

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Philip H. Mendelson  
Chairman, Council of the District of Columbia

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

**DATE:** June 21, 2012

**SUBJECT:** Fiscal Impact Statement – “Medicaid Birthing Center Amendment Approval Resolution of 2012”

**REFERENCE:** Draft resolution, shared with the Office of Revenue Analysis on June 19, 2012

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**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the resolution.

**Background**

This resolution would support a proposed amendment to the District’s state plan for medical assistance (“State Plan”) to allow Medicaid-eligible beneficiaries to access services from freestanding birthing centers licensed in the District. The amendment also covers the services of certain professionals at a freestanding birth center.

Section 2301 of the federal Patient Protection and Affordable Care Act of 2010 (“ACA”)<sup>1</sup> requires states that currently offer services in a freestanding birthing center to add birthing centers as a mandatory Medicaid service. The State Plan amendment would bring the District in compliance with federal law by allowing birthing centers and certain professionals providing services in these freestanding birth centers to be Medicaid-reimbursable providers in the District for prenatal, labor and delivery, and postpartum care.

**Financial Plan Impact**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the resolution. Since the District currently pays birthing centers for pregnancy services, this State Plan

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<sup>1</sup> Approved March 23, 2010 (Pub. L. No. 111-148; 124 Stat. 119).

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amendment will merely formalize existing practice. It does not expand service coverage, so no new costs will be incurred. It does clearly articulate service limitations, so it is possible that the change will result in savings, but any savings would be minimal.<sup>2</sup>

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<sup>2</sup> According to the Department of Healthcare Finance, the District's Medicaid program currently pays approximately \$100,000 per year for services in birthing centers. Very few of these services would become unreimbursable under the amendment's service limitations, so there is little opportunity for savings.