


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: October 5, 2017

SUBJECT: Fiscal Impact Statement – D.C. Healthcare Alliance Re-Enrollment Reform Amendment Act of 2017

REFERENCE: Bill 22-231, Committee Print sent to the Office of Revenue Analysis on September 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 will cost approximately \$16.9 million to implement in fiscal year 2018 and \$105.2 million over the four-year budget and financial plan.

Background

The DC Healthcare Alliance program offers health benefits to qualified District residents. Currently, people enrolled in the DC HealthCare Alliance must recertify their eligibility twice a year via face-to-face interviews with the Department of Human Services (DHS). The bill allows¹ Alliance enrollees to recertify via a face-to-face interview only once a year, and the in-person interview may be conducted with either DHS or a community health provider approved by the Department of Health Care Finance (DHCF). The bill also requires² DHCF to explore the feasibility of folding Alliance recertifications into the Health Benefit Exchange Authority's D.C. Health Link.³

¹ By amending the Eligibility Procedures Section, Health Care Safety Net Chapter, Public Health and Medicine Title of the DC Municipal Regulations, 22B DCMR 3305.4.

² By amending Section 8 of the Department of Health Care Finance Establishment Act of 2007, effective February 27, 2008 (D.C. Law 17-109; D.C. Official Code § 7-771.07).

³ DC Health Link is the name of the D.C. Health Benefit Exchange program established in accordance with the Patient Protection and Affordable Care Act, approved March 23, 2010 (P.L. 111-148; 42 U.S.C. § 18001).

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 will cost approximately \$16.9 million to implement in fiscal year 2018 and \$105.2 million over the four-year budget and financial plan.

The bill will increase Alliance enrollment by decreasing the frequency of recertifications from twice each year to once each year. Alliance enrollment will also increase by giving enrollees the option to recertify with a qualified community health provider. We project that Alliance enrollment will grow by 5,405 people in fiscal year 2018 and will level off in fiscal year 2019 at about 6,460 additional enrollees. This estimate is based on the number of current enrollees who do not complete the required face-to-face interview on time and are dropped off Alliance, but who are assumed eligible because they later re-enroll. Currently there are around 16,000 people enrolled in Alliance and the bill is projected to increase the total enrollment to 22,470 by the end of fiscal year 2019. Benefits for additional enrollees will cost about \$17.4 million in fiscal year 2018, and \$107.3 million over the four-year financial plan.

Since enrollees will no longer complete face-to-face recertification every six months, DHS will no longer need seven FTEs to complete recertifications. DHS estimates that 750 less people will recertify each month. The reduction in staff will save the agency roughly \$514,400 a year on salary and benefit expenditures. DHS will need to provide certification training to community health providers. DHS does not yet have an estimate of such costs, however other agencies have estimated on-line training costs about \$20,000 to produce.

Requiring DHCF to explore the feasibility of folding Alliance recertifications into D.C. Health Link does not have a cost. Nothing in the bill requires D.C. Health Link to take over Alliance recertifications.

Details of our cost estimate are below.

Total Fiscal Impact					
Bill 22-231 - D.C. Healthcare Alliance Re-Enrollment Reform Amendment Act of 2017					
	FY 2018	FY 2019	FY 2020	FY 2021	Four-Year Total
Cost of Alliance for additional enrollees ⁽¹⁾	\$17,403,171	\$27,963,600	\$30,024,274	\$31,915,804	\$107,306,849
DHS Staff Savings ⁽²⁾	(\$514,374)	(\$523,119)	(\$532,012)	(\$541,056)	(\$2,110,561)
Certification training	\$20,000	0	0	0	\$20,000
TOTAL COST	\$16,908,797	\$27,440,481	\$29,492,263	\$31,374,748	\$105,216,288

Table Notes:

- (1) The cost of Alliance coverage is \$364 per person, per month, in fiscal year 2018. The cost of Alliance coverage is assumed to grow at 6.3 percent a year, based on projections of Alliance cost increases.
- (2) DHS will no longer need seven FTEs to handle 750 less recertifications each month. The average compensation for each staff member is \$71,000. The estimate includes a 1.7 percent growth rate to account for inflation.