

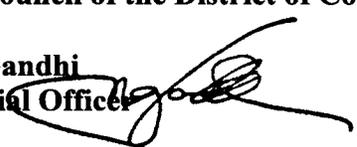
Government of the District of Columbia  
Office of the Chief Financial Officer



Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** July 8, 2010

**SUBJECT:** Fiscal Impact Statement – “Healthy DC Emergency Amendment Act of 2010”

**REFERENCE:** Draft Legislation – No Bill Number Available

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**Conclusion**

Funds are sufficient in the FY 2010 budget and the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation.

**Background**

The proposed legislation would amend the Healthy DC Act of 2008<sup>1</sup> to expand the Healthy DC Program (“Program”) to include providing premium subsidies for employer-sponsored coverage,<sup>2</sup> provide that in order to be eligible for premium subsidies for employer-sponsored coverage, an individual would have to meet current eligibility requirements of the Program<sup>3</sup> as well as be offered qualified employer-sponsored coverage, and stipulate that the Program would provide health and medical benefits comparable to the DC Employee Health Benefits Program.<sup>4</sup>

In short, this legislation would allow the Department of Health Care Finance (DHCF) to provide subsidies for employer-sponsored health insurance to DC residents whose incomes are between 200 percent and 400 percent of the federal poverty level, who have access to employer sponsored

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<sup>1</sup> Effective August 16, 2008 (D.C. Law 17-219; D.C. Official Code § 4-631 *et seq.*).

<sup>2</sup> Currently, the Program is to provide only affordable health benefits to eligible individuals.

<sup>3</sup> However, the requirement that an individual has not had health insurance during the 6-month period prior to application to the Program would not apply to family members of an eligible individual for the purpose of receiving premium subsidies for family coverage.

<sup>4</sup> Current law states that the Program is to provide, at a minimum, health and medical benefits that are equal to those provided to individuals enrolled in the DC HealthCare Alliance.

health insurance, but have not purchased it, and who have not had insurance coverage for at least the previous six months.

### **Financial Plan Impact**

Funds are sufficient in the FY 2010 budget and the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. All subsidies would be paid for by monies in the Healthy DC and Health Care Expansion Fund ("Fund"), which was established to support the Healthy DC Program,<sup>5</sup> and any such assistance provided through the Program would still be subject to the availability of monies in the Fund and would not constitute an entitlement,<sup>6</sup> as is stipulated under current law. Thus, the proposed legislation would only expand where monies in the Fund could be directed and there would be no fiscal impact.

Also, while this legislation would be effective immediately if passed, DHCF doesn't plan to accept applications for the subsidy until September 2010 and doesn't plan to provide payments until October 2010. In addition, given that most health insurers only allow employees to enroll in employer sponsored insurance during an open enrollment period for the following calendar year, DHCF believes that the majority of subsidy payments would not begin until January 2011.

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<sup>5</sup> The Healthy DC Fund was established by the Hospital and Medical Services Corporation Regulatory Amendment Act of 2006, effective March 2, 2007 (D.C. Law 16-192; D.C. Official Code § 31-3514.02) to support the Healthy DC Program. The Fiscal Year 2011 Budget Support Act of 2010 (Bill 18-731) changed the name of the Fund to the Healthy DC and Health Care Expansion Fund, stipulated that the monies in the Fund could be used to support other medical assistance programs administered by the Department of Health Care Finance, and provided new sources of revenue. The certified resources for this fund are \$13,636,000 in FY 2010 and \$17,486,000 in FY 2011.

<sup>6</sup> See D.C. Official Code § 4-632.