


**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:** May 27, 2009

**SUBJECT:** Fiscal Impact Statement: "Student Health Care Amendment Act of 2009"

**REFERENCE:** Draft – No Bill Number

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**Conclusion**

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. While the proposed legislation would go into effect immediately upon approval, implementation would not begin during FY 2009 and there would be no costs associated with the proposed legislation during FY 2009.

**Background**

The proposed legislation would amend the Student Health Care Act of 1985 ("Act")<sup>1</sup> to require each student attending prekindergarten through grade 12 in a public, public charter, private, or independent school in the District of Columbia to furnish the school annually with a certificate of health completed and signed by a physician or advanced practice nurse who has examined the student within the calendar year immediately preceding the first day of the school year or the date of the student's enrollment in the school, whichever occurs later. This would align D.C. schools with the periodicity schedule for physical examinations of the American Academy of Pediatrics (AAP), which recommends physicals once every year.

Currently, this Act only applies to students in public and private schools entering prekindergarten, kindergarten, 1<sup>st</sup> grade, 3<sup>rd</sup> grade, 5<sup>th</sup> grade, 7<sup>th</sup> grade, 9<sup>th</sup> grade, and 11<sup>th</sup> grade, and requires the examination to occur not more than 150 calendar days before the student's first day of school.<sup>2</sup>

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<sup>1</sup> Effective December 3, 1985 (D.C. Law 6-66; D.C. Code § 38-601 *et seq.*).

<sup>2</sup> Note that currently all schools follow this Act and thus there is no change to the status quo by more clearly defining

## **Financial Plan Impact**

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. While it is not possible to reliably estimate the precise costs of this proposed legislation, based on conversations with the Department of Health Care Finance and the below analysis, costs associated with the proposed legislation could be absorbed within their current budget.

It is not possible to reliably estimate the precise costs of this Act because it is not known how it would affect the rate of compliance with the requirement to turn in a health form. Currently, only 45 percent of all students turn in their health forms.<sup>3</sup> It is theorized that an annual requirement would be easier to remember and as a result, compliance would increase. However, there is no hard evidence to support this. Furthermore, this bill only changes how often a student is required to get a physical examination; it does not change or increase enforcement of this requirement by the schools.

If the compliance rate were to go up, the majority of any cost increases would come from an increase in Medicaid spending. The child health component of Medicaid, known broadly as the Early Periodic Screening, Diagnosis and Treatment (EPSDT) Program and locally as Health Check, follows the AAP's periodicity schedule for physical examinations. Thus, students on Medicaid should be getting a physical every year and are covered to do so. However, early evidence suggests that only 75 percent of the 67,000 students on Medicaid are getting annual physical examinations.<sup>4</sup> Since the Medicaid budget is based on past utilization rates and not on the full amount of benefits recipients are able to access, any increase in physicals would place additional spending pressure on the Medicaid budget.

Another student population that could result in increased costs for the District consists of undocumented immigrant children that have been in the District for less than five years. As a result these students do not qualify for Medicaid; however, as long as their family's income is less than 300 percent of the poverty limit, they qualify for the Immigrant Children's Health Program.<sup>5</sup> This program offers the same benefits as Medicaid, including covering an annual physical, but the cost is paid entirely by local funds. Currently, 3,000 children are covered under this program.

The OCFO estimates that the maximum cost for achieving 100 percent compliance with the required annual physical check would increase the Local fund component of Medicaid expenditures by \$345,000 in FY 2010 and by \$1.85 million in the FY 2010 through FY 2013 financial plan period. Additionally, \$75,000 would be required annually to support the Immigrants Children's Health

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the types of school covered under this Act.

<sup>3</sup> Students are still allowed to attend school even if they do not turn in their forms.

<sup>4</sup> This is the percentage reported for the Child Health Action Plan for DC.

<sup>5</sup> Those families whose income is greater than 300 percent of the poverty line would not be eligible for any District assistance. They would have to pay for the physical examination on their own.

Program. Given that these are the maximum potential costs and the relevant FY 2010 proposed Local funds budget for the Department of Health Care Finance totals approximately \$518 million, increased expenditures that would result from the proposed legislation could be absorbed by the agency.

<b>Estimated Maximum Local Cost for Achieving 100 Percent Compliance FY 2010 through FY 2013</b>					
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Four Year Total</b>
Medicaid <sup>a</sup>	\$346,893 <sup>b</sup>	\$502,500	\$502,500	\$502,500	\$1,854,393
Immigrants	\$75,000	\$75,000	\$75,000	\$75,000	\$300,000
<b>Total</b>	<b>\$421,893</b>	<b>\$577,500</b>	<b>\$577,500</b>	<b>\$577,500</b>	<b>\$2,154,393</b>

Notes

<sup>a</sup> It is assumed that an additional 25 percent of each student population would need to get an annual physical in order to achieve 100 percent compliance and the cost of a physical is \$100.

<sup>b</sup> The Federal Medical Assistance Percentage (FMAP) for the 2010 through 2011 school year would be 79.29 percent and then 70 percent for subsequent years. The American Recovery and Reinvestment Act of 2009 increased D.C.'s FMAP to 79.29 percent from October 1, 2008 through December 31, 2010. Thereafter, D.C.'s FMAP will return to 70 percent

Finally, uninsured children that do not qualify for Medicaid are able to access federally qualified health clinics to receive an annual physical. Their parents are assessed a fee based on their ability to pay. These clinics are able to draw down federal dollars to make up the difference and thus, there is no cost to the District. An annual physical is generally covered by the insurance for non-Medicaid children who have private health insurance, as most health insurance companies also follow AAP's periodicity schedule. Any portion that is not covered by the private insurance company would be the responsibility of the parents.