

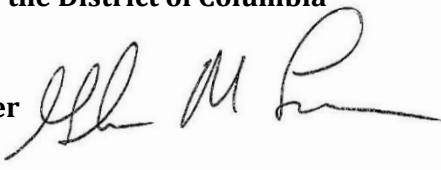
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: December 11, 2023

SUBJECT: Fiscal Impact Statement – Childhood Continuous Coverage Amendment Act of 2023

REFERENCE: Bill 25-419, Draft Committee Print as provided to the Office of Revenue Analysis on December 11, 2023

Conclusion

Funds are not sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill. The bill will cost \$299,000 (\$90,000 local; \$209,000 federal) in fiscal year 2025 and \$1.92 million (\$582,000 local; \$1.34 million federal) over the financial plan.

Background

There are currently a combined 35,400 children aged five and under enrolled in the District's Medicaid program, Children's Health Insurance Program (CHIP), and Immigrant Children's Program (ICP). Households enrolled in these programs must recertify eligibility every twelve months with the Department of Health Care Finance (DHCF). Instead of requiring annual recertification for children five and under, the bill requires that DHCF provide continuous coverage to all enrolled children ages zero through five years until the end of the month of their sixth birthday. A child's continuous eligibility period must be redetermined or terminated if the individual is no longer a District resident, the individual's legal guardian requests a termination, the individual dies, or DHCF determines that eligibility was erroneously granted. DHCF must apply for a waiver from the Centers for Medicare and Medicaid Services (CMS) to provide continuous coverage to this population.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill. The bill will cost \$299,000 (\$90,000 local; \$209,000 federal) in fiscal year 2025 and \$1.92 million (\$582,000 local; \$1.34 million federal) over the financial plan.

The District provided continuous coverage to all children enrolled in Medicaid, CHIP, and ICP between March 2020 and May 2023 during the Covid-19 Public Health Emergency (PHE). DHCF was able to collect enrollment data over this span that can be used to project the costs of providing continuous coverage to children under the age of six. DHCF projects that providing continuous coverage to children under six will increase the number of total months children are enrolled in Medicaid and CHIP by 1.9 percent and ICP by 0.4 percent. This increase will occur cumulatively over six years as children age through the program. The number of additional enrollment months will require DHCF to issue more monthly capitation payments to managed care organizations (MCOs). The cost of these additional monthly capitation payments for Medicaid, CHIP, and ICP over six years is detailed in the following tables.

Additional Medicaid/CHIP Monthly Payments Over Six Years				
	Continuous Coverage Additional Enrollment Months ^(a)	Projected Monthly Capitation Rate ^(b)	Total Cost of Additional Payments	Local Share ^(c)
FY 2025	1,112	\$268	\$298,329	\$89,499
FY 2026	2,233	\$280	\$626,066	\$187,820
FY 2027	3,364	\$293	\$985,387	\$295,616
FY 2028	4,503	\$306	\$1,378,609	\$413,583
FY 2029	5,652	\$320	\$1,808,199	\$542,460
FY 2030	6,810	\$334	\$2,276,789	\$683,037

Table Notes:

- (a) Assumes an annual increase of 0.32 percent each year, for a total cumulative increase of 1.9 percent over six years.
- (b) Assumes 4.5 percent annual cost growth in capitation rates based on the Medicare Economic Index (MEI). The MEI is a measure of practice cost inflation calculated by CMS.
- (c) Assumes a 70 percent Federal Medical Assistance Percentage.

Additional ICP Monthly Payments Over Six Years (Dollars in Thousands)				
	Continuous Coverage Additional Enrollment Months	Projected Monthly Capitation Rate	Total Cost of Additional Payments	Local Share ^(a)
FY 2025	5	\$268	\$1,363	\$1,363
FY 2026	11	\$280	\$3,069	\$3,069
FY 2027	18	\$293	\$5,181	\$5,181
FY 2028	25	\$306	\$7,776	\$7,776
FY 2029	34	\$320	\$10,941	\$10,941
FY 2030	44	\$321	\$14,185	\$14,185

The Honorable Phil Mendelson

FIS: Bill 25-419, "Childhood Continuous Coverage Amendment Act of 2023," Draft Committee Print as provided to the Office of Revenue Analysis on December 11, 2023.

Table Notes:

- (a) Assumes an annual increase of 0.06 percent each year, for a total cumulative increase of 0.4 percent over six years.
- (b) Assumes 4.5 percent annual cost growth in capitation rates based on the Medicare Economic Index (MEI). The MEI is a measure of practice cost inflation calculated by CMS.
- (c) ICP is locally funded and does not receive federal matching funds.

B25-419, Childhood Continuous Coverage Act of 2023					
Total Cost (Dollars in Thousands)					
	FY 2024 ^(a)	FY 2025	FY 2026	FY 2027	Total
Medicaid/CHIP Local	\$0	\$89	\$188	\$296	\$573
ICP Local	\$0	\$1	\$3	\$5	\$10
Total Local^(b)	\$0	\$90	\$191	\$301	\$582
Medicaid Federal	\$0	\$209	\$438	\$690	\$1,337
Grand Total	\$0	\$299	\$629	\$991	\$1,919

Table Notes:

- (a) Assumes the start date is October 1, 2024, so there are no costs in fiscal year 2024.
- (b) Assumes 4.5 percent annual cost growth in capitation rates based on the Medicare Economic Index (MEI). The MEI is a measure of practice cost inflation calculated by CMS.