

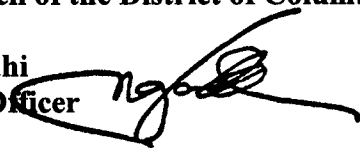
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



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 

DATE: June 26, 2008

SUBJECT: Fiscal Impact Statement: "Medicaid DRA Treatment of Annuities
Approval Resolution of 2008"

REFERENCE: Draft Resolution – Number Not Available

Conclusion

Funds are sufficient in the FY 2008 budget and proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution.

Background

The proposed SPA would amend the District's Medicaid State Plan to conform to Section 6012 of the Deficit Reduction Act of 2005 (DRA).¹ Section 6012 changes Medicaid annuity rules by adding new provisions to Section 1917 of the Social Security Act,² which include:

- The requirement to disclose, in an application for long-term services, information regarding any interest an applicant or community spouse may have in an annuity;
- The requirement to name the State as a remainder beneficiary in annuities in which the applicant or spouse is the annuitant; and
- Provisions for the treatment of the purchase of certain annuities as a transfer for less than fair market value.

¹ Approved February 8, 2006. Public Law 109-171.

² Approved December 27, 1967. 81 Stat. 744; D.C. Official Code § 1-307.02

Financial Plan Impact

Funds are sufficient in the FY 2008 budget and proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution. The Medical Assistance Administration (MAA) could absorb the cost of implementing the proposed resolution with existing resources. While the intent of the proposed SPA is to reduce Medicaid-related expenditures, this amount, if any, cannot be reliably quantified at this time.