

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

**Natwar M. Gandhi**  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

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

**DATE:** March 1, 2002

**SUBJECT:** Fiscal Impact Statement: "Medicaid State Plan Amendment to Change the Reimbursement Methodology for Hadley Memorial Hospital Approval Resolution of 2002"

**REFERENCE:** Bill Number PR 14-565

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**Conclusion**

Funds are sufficient in the FY 2002 through FY 2005 budget and financial plan to implement the proposed legislation because no additional staff or resources will be required.

**Background**

The proposed legislation would authorize a change in reimbursement methodology for Hadley Hospital as a result of its conversion from an acute care hospital to a specialty hospital. Hadley is currently paid a prospective rate. As a specialty hospital, Hadley would be reimbursed on a per diem basis based on Medicaid/Medicare cost reimbursable guidelines. The Hospital's Medicaid caseload is expected to be ten patients.

**Financial Plan Impact**

Funds are sufficient in the FY 2002 through FY 2005 budget and financial plan to implement the proposed legislation because Medicaid currently pays these care costs to various hospitals and the funds are already in the hospital base budget. To the extent that the per diem system ties payments to actual costs, there may be modest cost savings associated with the change in methodology.