

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

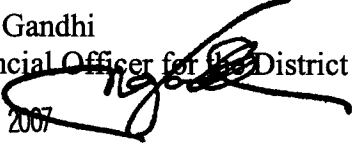


Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer for the District of Columbia

DATE: OCT -9 2007 

SUBJECT: Fiscal Impact Statement: (Revised for Title Only) "State Plan Amendment to Change Medicaid Reimbursement Methodology for Intermediate Care Facilities for Individuals with Developmental Disabilities Approval Resolution of 2007"

Conclusion

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement this initiative. The proposed State Plan Amendment (SPA) for a cost of living rate adjustment (COLA) is included in the FY 2008 baseline budget.

Background

The proposed SPA provides that each ICF/MR shall be reimbursed on a prospective basis at a facility-specific per diem rate for all services provided. The facility-specific per diem rate would be developed by establishing a base year per diem rate for each facility, subject to a ceiling. A facility may receive an add-on payment for patients receiving one-to-one services.

The proposed SPA would authorize the Medicaid program to change the existing prospective reimbursement methodology for ICFs/DD to include a COLA rate adjustment. The per diem rates would be adjusted for inflation from FY 2002, the last fiscal year when the rates were inflated to FY 2008 and annually thereafter. There will be no retroactive payments. The increase in the reimbursement rates and annual inflation adjustments is intended to facilitate the availability of residential services for those persons in need of services provided in an ICF/DD.

Financial Plan Impact

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed State Plan Amendment. The table below estimates both the local and federal costs over the financial plan period.

S in Millions					
	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
Local Share	\$ 4.5	\$1.0	\$1.0	\$1.1	\$7.6
Federal Share	\$10.6	\$2.3	\$2.4	\$2.5	\$17.8
Cost of Services	\$15.1	\$3.3	\$3.4	\$3.6	\$25.4