the U.S. Department of Health and Human Services.

² Unless otherwise stipulated by federal requirements or contractual obligations between the District and the U.S. Department of Health and Human Services.

³ An individual shall be eligible for the Program if the individual: is a DC resident; is a U.S. Citizen or lawfully present; has not had creditable health coverage for the six month period prior to applying for the Program; has one or more pre-existing conditions that have resulted in the inability to obtain commercial insurance coverage on the individual market; and is not eligible for public health insurance benefits.

high risk pool coverage to eligible residents and require the Mayor to issues rules to implement the legislation.

Lastly, the proposed legislation would amend the Hospital and Medical Services Corporation Regulatory Act of 1996⁴ regarding the following provision that must be included in public-private partnerships: participation in the open enrollment program may be limited to District residents *who are ineligible for the DC High Risk Pool Program*.

The federal Patient Protection and Affordable Care Act (PPACA) included a number of provisions for expanding access to health care for uninsured residents. For example, beginning in 2014, states will be allowed to establish Health Insurance Exchanges, a marketplace for affordable health care options for uninsured residents. In the interim, PPACA required that the U.S. Department of Health and Human Services (DHHS) implement a Temporary High Risk Pool Program ("Temporary Program") by June 21, 2010 that would help provide affordable health insurance coverage to people who were uninsured because of pre-existing conditions, be funded entirely by the federal government and expire on December 31, 2013. States have various options⁵ concerning their participation in this Temporary Program, including establishing a new high risk pool as is proposed in the legislation under consideration.

Financial Plan Impact

Funds are sufficient in the FY 2010 budget and the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation.

There would be no fiscal impact to implement this legislation as the DC High Risk Pool Program would be funded entirely by the federal government.⁶

⁴ Effective April 9, 1997 (D.C. Law 11-245; D.C. Official Code § 31-3501(7A)(A)(v)).

⁵ According to a fact sheet on the Temporary Program on DHHS's website (http://www.hhs.gov/ociio/initiative/hi_risk_pool_facts.html), states may 1) operate a new high risk pool alongside a current state high risk pool; 2) establish a new high risk pool (in a state that does not currently have a high risk pool); 3) build upon other existing coverage programs designed to cover high risk individuals; 4) contract with a current Health Insurance Portability and Accountability Act carrier of last resort or other carrier, to provide subsidized coverage for the eligible population; or 5) do nothing, in which case DHHS would carry out a coverage program in the state.

⁶ Also according to the fact sheet, the law appropriates \$5 billion of federal funds to support the Temporary Program, \$9 million of which is estimated to go the District.