

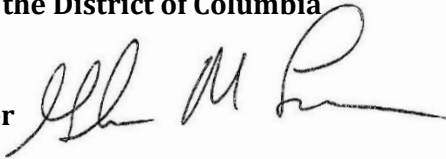
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: July 11, 2024

SUBJECT: Fiscal Impact Statement – Certified Nurse Aide Amendment Act of 2024

REFERENCE: Bill 25-565, Committee Print as provided to the Office of Revenue
Analysis on July 9, 2024

Conclusion

Funds are not sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The bill will cost the Department of Health Care Finance (DHCF) \$29 million (\$8.7 million local; \$20.8 million federal) in fiscal year 2026 and \$89 million (\$26.7 million local; \$62.3 million federal) over the financial plan to implement. The Department of Health (DC Health) can implement changes to Certified Nurse Aide (CNA) and Home Health Aide (HHA) licensing with current resources.

Background

The Board of Nursing (Board) at the DC Health issues licenses for both CNAs and HHAs. Both CNAs and HHAs provide nursing and nursing-related services under the supervision of a nurse or other licensed healthcare professional but in different settings. CNAs typically work in skilled nursing facilities and HHAs work in patient's homes.

The bill combines¹ the HHA license and CNA license into a single CNA license. The Board is required to establish through rulemaking a transition process to combine both licenses. The bill also allows persons licensed or certified and in good standing as a nurse aide or equivalent in Maryland or Virginia to practice as a CNA by applying for an expedited temporary license with the Board.

¹ By amending The District of Columbia Health Occupations Revision Act of 1985, effective March 25, 1986 (D.C. Law 6-99; D.C. Official Code § 3-1201.01 et seq.).

The bill establishes an Advisory Committee on Certified Nurse Aides and Nursing Assistive Personnel to develop and submit recommendations to the Board for certification of CNAs. The Advisory Committee must also review barriers to the development and support of on-the-job training programs and registered apprenticeship programs of CNAs, including CNAs seeking advanced credentials, and must make recommendations on eliminating such barriers. The Advisory Committee will sunset after two years.

Direct care professionals provide direct care services such as home and community-based, rehabilitative, and Intermediate Care Facilities for Individuals with Intellectual Disabilities services authorized under the District of Columbia Medicaid State Plan or waivers thereof. Direct care professionals are employees of direct care service providers. The bill requires² the Department of Disability Services (DDS) and the Department of Health Care Finance (DHCF) to increase fee-for-service base payment rates beginning in fiscal year 2026 in an amount sufficient for service providers to pay, on average, direct care professional wages that equal either 120 percent of the minimum wage or living wage, whichever is greater. Current law³ sets this amount at an average of 117.6 percent of the minimum wage or living wage.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The bill will cost DHCF \$29 million (\$8.7 million local; \$20.8 million federal) in fiscal year 2026 and \$89 million (\$26.7 million local; \$62.3 million federal) over the financial plan to implement. DC Health can implement changes to CNA and HHA licensing with current resources.

DHCF requires additional resources to increase base payment rates in fiscal year 2026 to pay direct care service providers a reimbursement rate that supports, on average, direct care professional wages that equal either 120 percent of the minimum wage or living wage, whichever is greater. In total, the wage increase is expected to increase Medicaid costs in fiscal year 2026 by \$29 million (\$8.7 million local; \$20.8 million federal) and increase costs over the financial plan by \$89 million (\$26.7 million local; \$62.3 million federal).

Bill 25-565 - Certified Nurse Aide Amendment Act of 2024					
DHCF Total Cost (\$ thousands)					
	FY 2025	FY 2026	FY 2027	FY 2028	Total
Local	\$0	\$8,701	\$8,901	\$9,106	\$26,708
Federal ^(a)	\$0	\$20,302	\$20,769	\$21,247	\$62,318
Total ^(b)	\$0	\$29,003	\$29,670	\$30,352	\$89,026

Table Notes:

- (a) Assumes federal medical assistance percentage (FMAP) of 70 percent.
- (b) Assumes annual living wage growth of 2.3 percent.

The total DHCF cost may change prior to the start of fiscal year 2026 because several factors may influence the payment rates and are unknown at this time, including rebasing, new Medicaid rules, and higher service utilization. The estimated cost of increasing base payments to support higher

² By amending The Direct Support Professional Payment Rate Act of 2020, effective April 16, 2020 (D.C. Law 25-161; D.C. Official Code § 4-2001 et seq.).

³ D.C. Official Code § 4-2002.

The Honorable Phil Mendelson

FIS: Bill 25-565, "Certified Nurse Aide Amendment Act of 2024," Draft Committee Print as provided to the Office of Revenue Analysis on July 9, 2024.

wages will be updated to adjust for these changes prior to incorporating the wage increases into an approved budget and financial plan.

DC Health can implement the licensing provisions in the bill using current resources. Current staff can absorb the workload of supporting the work of the Advisory Committee. The agency will also migrate licensing data from a third-party vendor that currently licenses CNAs on behalf of DC Health with resources already budgeted in fiscal year 2025.