


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: February 15, 2018

SUBJECT: Fiscal Impact Statement – East End Federally Qualified Health Center
Certificate of Need Maximum Fee Establishment Amendment Act of
2018

REFERENCE: Bill 22-405, Committee Print as shared with the Office of Revenue
Analysis on February 3, 2018

Conclusion

Funds are not sufficient in the proposed fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$200,000 in fiscal year 2018 and \$800,000 over the four-year financial plan.

Background

All persons proposing to offer or develop new institutional health service or obligate capital expenditures for a medical or health asset are required to apply for a Certificate of Need (CON) from the Department of Health's State Health Planning and Development Agency (SHPDA). A CON demonstrates a public need for the new health service, facility or expenditure. Along with the application, CON applicants must pay an application fee of three percent of the proposed capital expenditure. Fees range from a minimum \$5,000 to a maximum \$300,000 per applicant.

The bill decreases¹ the maximum CON application fee for any federally qualified health centers² and federally qualified health center look-alikes³ proposed for Ward 7 or Ward 8. The fee is capped at \$5,000 for eligible projects.

¹ By amending Section 21 of the Health Services Planning Program Re-Establishment Act of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-420).

² As provided in 42 U.S.C. § 1396d(l)(2)(B).

³ Federally qualified health center look-alikes are community-based health care providers that meet the requirements of the federal Health Resources and Services Administration Health Center Program, do not

The Honorable Phil Mendelson

FIS: "East End Federally Qualified Health Center Certificate of Need Maximum Fee Establishment Amendment Act of 2018," Bill 22-405, Committee Print as shared with the Office of Revenue Analysis on February 3, 2018.

Financial Plan Impact

Funds are not sufficient in the proposed fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$200,000 in fiscal year 2018 and \$800,000 over the four-year financial plan.

CON fee revenue is collected and deposited into a non-lapsing State Health Planning and Development Fund (Fund)⁴ which is used to cover the annual salary and operating expenses of SHPDA. The bill will reduce the amount of revenue deposited annually into the Fund which will prevent SHPDA from having sufficient funds to cover the cost of its salary and operating expenses. To ensure that SHPDA can meet its annual budgetary obligations, the agency will need an additional \$200,000 annually to offset lost revenue resulting from the CON fee cap.

East End Federally Qualified Health Center Certificate of Need Maximum Fee Establishment Amendment Act of 2018 Total Fiscal Impact					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Fiscal Impact	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000

receive Health Center Program funding, provide primary care services in underserved areas, offer health care services on a sliding fee scale based on ability to pay, and operate under a governing board that includes patients.

⁴ D.C. Official Code § 44-420.01.