

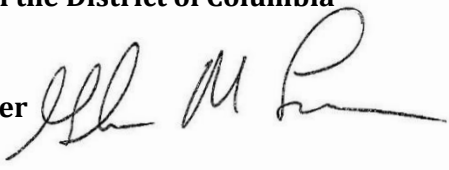
Government of the District of Columbia
Office of the Chief Financial Officer



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 – Home Visiting Services Reimbursement
Amendment Act of 2023

REFERENCE: Bill 25-321, 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 \$8.2 million (\$3.02 million local; \$5.18 million federal) in fiscal year 2025 and \$34.8 million (\$12.8 million local; \$22 million federal) over the financial plan.

Background

Home visiting is a method of delivering early intervention support to expectant parents and families with young children. Home visitors regularly meet with families in their homes to provide education, coaching, and counseling on specific topics that improve health outcomes for young children and their parents. There are seventeen home visiting programs operating in the District that are funded through a mix of federal grants, local grants, and private funding. A total of 1,374 families were served in 2022 by these programs, but not all of these home visits qualify for Medicaid reimbursement.¹

The bill requires Medicaid, DC Health Care Alliance (Alliance), and the Immigrant Children's Program (ICP) to cover home visiting services for pregnant, first-time parents and pregnant parents with children under the age of five who meet certain medical, behavioral, or social risk factors. The Department of Health Care Finance (DHCF) must, within nine months of the bill's effective date, submit for approval from the Centers for Medicare and Medicaid Services (CMS) an amendment to

¹ District of Columbia Home Visiting Council 2022 Annual Report. See:
http://www.dchomevisiting.org/uploads/1/1/9/0/119003017/annual_report_2022_hvc-v2_1_1.pdf.

the Medicaid state plan to authorize payments for home visiting services. DHCF must also consult with home visiting providers to establish criteria and processes for billing and reimbursement including coverage criteria and a monthly payment reimbursement structure. DHCF must issue rules in consultation with the Department of Health to determine eligibility for reimbursement. DHCF must begin reimbursing eligible evidence-based home visiting programs² beginning January 1, 2025.

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 \$8.2 million (\$3.02 million local; \$5.18 million federal) in fiscal year 2025 and \$34.8 million (\$12.8 million local; \$22 million federal) over the financial plan.

Bill 25-321 - Home Visiting Services Reimbursement Amendment Act of 2023					
Total Cost (Dollars in Thousands)					
	FY 2024	FY 2025	FY 2026	FY 2027	Total
Medicaid (Local) ^(a)	\$0	\$1,622	\$2,291	\$2,424	\$6,878
Alliance (Local) ^(b)	\$0	\$1,397	\$1,973	\$2,086	\$5,921
Local Total	\$0	\$3,019	\$4,264	\$4,510	\$12,799
Medicaid (Federal) ^(c)	\$0	\$5,182	\$7,319	\$7,741	\$21,970
Grand Total	\$0	\$8,201	\$11,583	\$12,251	\$34,769

Table Notes:

- (a) Assumes start date of January 1, 2025. Assumes 954 Medicaid home visit families and annual cost of \$2,268 per family. Assumes cost growth of 1.7 percent and additional Medicaid family capacity of 40 families each year.
- (b) Assumes start date of January 1, 2025. Assumes 246 Alliance home visit families and annual cost of \$7,560 per family. Assumes cost growth of 1.7 percent and additional Alliance family capacity of 10 families each year.
- (c) Assumes Federal Medical Assistance Percentage of 70 percent for Medicaid.

The Medicaid and Alliance programs require additional funding to implement the bill. The DC Home Visiting Council estimates an average annual cost of \$7,560 per family who receives home visiting services. Assuming CMS approval of a Medicaid state plan amendment to cover home visiting service, the District will be responsible for funding \$2,268 per family annually with local funding, after federal reimbursement.³ The Alliance program does not receive federal matching funding so the District will be required to cover the entire annual cost of \$7,560 per family. The cost of providing these services to Medicaid and Alliance enrollees will be factored into the per-member capitation rates for managed care organizations that is recalculated every year.

Thirteen of the District’s seventeen home visiting programs have the required certifications to qualify for Medicaid and Alliance reimbursement. These thirteen programs can serve approximately 1,200 families each year. Currently, 79 percent of the 4,000 annual births covered by DHCF programs occur

² Evidence-based home visiting programs include those that meet U.S. Department of Health and Human Services criteria for evidence of effectiveness as determined by a Home Visiting Evidence of Effectiveness review or meet substantially equivalent criteria for evidence of effectiveness as determined by a credible, independent academic or research organization.

³ The District’s Federal Medical Assistance Percentage (FMAP) is 70 percent.

The Honorable Phil Mendelson

FIS: Bill 25-321, "Home Visiting Services Reimbursement Amendment Act of 2023," Bill 25-321, Draft Committee Print as provided to the Office of Revenue Analysis on December 11, 2023

among Medicaid enrollees, and 21 percent occur with Alliance enrollees. Applying this ratio to the 1,200 family capacity of evidence-based home visiting programs means that DHCF can expect to cover home visits for 954 Medicaid families and 246 Alliance families every year. Home visiting capacity will likely increase to accommodate more families due to the funding stability Medicaid and Alliance coverage will provide. The Office of Revenue Analysis estimates that one new program will open each year, serving approximately 50 families, split proportionally among Medicaid and Alliance enrollees until there is sufficient capacity to meet the projected demand of 1,500 families in 2031.

Projected Home Visit Capacity Eligible for Reimbursement by Fiscal Year			
	FY 2025	FY 2026	FY 2027
Projected Medicaid Capacity	954	993	1,033
Projected Alliance Capacity	246	257	267
Total	1,200	1,250	1,300