

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: September 11, 2017

SUBJECT: Fiscal Impact Statement - Clinics Licensing Amendment Act of 2017

REFERENCE: Draft introduction as shared with the Office of Revenue Analysis on August 28, 2017

Conclusion

Funds are not sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill is estimated to cost \$338,000 in fiscal year 2018 and \$1,364,000 over the four year financial plan.

Background

The Department of Health (DOH) is responsible for licensing healthcare facilities to ensure that District of Columbia healthcare providers offer high quality care to patients. The bill requires¹ ambulatory medical clinics, physical health service clinics, urgent care centers, clinics operated within a pharmacy, Federally Qualified Health Centers, clinics managed in association with a government contract or grant, and privately-operated for-profit or not-for-profit ambulatory care centers to receive licenses from DOH in order to provide services in the District. The bill allows DOH to dictate rules for these facilities regarding: staff qualifications; staffing ratios; responsibilities of the governing body; complaint investigations, access to patient records by government officials; and data reporting.² DOH estimates that 70 facilities currently operating in the District will be required to get a license.

¹ By amending The District of Columbia Uniform Controlled Substances Act of 1981, effective August 5, 1981 (D.C. Law 4-29; D.C. Official Code § 48-901.01 et seq.).

² Including data on patient volume, service delivery, and workforce need.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill is estimated to cost \$338,000 in fiscal year 2018 and \$1,364,000 over the four-year financial plan.

DOH must hire a nurse specialist, a sanitarian, and a part-time pharmacist to conduct site visits to enforce regulations and licensing requirements. Additionally, newly hired employees will need computer equipment and office supplies to conduct their assigned duties.

DOH collects licensing fee revenue from the facilities that are currently required to be licensed in the District.³ Each time a facility applies for or renews a healthcare facility license, it pays a fee that is determined by the size of the facility and/or the services it offers. DOH will impose licensing fees on the facilities covered by this bill, but rules to specify the fee amount have not yet been drafted. Once finalized, these fees will offset a portion of the enforcement costs associated with this bill.

Fiscal impact of the Clinics Licensing Amendment Act of 2017					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Salary and Fringe ⁽¹⁾⁽²⁾	\$332,726	\$334,936	\$340,630	\$346,420	\$1,354,712
Total Non-Personal Services ⁽³⁾	\$5,000	\$1,500	\$1,500	\$1,500	\$9,500
Total Fiscal Impact	\$337,726	\$336,436	\$342,130	\$347,920	\$1,364,212

Table Notes:

(1) Includes one grade-11 Nurse Specialist, one grade-12 Sanitarian, and one part time, grade-14 Pharmacist. Assumes a fringe benefit rate of 21.4 percent.

(2) Assumes 1.7 percent growth rate.

(3) Includes office supplies and computer equipment.

³ Chapter B31 of Title 22-B of the District of Columbia Municipal Regulations.