

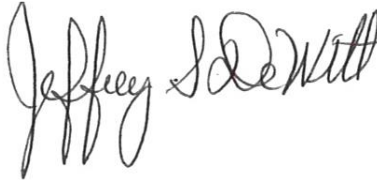
Government of the District of Columbia
Office of the Chief Financial Officer



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 2, 2017

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

REFERENCE: Bill 22-194, Engrossed Bill that passed first vote on September 19,
2017

This updated fiscal impact statement replaces the statement we issued for Bill 22-194 on July 11, 2017. We have updated the statement to reflect two amendments that passed during the bill's first reading.

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 \$6.2 million to implement the bill in fiscal year 2018 and \$30.4 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.

Currently, an enrollee who is hospitalized, disabled, or elderly can request that the face-to-face interview requirement be waived. The bill allows this waiver request to also be made by enrollees who care for a household member who is hospitalized, disabled, or elderly.

The bill requires the Mayor to annually submit to Council a report with statistics on Alliance enrollees and the recertification process.

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 approximately \$6.2 million to implement the bill in fiscal year 2018 and \$30.4 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 assumed eligible because they later re-enroll. Currently there are around 16,000 people enrolled in Alliance.

Waiving face-to-face interviews for caregivers should not significantly increase enrollment numbers, according to the Department of Health Care Finance, which projects Alliance enrollment.

The majority of the cost of the bill comes from providing Alliance benefits to the 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. To meet the reporting requirements of the bill, DHS will need to make further IT upgrades, totaling \$200,000.

Details of our cost estimate are below.

Additional cost of requiring two Alliance recertifications a year, one of which can be by phone					
	FY 2018	FY 2019	FY 2020	FY 2021	Four-Year Total
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 upgrades	\$500,000	\$0	\$0	\$0	\$500,000
TOTAL COST	\$6,180,879	\$7,606,238	\$8,073,378	\$8,569,587	\$30,430,083

The Honorable Phil Mendelson

FIS: Bill 22-194, "DC HealthCare Alliance Recertification Simplification Amendment Act of 2017," Engrossed Bill that passed first vote on September 19, 2017

Assumptions

- The number of people enrolled in Alliance in any given month will increase by about 1,600 people after a six-month ramp up period. The increase is due to people recertifying by phone who would have dropped off Alliance if a face-to-face interview were required.
- The cost of Alliance coverage will be about \$354 a month in fiscal year18, according to DHCF. The cost of coverage will increase 6.3 percent a year, based on projections of Alliance cost increases.
- DHS will need an additional five 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 three percent a year.
- DHS will need to upgrade its IT system to track when a person is eligible to recertify by phone and to meet the bill's reporting requirements.