

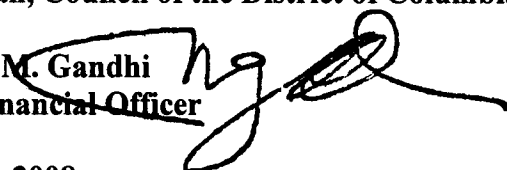
**Government of the District of Columbia
Office of the Chief Financial Officer**



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 25, 2008

SUBJECT: Fiscal Impact Statement: "Deficit Reduction Act Application of
Income First Rule Medicaid State Plan Amendment 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 make a technical adjustment to the District's Medicaid State Plan to conform to Section 6013 of the Deficit Reduction Act of 2005 (DRA).¹ Section 6013 requires that a State use an "income first" methodology in determining the monthly income allowance provided to individuals with spouses that reside in institutions, whereby the institutionalized spouse's income is first deducted from the minimum monthly maintenance allowance.² States are then required to use this formula to determine the potential amount, or "shortfall," remaining for the community spouse, which would be the amount of additional resources that would be provided.

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

² See Section 1924(d)(3) of the Social Security Act.

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 proposed SPA is a technical amendment because the District's Income Maintenance Administration (IMA) already applies the "income first" rule as required by Section 6013 of the DRA. Therefore, the District would not realize savings as a result of implementing the proposed resolution and it would not place an additional expenditure pressure on IMA.