

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




Natwar M. Gandhi
Chief Financial Officer

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CHAIRMAN CROPP

MEMORANDUM

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

FROM: Natwar Gandhi
Chief Financial Officer 

DATE: MAY 25 2005

SUBJECT: Fiscal Impact Statement: "Medicaid Case-mix Prescription Drugs
Approval Resolution of 2005

REFERENCE: Draft – Resolution Number yet to be assigned

Conclusion

Funds are sufficient in the Mayor's and Council's proposed FY 2006 through 2009 budget and financial plan to implement the proposed legislation. Implementation would result in no additional fiscal impact, because no additional staff or resources will be required.

Background

The proposed State Plan Amendment (SPA) will authorize the Medicaid program to change nursing facility pharmacy reimbursement from the status quo prospective cost based method to a pharmacy point of sale method. In lieu of being paid a comprehensive per diem rate to cover the entire cost of care for all resident services, including pharmaceuticals, District nursing facilities will be paid for prescription medication purchases through a Point of Sale (POS) system.

Financial Impact

Funds are sufficient in the Mayor's and Council's proposed FY 2006 through 2009 budget because Medicaid currently pays these care costs, and the funds are already in the agency budget. To the extent that the point of sale methodology for pharmaceutical reimbursements to nursing

care facilities in the District ties payments to actual costs, there may be modest savings over the long term.