

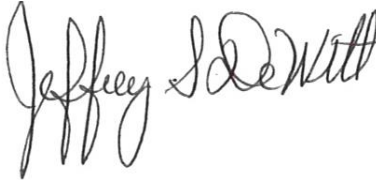
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** July 11, 2017

**SUBJECT:** Fiscal Impact Statement – DC HealthCare Alliance Recertification  
Simplification Amendment Act of 2017

**REFERENCE:** Bill 22-194, Draft Committee Print sent to the Office of Revenue  
Analysis on July 7, 2017

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**Conclusion**

Funds are not sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. It will cost approximately \$6.0 million to implement the bill in fiscal year 2018 and \$30.2 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 allows Alliance enrollees to conduct one of these recertifications via telephone. If the District decides to make the recertifications more frequent than twice a year, the bill allows enrollees to do the additional certifications by telephone.

**Financial Plan Impact**

Funds are not sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. It will cost about \$6.0 million to implement the bill in fiscal year 2018 and \$30.2 million over the four-year budget and financial plan.

We project the bill will increase enrollment in Alliance by about 270 people per month, leveling off at 1,600 people after six months. The 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

The Honorable Phil Mendelson

FIS: Bill 22-194, "DC HealthCare Alliance Recertification Simplification Amendment Act of 2017," Draft Committee Print sent to the Office of Revenue Analysis on July 7, 2017

assumed eligible because they later re-enroll. Currently there are around 16,000 people enrolled in Alliance.

The majority of the cost of the bill comes from providing Alliance benefits to these 1,600 additional enrollees. Benefits for additional enrollees will cost about \$5.3 million in fiscal year 2018, and between \$7 million and \$8 million in subsequent years. Fiscal year 2018 costs are lower than subsequent years' since enrollment will ramp-up over the first six months. Additionally, fiscal year 2019 through fiscal year 2021 costs reflect an expected 6.3 percent annual increase in the cost of Alliance benefits.

DHS will need an additional 5 FTEs to work at its call center to recertify people by phone. Salaries and benefits for these new staff members will cost between \$300,000 and \$400,000 a year. DHS estimates these staff will need to recertify about 540 people by phone each month. About half of the people recertifying by phone each month will be people who would have dropped off Alliance under the current rules requiring face-to-face interviews; the other half will be people who currently complete the face-to-face recertification but will choose to recertify by phone instead of in person.

In order to track when a person is eligible to recertify by phone, DHS will need to upgrade its IT system, which will cost \$300,000.

Details of our cost estimate are below.

<b>Additional cost of allowing one of two Alliance recertifications a year to be done by telephone</b>					
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Four-Year Total</b>
Cost of Alliance coverage for additional people	\$5,326,289	\$7,241,010	\$7,697,194	\$8,182,117	\$28,446,611
Additional staffing for DHS call center	\$354,590	\$365,228	\$376,185	\$387,470	\$1,483,472
DHS IT upgrade	\$300,000	\$0	\$0	\$0	\$300,000
<b>TOTAL COST</b>	<b>\$5,980,879</b>	<b>\$7,606,238</b>	<b>\$8,073,378</b>	<b>\$8,569,587</b>	<b>\$30,230,083</b>

Assumptions

- The number of people enrolled in Alliance in any given month will increase by about 1,600 people after a 6-month ramp up period of 270 additional enrollees a month.
- The cost of Alliance coverage will be about \$354 per person, per month, in fiscal year 2018, according to the Department of Health Care Finance. The cost of coverage will increase 6.3 percent a year, based on Mercer projections of Alliance cost increases.
- DHS will need an additional 5 FTEs to staff its call center to handle 540 recertifications by phone each month. These staff members will have a total compensation (salary plus fringe) of about \$71,000. Total compensation will increase by 3 percent a year.