


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: April 6, 2026

SUBJECT: Fiscal Impact Statement - Judith Heumann Memorial Workers with Disabilities Act of 2025

REFERENCE: Bill 26-463, Draft Committee Print as provided to the Office of Revenue Analysis on March 24, 2026

Conclusion

Funds are not sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The Department of Health Care Finance (DHCF) requires resources to update the District of Columbia Access System (DCAS), build a premium payment platform, hire additional employees, and reimburse health care providers for services. The bill has costs, starting in fiscal year 2027, of \$4.4 million (\$1 million Local; \$3.4 million Federal) in fiscal year 2027 and \$45.6 million (\$13.4 million Local; \$32.2 Federal) over the financial plan. The bill will also collect premium revenue from enrollees, generating \$45,000 in fiscal year 2027 and \$1.4 million in new special purpose revenue over the financial plan.

Background

The bill establishes a District Workers with Disabilities Program (Program) in DHCF to provide Medicaid coverage for eligible individuals with disabilities.¹ DHCF must submit a state plan amendment to the Centers for Medicare and Medicaid Services for approval within six months of the applicable date of the bill to receive Medicaid payments for the Program.

To be eligible, applicants must be at least 16 years old, be a resident of the District of Columbia, provide documentation verifying employment, and have a disability. Applicants cannot reside in a

¹ As authorized by section 1902 of the Social Security Act, approved July 30, 1965 (79 Stat. 344; 42 U.S.C. § 1396a).

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medical institution or long-term care facility, such as a nursing facility or intermediate care facility for individuals with intellectual disabilities and may not be an inmate of a public institution or inpatient in an institution for mental illness. Applicants cannot be already enrolled in Medicaid, the DC HealthCare Alliance, DC Health Families, or the Child and Adolescent Supplemental Security Income Program. Applicants are deemed disabled if they receive Social Security Disability Insurance (SSDI), previously received SSDI but lost eligibility, or are determined to be disabled by DHCF.

The bill specifies what documentation must be submitted to DHCF in order to enroll in the Program. Applicants to the Program must also participate in interviews to verify eligibility and provide additional documentation if necessary. DHCF must determine an applicant's eligibility and premium payment amount within 30 days of their application date if the Social Security Administration has determined that the applicant has a disability. DHCF must inform applicants in writing of their eligibility determination and their effective dates of coverage, or if not eligible, the reason for the denial. An applicant's assets or income may not be considered in determining eligibility for the Program.

The bill establishes financial eligibility standards to determine premium payments for applicants to the Program. DHCF must subtract from an applicant's gross income general income exclusions and disregards and documented cost-sharing for current employer-sponsored insurance coverage. DHCF must also include in an applicant's gross income any annuity, pension, retirement, or disability benefit. The calculated income is then used to determine the applicant's premium level to participate in the Program. The premium schedule for enrollees is shown below:

| Premium Schedule for Enrollees | |
|--|--|
| Calculated Income Level (percent Federal Poverty Level) | Monthly Premium Amount |
| Less than 138 percent FPL | \$0 |
| 139 to 200 percent FPL | \$25 |
| 200 to 250 percent FPL | \$40 |
| 250 to 300 percent FPL | \$55 |
| 300 to 450 percent FPL | 4 percent of calculated monthly income |
| 450 to 600 percent FPL | 5 percent of calculated monthly income |
| Greater than 600 percent FPL | 7.5 percent of calculated monthly income |

DHCF may adjust these premiums annually through rulemaking for changes to the Consumer Price Index. The bill also establishes a new special purpose revenue fund, the District Workers with Disabilities Premium Fund, to collect all premium revenues. The revenues will be used to reduce the Program's total health care and administrative costs.

DHCF may terminate an enrollee from the Program during the twelve-month certification period if the enrollee no longer meets eligibility criteria, fails to cooperate with DHCF's requests for information, or fails to pay premiums after receiving 30 days of notice.

Applicants and enrollees must submit premiums to DHCF within the time allowed, except when a claim of hardship is pending. If a hardship claim is denied, the premium must be submitted within 10 days of notice. DHCF must allow a grace period of up to 6 months within a 12-month period for enrollees who lose employment involuntarily or for medical reasons, provided the enrollee continues to pay the applicable premium. An enrollee who fails to pay the required premium within 30 days of

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notice shall be terminated from the Program. An enrollee terminated for nonpayment may not reenroll until all outstanding premiums have been paid. An applicant or enrollee may submit a hardship claim if payment of the premium would compromise their ability to obtain basic food, shelter, or clothing. DHCF must evaluate hardship claims within 30 days of receipt and issue a written decision. If the DHCF determines the hardship claim is without merit, the applicant or enrollee shall pay the outstanding premium within 10 days of notice.

Enrollees must submit a recertification application to DHCF annually to maintain coverage. DHCF must issue a recertification form to enrollees at least 60 days prior to the end of the current certification period. DHCF must provide a grace period of up to 90 days following the end of the certification period.

DHCF may recover the cost of medical assistance improperly paid on behalf of an enrollee under the Program. DHCF may impose liens and seek reimbursement against property or assets. DHCF may accept voluntary repayment for the cost of benefits improperly paid. Applicants and enrollees of the Program may contest determinations by requesting a fair hearing under the Administrative Procedures Act.

Enrollees are eligible for medically necessary services if the services are furnished by a provider who is approved by DHCF to participate in the District's Medicaid program and are covered under the District's Medicaid state plan. The District will not cover copayments, deductibles, or coinsurance applicable to employee-sponsored insurance coverage held by an enrollee. Enrollees are not entitled to enrollment in Medicaid managed care programs, Program of All-Inclusive Care for the Elderly, or coverage of long-term care facility services exceeding 30 consecutive days.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. DHCF requires resources to update the DCAS, build a premium payment platform, hire additional employees, and reimburse health care providers for services. The bill costs \$4.4 million (\$1 million Local; \$3.4 million Federal) in fiscal year 2027 and \$45.6 million (\$13.4 million Local; \$32.2 million Federal) over the financial plan. The bill will also collect premium revenue from enrollees, generating \$45,000 in fiscal year 2027 and \$1.4 million in new special purpose revenue over the financial plan.

| Judith Heumann Memorial Workers with Disabilities Act of 2025 | | | | | |
|---|------------|----------------|--------------|--------------|----------------|
| Total Costs (\$ thousands) | | | | | |
| FY 2026 - FY 2029 | | | | | |
| | FY 2026 | FY2027 | FY 2028 | FY 2029 | Total |
| DCAS Modification and Premium System | \$0 | \$1,706 | \$294 | \$300 | \$2,299 |
| - Local Share | \$0 | \$199 | \$104 | \$106 | \$409 |
| - Federal Share | \$0 | \$1,507 | \$190 | \$194 | \$1,890 |
| DHCF Salary and Fringe | \$0 | \$91 | \$186 | \$191 | \$467 |
| - Local Share | \$0 | \$23 | \$46 | \$48 | \$117 |
| - Federal Share | \$0 | \$68 | \$139 | \$143 | \$350 |

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| Judith Heumann Memorial Workers with Disabilities Act of 2025 | | | | | |
|---|------------|----------------|-----------------|-----------------|-----------------|
| Total Costs (\$ thousands) | | | | | |
| FY 2026 – FY 2029 | | | | | |
| | FY 2026 | FY2027 | FY 2028 | FY 2029 | Total |
| Health Care Costs, net of premium revenue | \$0 | \$2,608 | \$17,929 | \$22,361 | \$42,897 |
| - Local Share | \$0 | \$782 | \$5,379 | \$6,708 | \$12,869 |
| - Federal Share | \$0 | \$1,825 | \$12,550 | \$15,652 | \$30,028 |
| Total Costs | \$0 | \$4,405 | \$18,409 | \$22,851 | \$45,664 |
| - Local Share | \$0 | \$1,004 | \$5,529 | \$6,862 | \$13,395 |
| - Federal Share | \$0 | \$3,401 | \$12,879 | \$15,989 | \$32,269 |

DCAS Modifications and Premium Payment Platform Costs

DCAS will serve as the eligibility determination, recertification, and premium assignment platform for the Program. The system will need to be programmed to accommodate certain Program-specific rules, including calculating countable income, processing hardship claims and grace periods, termination for non-payment, and re-enrollment holds pending outstanding premium payments. The total one-time funding needed to update DCAS to implement the Program is \$1.1 million (\$110,000 Local; \$990,000 federal) in fiscal year 2027. Adding additional functionality to DCAS will generate additional ongoing costs for system maintenance. The ongoing maintenance will cost \$84,000 (\$21,000 Local; \$63,000 Federal) in fiscal year 2027 and \$420,000 (\$105,000 Local; \$315,000 Federal) over the financial plan.

DHCF will also need to build a system to collect enrollee premium payments. DHCF will build a system similar to the DC Health Benefit Exchange premium collection system that will bill beneficiaries, maintain a web payment portal, track non-payments, issue delinquency notices, provide accounting summaries, and notify DHCF when a beneficiary needs to be disenrolled for non-payment. Building this system will require one-time funding of \$500,000 (\$50,000 Local, \$450,000 Federal) in fiscal year 2027, and ongoing maintenance will cost \$40,000 (\$20,000 Local; \$20,000 Federal) in fiscal year 2027 and \$287,000 (\$143,500 Local; \$143,500 Federal) over the financial plan.

DHCF staff will need to be trained on the Program's eligibility determination process, including training on disability standards, employment verification, premium calculations, and termination protocols. DHCF will develop this training along with a procedure manual using one-time funding of \$10,000 (\$5,000 Local; \$5,000 Federal) in fiscal year 2027.

The estimated time frame to modify DCAS and set up a premium payment system is eight months. In total, the DCAS modifications and the establishment of a premium payment system will cost \$1.7 million (\$199,000 Local; \$1.5 million Federal) in fiscal year 2027 and \$2.3 million (\$409,000 Local; \$1.9 million Federal) over the financial plan.

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| Judith Heumann Memorial Workers with Disabilities Act of 2025 DCAS Modifications and Premium Payment Platform Costs (\$ thousands) FY 2026 – FY 2029 | | | | | |
|--|------------|----------------|--------------|--------------|----------------|
| | FY2026 | FY2027 | FY 2028 | FY 2029 | Total |
| DCAS Modification Total | \$0 | \$1,100 | \$0 | \$0 | \$1,100 |
| - Local Share | \$0 | \$110 | \$0 | \$0 | \$110 |
| - Federal Share ^(a) | \$0 | \$990 | \$0 | \$0 | \$990 |
| DCAS Maintenance | \$0 | \$56 | \$171 | \$175 | \$402 |
| - Local Share | \$0 | \$14 | \$43 | \$44 | \$101 |
| - Federal Share ^(b) | \$0 | \$42 | \$129 | \$131 | \$302 |
| Premium Payment System | \$0 | \$500 | \$0 | \$0 | \$500 |
| - Local Share ^(a) | \$0 | \$50 | \$0 | \$0 | \$50 |
| - Federal Share | \$0 | \$450 | \$0 | \$0 | \$450 |
| System Maintenance | \$0 | \$40 | \$122 | \$125 | \$287 |
| - Local Share | \$0 | \$20 | \$61 | \$62 | \$144 |
| - Federal Share ^(c) | \$0 | \$20 | \$61 | \$62 | \$144 |
| Training | \$0 | \$10 | \$0 | \$0 | \$10 |
| - Local Share | \$0 | \$5 | \$0 | \$0 | \$5 |
| - Federal Share ^(c) | \$0 | \$5 | \$0 | \$0 | \$5 |
| Total | \$0 | \$1,706 | \$294 | \$300 | \$2,299 |
| - Local Share | \$0 | \$199 | \$104 | \$106 | \$409 |
| - Federal Share | \$0 | \$1,507 | \$190 | \$194 | \$1,890 |

Table Notes:

(a) Assumes 90 percent Federal Medical Assistance Percentage.

(b) Assumes 75 percent Federal Medical Assistance Percentage.

(c) Assumes 50 percent Federal Medical Assistance Percentage.

Salary and Fringe Costs

DHCF will need to hire two additional employees to manage the day-to-day operations of the Program. Employees will conduct eligibility determinations, recertifications, eligibility tracking, terminations, premium reconciliation, and support for federal audits. The total salary and fringe cost for these employees is \$91,000 (\$23,000 Local; \$68,000 Federal) in fiscal year 2027 and \$467,000 (\$117,000 Local; \$350,000 Federal) over the financial plan.

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| Judith Heumann Memorial Workers with Disabilities Act of 2025 DHCF Salary and Fringe Costs (\$ thousands) FY 2026 – FY 2029 | | | | | |
|---|------------|-------------|--------------|--------------|--------------|
| | FY 2026 | FY2027 | FY 2028 | FY 2029 | Total |
| Salary Total^(a) | \$0 | \$74 | \$150 | \$153 | \$377 |
| - Local Share | \$0 | \$18 | \$38 | \$38 | \$94 |
| - Federal Share ^(c) | \$0 | \$55 | \$113 | \$115 | \$283 |
| Fringe Total^(b) | \$0 | \$17 | \$36 | \$37 | \$90 |
| - Local Share | \$0 | \$4 | \$9 | \$9 | \$23 |
| - Federal Share ^(c) | \$0 | \$13 | \$27 | \$28 | \$68 |
| Total | \$0 | \$91 | \$186 | \$191 | \$467 |
| - Local Share | \$0 | \$23 | \$46 | \$48 | \$117 |
| - Federal Share | \$0 | \$68 | \$139 | \$143 | \$350 |

Table Notes:

(a) Assume salary two Grade-11, Step 5 Eligibility Specialists. Assumes cost growth of 2 percent.

(b) Assumes fringe rate of 23.2 percent and fringe cost growth of 2.35 percent.

(c) Assumes 75 percent Federal Medical Assistance Percentage.

Health Care Costs and Premium Revenue

DHCF will be responsible for paying providers for medically necessary services covered under the District's Medicaid state plan. Health care benefits and premium collection are expected to begin in June of 2027, after DCAS modifications are completed and the premium payment system is launched. Providers will be reimbursed directly by DHCF on a fee-for-service basis since Program enrollees are prohibited from enrolling in a Medicaid managed care program. Total health care costs for enrolled beneficiaries are estimated to be \$2.7 million in fiscal year 2027 and \$44.3 million over the financial plan. Program premiums paid by beneficiaries are expected to generate special purpose revenue of \$45,000 fiscal year 2027 and \$1.4 million over the financial plan. After accounting for premium revenue, net health care costs will be \$2.6 million (\$782,000 Local; \$1.8 million Federal) in fiscal year 2027 and \$42.9 million (\$12.9 million Local; and \$30.0 million Federal) over the financial plan.

| Judith Heumann Memorial Workers with Disabilities Act of 2025 Net Health Care Costs (\$ thousands) FY 2026 – FY 2029 | | | | | |
|--|------------|----------------|-----------------|-----------------|-----------------|
| | FY 2026 | FY2027 | FY 2028 | FY 2029 | Total |
| Health Care Costs ^{(a)(b)} | 0 | \$2,653 | \$18,497 | \$23,101 | \$44,251 |
| Premium Revenue ^(c) | \$0 | -\$45 | -\$568 | -\$741 | -\$1,353 |
| Net Health Care Costs | \$0 | \$2,608 | \$17,929 | \$22,361 | \$42,897 |
| - Local Share | \$0 | \$782 | \$5,379 | \$6,708 | \$12,869 |
| - Federal Share ^(d) | \$0 | \$1,825 | \$12,550 | \$15,652 | \$30,028 |

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- (a) Assumes per-member-per-month cost that is based on Ohio and New Jersey Medicaid buy-in programs, adjusted for regional health care price differences.² Assumes a per-member-per-month cost growth rate of 2 percent.
- (b) Assumes enrollment start date of June 1, 2027. Assumes a gradual ramp-up of Program enrollees until the maximum number of enrollees equals 5.5 percent of the District's disabled working population of 10,902.³ Approximately 5.5 percent of both Ohio's and New Jersey's working disabled population are enrolled in a Medicaid buy-in program.
- (c) Assumes income distribution for disabled workers for the United States as determined by the Kaiser Family Foundation, using the 2022 American Community Survey, 1-Year Estimates.⁴
- (d) Assumes 70 percent Federal Medical Assistance Percentage.

² Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. National Health Expenditure Data: Health Expenditures by State of Residence, August 2022.

³ Social Security Administration. *Annual Statistical Report on the Social Security Disability Insurance Program*, 2024. Retrieved from Social Security Administration: https://www.ssa.gov/policy/docs/statcomps/di_asr/.

⁴ Drake, P., & Burns, A. (2024, January 4). *Working-Age Adults with Disabilities Living in the Community*. Retrieved from Kaiser Family Foundation: <https://www.kff.org/medicaid/working-age-adults-with-disabilities-living-in-the-community/>.