
Department of Health Care Finance

<http://dhcf.dc.gov>

Telephone: 202-442-5988

Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$1,784,751,758	\$2,075,214,342	\$2,116,623,722	2.0
FTEs	121.4	155.3	173.0	11.4

The mission of the Department of Health Care Finance (DHCF) is to improve health outcomes by providing access to comprehensive, cost-effective, and quality health care services for residents of the District of Columbia.

Summary of Services

The Department of Health Care Finance, an agency that was established in FY 2009, provides health care services to low-income children, adults, elderly, and persons with disabilities. Over 200,000 District of Columbia residents (nearly one-third of all residents) receive health care services through DHCF's

Medicaid and Alliance programs. DHCF strives to provide these services in the most appropriate and cost-effective settings possible.

The agency's FY 2011 proposed budget is presented in the following tables:

FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table HT0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table HT0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
General Fund						
Local Funds	0	457,011	486,691	504,437	17,746	3.6
Dedicated Taxes	0	6,666	25,764	53,050	27,286	105.9
Special Purpose Revenue Funds	0	482	1,823	2,024	201	11.0
Total for General Fund	0	464,159	514,278	559,510	45,232	8.8
Federal Resources						
Federal Grant Funds	0	5,496	1,028	8,215	7,186	698.8
Federal Medicaid Payments	0	1,280,154	1,533,208	1,538,299	5,091	0.3
Total for Federal Resources	0	1,285,650	1,534,236	1,546,513	12,278	0.8
Intra-District Funds						
Intra-District Funds	0	34,943	26,700	10,600	-16,100	-60.3
Total for Intra-District Funds	0	34,943	26,700	10,600	-16,100	-60.3
Gross Funds	0	1,784,752	2,075,214	2,116,624	41,409	2.0

*Percent Change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and intra-District agreement, please refer to **Schedule 80, Agency Summary by Revenue Source**, in the **Operating Appendices** located on the Office of the Chief Financial Officer's website

FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table HT0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type. It also provides FY 2008 and FY 2009 actual data.

Table HT0-2

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
General Fund						
Local Funds	0.0	56.2	68.6	69.8	1.2	1.7
Dedicated Taxes	0.0	0.0	0.0	5.0	5.0	N/A
Special Purpose Revenue Funds	0.0	2.1	4.0	3.0	-1.0	-25.0
Total for General Fund	0.0	58.3	72.6	778	5.2	7.1
Federal Resources						
Federal Grant Funds	0.0	8.8	10.0	26.0	16.0	160.0
Federal Medicaid Payments	0.0	54.4	72.8	69.2	-3.5	-4.8
Total for Federal Resources	0.0	63.1	82.8	95.2	12.5	15.1
Total Proposed FTEs	0.0	121.4	155.3	173.0	17.7	11.4

FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table HT0-3 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

Table HT0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 - Regular Pay - Cont Full Time	0	10,275	12,545	12,670	125	1.0
12 - Regular Pay - Other	0	173	0	854	854	N/A
13 - Additional Gross Pay	0	907	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	0	1,800	2,274	2,638	363	16.0
15 - Overtime Pay	0	8	0	0	0	N/A
Subtotal Personal Services (PS)	0	13,163	14,819	16,162	1,343	9.1
20 - Supplies and Materials	0	51	151	156	5	3.6
30 - Energy, Comm. and Building Rentals	0	201	192	2	-190	-99.1
31 - Telephone, Telegraph, Telegram, Etc.	0	24	0	80	80	N/A
32 - Rentals - Land and Structures	0	25	1,060	1,321	261	24.6
34 - Security Services	0	269	204	544	340	166.4
35 - Occupancy Fixed Costs	0	0	200	0	-200	-100.0
40 - Other Services and Charges	0	417	257	784	527	205.3
41 - Contractual Services - Other	0	37,451	36,075	45,312	9,237	25.6
50 - Subsidies and Transfers	0	1,733,094	2,022,175	2,051,886	29,711	1.5
70 - Equipment and Equipment Rental	0	56	81	376	295	364.2
Subtotal Nonpersonal Services (NPS)	0	1,771,589	2,060,395	2,100,462	40,067	1.9
Gross Funds	0	1,784,752	2,075,214	2,116,624	41,409	2.0

*Percent Change is based on whole dollars.

Division Description

The Department of Health Care Finance operates through the following 8 divisions:

Health Care Delivery Management - manages selected services provided to District residents, including chronic and long-term care services; home and community-based services to adults enrolled in the Medicaid program; managed care contracts for the Medicaid and Alliance programs; the Ombudsman and the Health Care Bill of Rights Office; Health Check (Early Periodic Screening, Diagnosis, and Treatment (EPSDT)); and oversight of preventive and acute care, including the Children's Health Insurance Program (CHIP).

This division contains the following 5 activities:

- **Chronic and Long Term Care** - ensures that beneficiaries who are receiving long-term care or home and community-based services are provided with adequate and appropriate services of the highest quality;
- **Managed Care** - directs managed care contracts, including, but not limited to, planning, managing and evaluating the District's managed care program;
- **Preventive and Acute Care** - oversees CHIP, Health Check (EPSDT), the Immigrant Children's program, and the Medicaid program's acute and preventive care services;
- **Office of the Ombudsman and Health Care Bill of Rights** - counsels and assists uninsured District residents and individuals insured by health benefits plans in the District regarding matters pertaining to their health care coverage; and
- **Health Care Delivery Management Support Service** - provides administrative support functions to the Health Care Delivery Management division.

Health Care Policy and Planning - maintains the Medicaid and CHIP state plans that govern eligibility, scope of benefits, and reimbursement policies for the District's Medicaid and CHIP programs; develops policy for the administration of the Alliance and other publicly funded health care programs that are administered or monitored by DHCF based on sound analysis of local and national healthcare and reimbursement policies and strategies; and ensures coordi-

nation and consistency among health care and reimbursement policies developed by the various divisions within DHCF.

This division contains the following 5 activities:

- **Policy Management** - maintains the Medicaid State Plan, which governs the eligibility, scope of benefits, and reimbursement policies of the Medicaid and CHIP program; manages federal Medicaid waivers; develops policy for the administration of medical assistance programs administered or monitored by DHCF; and ensures coordination and consistency among health care and reimbursement policies developed by various divisions within DHCF;
- **Public Provider Liaison Management** - maintains positive ongoing coordination and continuity with all public provider agencies of the District of Columbia government to enhance each agency's understanding of Medicaid reimbursement policies; ensures accountability within DHCF for policies that directly impact other District agencies; identifies opportunities to improve the reimbursement procedures of each agency; and works closely with agencies to review Federal policy to ensure that Federal contribution and reimbursement is maximized and compliance with Federal requirements is assured through claims processing and program development;
- **Data Analysis** - gathers information, analyzes data, and evaluates all activities related to multiple District-wide components of Medicaid, CHIP, the Alliance, and future locally-funded healthcare delivery systems, including data collection systems;
- **Member Management** - monitors eligibility and member management policies for the District's publicly-funded health care enrollees to ensure eligibility and that member management requirements are correctly established and followed; and serves as liaison with the District's Income Maintenance Administration (IMA) to ensure IMA's collaboration and coordination with DHCF in activities related to eligibility and member management policy implementation; and
- **Health Care Policy and Planning Support Services** - provides administrative support functions to the Health Care Policy and Planning Administration.

Health Care Accountability - continuously improves, as defined by the Institute of Medicine's (IOM's) standards, the safety, effectiveness, patient-centeredness, timeliness, efficiency, and equity of health care services received by individuals enrolled in the health care programs administered by DHCF.

This division contains the following 5 activities:

- **Quality Management** - ensures that quality and performance improvement principles and practices pervade all the components and activities that impact the delivery and outcomes of health care services to patients served by the District's Medicaid, CHIP, and Alliance programs;
- **Utilization Management** - monitors utilization, including appropriateness of medical services, to ensure that the highest quality medical care is provided to beneficiaries of publicly-funded District programs, and identifies the utilization of third-party resources available for the cost of medical care rendered to beneficiaries of publicly-funded District programs to ensure that the publicly-funded programs are the payers of last resort;
- **Program Integrity** - monitors the prevention, detection, and limitation of fraud, abuse, and waste by persons who provide and receive services financed by DHCF;
- **Pharmacy Management** - administers the pharmaceutical and durable medical equipment (DME) programs under the D.C. Medicaid program and provides consultation and guidance in all pharmaceutical and DME services; and
- **Health Care Accountability Support Services** - provides administrative support functions to the Health Care Accountability Administration.

Health Care Finance - provides provider payments for the following provider types: Medicaid provider payments, public provider payments, Health Care Alliance provider payments, and Healthy D.C. provider payments.

This division contains the following 4 activities:

- **Medicaid Provider Payment** - provides payment to Medicaid providers;
- **Medicaid Public Provider Payment** - provides payment to Medicaid public providers;
- **Alliance Provider Payment** - provides payment to Alliance providers; and

- **Healthy D.C. Provider Payments** - provides payment to Healthy D.C. providers.

Health Care Operations Administration - administers programs that pertain to the payment of claims; manages fiscal agent and administrative contracts; manages the operating systems; and maintains provider enrollment and requirements.

This division contains the following 4 activities:

- **Medicaid Information Systems** - oversees the fiscal agent contracts, including those for the Medicaid Management Information System (MMIS) and the Medicaid Drug Rebate program, as well as handling provider relations and education;
- **Systems Operations** - manages payment of claims, provider enrollment and recruitment, and pricing/reference files;
- **Administrative Contract Management** - provides contract management for the Administrative Services Organization contract, the Non-Emergency Transportation contract, and other administrative contracts; and
- **Health Care Operations Support Services** - provides administrative support functions to the Health Care Operations division.

Employer and Private Market Initiatives - administers new health care initiatives that utilize private market insurance, including employer-sponsored coverage for publicly-funded enrollees.

This division contains the following activity:

- **Healthy D.C. Management** - oversees the health insurance program that provides health insurance coverage to previously uninsured District residents who are between 200 and 400 percent of the federal poverty level.

Agency Management - provides for administrative support and the required tools to achieve operational and programmatic results. This division is standard for all agencies using performance-based budgeting.

Agency Financial Operations – provides comprehensive and efficient financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained. This division is standard for all agencies using performance-based budgeting.

Division/Program Structure Change

In FY 2011, the agency will convert to division-based budgeting. The proposed division/program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table HT0-4 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget. It also provides FY 2009 actual data.

Table HT0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(1000) Agency Management Program								
(1010) Personnel	71	0	289	289	0.6	0.0	3.0	3.0
(1015) Training and Development	0	0	32	32	0.0	0.0	0.0	0.0
(1020) Contracting and Procurement	1,284	266	354	89	0.5	3.3	3.0	-0.3
(1030) Property Management	489	1,475	2,207	732	0.5	0.0	3.0	3.0
(1040) Information Technology	146	232	3,140	2,908	0.3	1.0	13.0	12.0
(1055) Risk Management	0	181	0	-181	0.0	0.0	0.0	0.0
(1060) Legal	662	612	529	-84	2.1	1.0	0.0	-1.0
(1070) Fleet Management	0	60	75	15	0.0	1.0	1.0	0.0
(1080) Communications	68	0	114	114	0.6	0.0	1.0	1.0
(1085) Customer Service	0	60	0	-60	0.0	0.0	0.0	0.0
(1087) Language Access	0	59	45	-14	0.0	0.0	0.0	0.0
(1090) Performance Management	2,025	2,939	3,346	407	14.6	18.0	8.0	-10.0
(1099) Alliance Program	45	0	0	0	0.4	0.0	0.0	0.0
Subtotal (1000) Agency Management Program	4,789	5,884	10,131	4,247	19.5	24.3	32.0	7.7
(100F) Agency Financial Operations								
(110F) Budgeting Operations	188	249	295	46	1.0	2.5	3.0	0.5
(120F) Accounting Operations	821	1,005	936	-69	7.1	9.0	9.0	0.0
(130F) ACFO	18	0	0	0	0.6	0.0	0.0	0.0
(140F) Agency Fiscal Officer	87	268	237	-31	0.4	2.0	2.0	0.0
Subtotal (100F) Agency Financial Operations	1,114	1,521	1,467	-54	9.1	13.5	14.0	0.5

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Table HT0-4 (Continued)

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(1500) Office of Program Integrity/Quality Management								
(1560) Alliance Program - PI/QM	8	0	0	0	1.0	0.0	0.0	0.0
Subtotal (1500) Office of Program Integrity/Quality Management	8	0	0	0	1.0	0.0	0.0	0.0
(2000) Healthcare Delivery Management								
(2001) Chronic and Long Term Care	4,991	2,341	6,393	4,052	12.0	17.0	24.0	7.0
(2002) Managed Care Management	6,100	7,753	6,730	-1,023	8.8	7.0	9.0	2.0
(2003) Preventive and Acute Care	4,661	1,860	1,822	-38	7.6	8.0	6.0	-2.0
(2004) Health Care Alliance	1,970	0	0	0	2.1	0.0	0.0	0.0
(2005) Health Care Bill of Rights Ombudsman	0	525	639	114	0.0	5.0	4.0	-1.0
(2010) Health Care Delivery Management Support Services	0	1,666	1,107	-560	0.0	2.8	1.0	-1.8
(2020) Alliance Program - ODA	134	0	0	0	2.9	0.0	0.0	0.0
Subtotal (2000) Healthcare Delivery Management	17,856	14,145	16,691	2,546	33.5	39.8	44.0	4.2
(3000) Healthcare Policy and Planning								
(3001) Policy Unit Management	2,578	1,384	492	-892	6.5	9.0	4.0	-5.0
(3002) Public Provider Liaison Management	453	573	572	-2	4.8	6.0	6.0	0.0
(3003) Data Analysis	0	294	486	192	0.0	3.0	6.0	3.0
(3004) Member Management	0	252	314	62	0.0	3.0	4.0	1.0
(3010) Health Care Policy and Planning Support	0	1,441	829	-613	0.0	3.0	4.0	1.0
Subtotal (3000) Health Care Policy and Planning	3,031	3,945	2,693	-1,252	11.3	24.0	24.0	0.0
(3500) Office of Managed Care								
(3520) Alliance Program - OMC	-1	0	0	0	0.5	0.0	0.0	0.0
Subtotal (3500) Office of Managed Care	-1	0	0	0	0.5	0.0	0.0	0.0
(4000) Health Care Accountability								
(4001) Program Operations	12,996	0	0	0	17.6	1.0	0.0	-1.0
(4002) Quality Management	11,999	5,612	5,509	-103	27.1	7.0	6.0	-1.0
(4003) Utilization Management	0	1,083	857	-226	0.0	12.0	11.0	-1.0
(4004) Program Integrity	0	1,003	1,135	132	0.0	12.0	13.0	1.0
(4006) Pharmacy Management	0	185	243	58	0.0	1.5	2.0	0.5
(4010) Health Care Accountability Support Services	0	1,529	892	-636	0.0	3.0	3.0	0.0
Subtotal (4000) Health Care Accountability	24,996	9,411	8,635	-776	44.7	36.5	35.0	-1.5
(4500) Office of Children and Families Services								
(4530) Alliance Program - OCF	-1	0	0	0	1.2	0.0	0.0	0.0
Subtotal (4500) Office of Children and Families Services	-1	0	0	0	1.2	0.0	0.0	0.0

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Table HTO-4 (Continued)

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(5000) Health Care Finance								
(5001) Medicaid Provider Payment	1,574,097	1,775,932	1,920,056	144,124	0.0	0.0	0.0	0.0
(5002) Medicaid Public Provider Payments	34,446	143,993	71,629	-72,364	0.0	0.0	0.0	0.0
(5003) Alliance Provider Payments	124,417	102,250	51,975	-50,276	0.0	0.0	0.0	0.0
(5004) Healthy D.C. Provider Payments	0	0	6,858	6,858	0.0	0.0	0.0	0.0
(5030) Alliance Program - OPO	-1	0	0	0	0.7	0.0	0.0	0.0
Subtotal (5000) Health Care Finance	1,732,960	2,022,175	2,050,517	28,342	0.7	0.0	0.0	0.0
(6000) Health Care Operations								
(6001) Medicaid Information Systems	0	15,129	14,695	-434	0.0	5.0	0.0	-5.0
(6002) Technical Systems Management	0	544	0	-544	0.0	0.0	0.0	0.0
(6003) Systems Operations	0	846	1,079	233	0.0	6.0	8.0	2.0
(6004) Administrative Contract Management	0	109	122	13	0.0	1.0	1.0	0.0
(6010) Health Care Operations Support	0	1,505	9,391	7,887	0.0	5.3	10.0	4.7
Subtotal (6000) Health Care Operations	0	18,133	25,287	7,154	0.0	17.3	19.0	1.7
(7000) Employer and Private Market Initiatives								
(7001) Healthy D.C. Management	0	0	1,202	1,202	0.0	0.0	5.0	5.0
Subtotal (7000) Employer and Private Market Initiatives	0	0	1,202	1,202	0.0	0.0	5.0	5.0
Total Proposed Operating Budget	1,784,752	2,075,214	2,116,624	41,409	121.4	155.3	173.0	17.7

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see Schedule 30-PBB Program Summary by Activity in the FY 2011 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Budget Changes

Intra-Agency Adjustments: DHCF's budget increases by a net \$16,720 across all funds to reflect growth in the agency's fringe benefits budget. An addition of \$2,139 aligns DHCF's budget with fleet and fuel expenditure estimates. To align the agency's telecom budget with the Office of the Chief Technology Officer (OCTO) estimates, DHCF's budget increases by \$79,839. An increase of \$106,284 in Local funds and \$60,600 in Federal Medicaid funds reflects revised OCTO IT ServUs estimates, offset by lower spending on supplies and equipment. Updating DHCF's fixed costs budget to reflect Department of Real Estate Services (DRES) estimates and the reallocation of costs across fund types decreases DHCF's Local funds by \$523,153 and increases Federal Medicaid funds by \$732,694. Additional contract expenditures, in particular due to the full implementation of DHCF's Administrative Services Organization (ASO) and updating DHCF's International Classification of Diseases (ICD) coding system, increase the agency's Local funds by \$204,669 and Federal Medicaid funds by \$4,395,597.

Reallocating staff across fund types and updating salary estimates decreases DHCF's personal services budget by \$404,396 in Local funds and by \$508,414 in Federal Medicaid funds; the corresponding FTE changes are a 1.2 FTE increase in Local funds and a 3.5 FTE decrease in Federal Medicaid funds. Within Dedicated Taxes, correcting the personal services budget to reflect program activities in the Employer and Private Market Initiatives division results in an increase of 5.0 FTEs and an associated \$401,966 in personal services costs. Aligning both nonpersonal services and personal services budgets to the programs funded by the Health Care Bill of Rights fund results in an increase of \$200,514 and the reduction of 1.0 FTE in Special Purpose Revenue funds.

In FY 2011, DHCF will receive \$2,014,079 in Federal grant funds from the Department of Health and Human Services for implementation of a Health Information Exchange (HIE); 9.0 grant-funded FTEs are also added to DHCF's budget to support this grant. In addition, DHCF's Local funds budget increases by \$430,937 to provide the required local matching funds for this HIE grant. DHCF's Federal grants budget increases by \$4,147,700 and 1.0 FTE to reflect personal and nonpersonal services costs for

the Money Follows the Person grant. Updating DHCF's Federal grants budget to align with current grant awards results in a total increase of \$1,016,809 and 6.0 FTEs.

Updating DHCF's Dedicated Taxes budget to align with projected FY 2011 revenues results in a \$9,784,034 increase to the Healthy D.C. and Health Care Expansion Fund and a \$2,464,000 decrease to the Nursing Facility Quality of Care Fund. DHCF's Federal Medicaid budget also increases by \$868,458 to reflect existing provider Memorandums of Understanding (MOUs) with the Department of Health.

A technical correction to DHCF's budget to eliminate Federal budget authority for non-Medicaid services reduces the Federal Medicaid budget by \$112,091,625. The Federal Medicaid budget for Medicaid-eligible services provided by the Child and Family Services Agency adjusts to \$1,000,000. Aligning DHCF's Federal Medicaid budget authority with public provider budgets of District agencies that provide Medicaid-reimbursable services reduces DHCF's Federal Medicaid budget by \$57,263,771. These technical corrections do not reflect new Medicaid reimbursement policy in either DHCF or other public provider agencies.

Transfers In/Out: The centralization of procurement and human resources costs is reflected by a \$10,000 transfer to the Office of Contracting and Procurement (OCP) and the Department of Human Resources (DCHR). During FY 2010, the local portion of the Federally matched Medicaid Home and Community-Based Waiver for individuals with developmental disabilities was transferred from the Department on Disability Services to DHCF via Intra-District transfer. In FY 2011, these same funds are built into DHCF's baseline budget, resulting in a correction of \$16,500,000 to reduce the agency's Intra-District budget authority. DHCF's Intra-District budget also increases by \$400,000 to reflect Medicaid reimbursement for children's substance abuse prevention services provided by the Department of Health's Addiction Prevention and Recovery Administration (APRA). DHCF will also receive approximately \$2 million in additional Disproportionate Share Hospital (DSH) funds in FY 2011; these funds will be used to support the

Department of Mental Health's St. Elizabeths Hospital. This change is reflected in the Table 5 for the Department of Mental Health (DMH/RM0).

Cost Savings: To sustain access to the District's public health insurance programs, DHCF will partially offset the projected \$55,192,000 in additional Local fund expenditures due to recession-driven enrollment growth through a combination of provider rate reductions and assessments. These initiatives distribute the cost of maintaining the Medicaid and Alliance programs across nearly all providers and avoid cost cutting measures such as eligibility restrictions, cost sharing increases or significant benefit changes.

Managed care organizations' (MCOs') base reimbursement rates will be held flat for the FY 2010/FY 2011 contract year, saving \$3,494,000 in local funds for Medicaid and \$2,215,000 for the Alliance. DHCF will also continue its work to enhance the integrity of the Alliance's eligibility standards to ensure the program is available for all District residents that are eligible. Implementing an assessment on Medicaid MCOs will generate an additional \$8,590,023 in Dedicated Taxes to help offset higher expenditures due to enrollment growth. In FY 2011, the agency will also use Healthy D.C. funds to help support recession-driven enrollment growth in both the Medicaid and Alliance programs. An assessment on hospitals of \$1,500 per licensed bed is expected to generate \$6,285,000 to support the Medicaid program.

Suspension of the inflationary increase for nursing facility Medicaid reimbursement rates in FY 2011 will generate \$1,117,000 in Local fund savings. Reallocating \$5,000,000 in Nursing Facility Quality of Care Funds will help ensure level funding of the District's nursing facilities. Implementing an assessment on intermediate care facility (ICF) revenue will generate \$4,689,000 to, in part, improve the quality of services provided by ICFs.

More closely aligning the District's physician reimbursement rate with the national average will save \$2,450,220. Following this change, the District's physician reimbursement rate will still remain above the average rate nationwide of approximately 72 percent of Medicare. Similarly, a reduction in Medicaid adult dental reimbursement rates will generate Local fund savings of \$198,067 by setting rates closer to

those of neighboring states. These funds will help preserve dental services as a benefit available to both Medicaid and Alliance beneficiaries. Correcting reimbursement rates for certain non-physician Medicaid providers will result in additional savings of \$355,387. DHCF will also generate \$7,993,000 in local fund savings through additional provider rate reductions.

In FY 2011 DHCF will also continue its work to improve program integrity and utilization management in personal care aide services, an area that continues to see significant growth. To align this program's budget with its intent to serve Medicaid beneficiaries with relatively short-term rehabilitation service needs, DHCF will lower the current cap on personal care aide services from six months to three months of service for Medicaid beneficiaries not enrolled in a waiver, resulting in Local fund savings of \$3,980,652. Medicaid beneficiaries with more extensive rehabilitation service needs will still have access to the District's Medicaid waivers for the elderly and individuals with physical disabilities (the EPD Waiver) and for individuals with developmental disabilities (the DD Waiver). The projected cost savings associated with this change also account for some additional utilization of DHCF's waivers to ensure those with significant personal care attendant needs continue to be served. The above changes to the Local fund reflecting Medicaid provider reimbursement and benefit modifications are concomitantly reflected in DHCF's Federal Medicaid budget. Finally, passage of the Medicaid Beneficiary Protection Act will result in \$250,000 of Local fund savings through an improved coordination of benefits.

Protected Programs: In spite of a challenging economic climate and significant enrollment growth in both of DHCF's entitlement programs, this budget ensures residents' continued access to health care services by maintaining Medicaid eligibility levels and supporting the Alliance program for residents without access to other health insurance options. The DHCF budget fully funds the projected enrollment growth in both programs due to the poor state of the national economy and high unemployment levels. These enrollment assumptions are modeled in part using national studies that project the impact of unemployment increases on individuals' health care coverage

options. In addition, this budget does not propose any increases in cost sharing for beneficiaries. Finally, this budget retains a portion of Healthy D.C. funds in reserve to cover unanticipated enrollment growth in FY 2011. An improvement in the District's economic situation may allow these funds to be used for expanding coverage.

Policy Initiatives: This budget proposes a Local funds enhancement of \$39,564,000 for the Medicaid program, matched by \$150,748,000 in Federal Medicaid funds. This enhancement ensures the Medicaid program is funded to meet anticipated enrollment growth and medical inflation. This cost increase is fully funded by savings generated internally within DHCF due to provider reimbursement adjustments, new and existing assessments and other cost savings initiatives. In addition, the District's obligation to the Federal Medicare program for dually eligible enrollees' participation in Medicare Part D was reduced as a result of enhanced Federal funds under the American Recovery and Reinvestment Act of 2009, further offsetting this cost increase. An additional \$15,628,000 in Local funds will support recession-driven Alliance growth, offset by cost reductions within the Alliance program and the implementation of Medicaid coverage expansions available due to the passage of health care reform legislation.

DHCF's budget takes advantage of opportunities presented due to the recent passage of the Patient Protection and Affordable Care Act. In particular, per the provisions of the law that become effective during 2010, DHCF will submit a Medicaid State Plan Amendment (SPA) to increase eligibility for the Medicaid program for eligible District residents with incomes up to 133 percent of the Federally Poverty Level (FPL). In addition, DHCF will apply for a Medicaid waiver that, starting October 2010, will expand coverage under the Medicaid program for individuals with incomes between 134 and 200 percent of FPL. By transitioning these individuals from the fully locally-funded Alliance program to the Medicaid program, DHCF will increase Medicaid expenditures by \$52,933,000 in Local funds (\$126,090,000 in Federal Medicaid funds), but will offset this by a \$63,688,000 decrease in expenditures in the Alliance program.

Stimulus: This budget accounts for receipt of three quarters (nine months) of additional anticipated Federal Medicaid funds under a revised Federal Medical Assistance Percentage (FMAP) originally generated by the American Recovery and Reinvestment Act of 2009. To account for the final quarter of FY 2011, during which this budget assumes the District will return to its original FMAP, \$37,289,667 is transferred from Federal Medicaid funds and \$37,289,667 in Local funds is added to the DHCF budget to maintain level overall funding compared with FY 2010.

FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table HT0-5 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

Table HT0-5
(dollars in thousands)

	Program	BUDGET	FTE
LOCAL FUNDS: FY 2010 Approved Budget and FTE		486,691	68.6
Shift: Transfer in additional Local funds to reflect reduction of Federal Medicaid payments originally generated by the American Recovery and Reinvestment Act	Health Care Finance	37,290	0.0
Cost Increase: Fund projected baseline Medicaid enrollment and utilization growth (matched by Federal funds)	Health Care Finance	39,564	0.0
Cost Increase: Fund projected baseline Alliance enrollment growth	Health Care Finance	15,628	0.0
Create: Establish an additional Medicaid managed care program due to health care reform	Health Care Finance	52,933	0.0
Cost Decrease: Convert Alliance beneficiaries to new Medicaid managed care program due to health care reform	Health Care Finance	-63,688	0.0
Eliminate: Transfer coverage from 50 to 64 year-old waiver to new Medicaid managed care program due to health care reform	Health Care Finance	-3,857	0.0
Cost Decrease: Hold base Medicaid MCO reimbursement rates flat in FY 2010/FY 2011 contract year	Health Care Finance	-3,494	0.0
Cost Decrease: Hold base Alliance MCO reimbursement rates flat	Health Care Finance	-2,215	0.0
Cost Decrease: Hold Medicaid nursing facility reimbursement rates flat	Health Care Finance	-1,117	0.0
Cost Decrease: Reduce Medicaid adult dental reimbursement rates to align more closely with national average	Health Care Finance	-198	0.0
Cost Decrease: Reduce Medicaid physician reimbursement rates to align more closely with national average	Health Care Finance	-2,450	0.0
Cost Decrease: Align budget with correct non-physician provider rates	Health Care Finance	-355	0.0
Reduce: Lower cap on personal care aide services	Health Care Finance	-3,981	0.0
Shift: Shift nursing facility expenditures from Local funds to the Nursing Facility Quality of Care Fund under Dedicated Taxes	Health Care Finance	-5,000	0.0
Shift: Shift MCO expenditures from Local funds to the Healthy D.C. and Health Care Expansion Fund under Dedicated Taxes	Health Care Finance	-23,016	0.0
Shift: Shift intermediate care facility expenditures from Local funds to the Stevie Sellows Quality Improvement Fund under Dedicated Taxes	Health Care Finance	-3,689	0.0
Shift: Shift Medicaid hospital expenditures to the Hospital Fund under Dedicated Taxes	Health Care Finance	-6,285	0.0
Cost Decrease: Provider rate reductions	Health Care Finance	-7,993	0.0
Cost Decrease: Coordination of benefit savings from the implementation of the Medicaid Beneficiary Protection Act	Health Care Finance	-250	0.0

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Table HT0-5 (continued)
(dollars in thousands)

	Program	BUDGET	FTE
Enhance: Provide required Local funds to match Federal Grant funds for Health Information Exchange	Agency Management Program	431	0.0
Cost Increase: Adjust fringe benefits based on historical growth rate	Multiple Programs	27	0.0
Reduce: Hold salary steps constant	Multiple Programs	-13	0.0
Shift: Align FTEs and associated budget with allocation of personal services costs across Local and Federal Medicaid funds	Multiple Programs	-404	1.2
Cost Increase: Align fleet assessment with DPW estimates and updated fuel estimates	Agency Management Program	2	0.0
Cost Decrease: Align fixed cost budget with revised DRES estimates	Agency Management Program	-523	0.0
Cost Increase: Align telecom budget with OCTO estimates	Agency Management Program	80	0.0
Correct: Realign personal services expenditure adjustments	Multiple Programs	23	0.0
Cost Increase: Increase contracts budget to meet Federal requirements	Multiple Programs	205	0.0
Cost Increase: Align budget with nonpersonal services adjustments	Multiple Programs	106	0.0
Transfer Out: Transfer procurement and human resources assessments to OCP/DCHR	Agency Management Program	-10	0.0
LOCAL FUNDS: FY 2011 Proposed Budget and FTE		504,437	69.8
DEDICATED TAXES: FY 2010 Approved Budget and FTE		25,764	0.0
Create: Implement assessment on Medicaid MCOs	Health Care Finance	8,590	0.0
Create: Implement assessment of \$1,500 per licensed inpatient bed	Health Care Finance	6,285	0.0
Create: Implement assessment on intermediate care facilities	Health Care Finance	4,689	0.0
Correct: Increase Healthy D.C. and Health Care Expansion Fund to align with projected revenues	Health Care Finance	9,784	0.0
Correct: Decrease Nursing Facility Quality of Care Fund to align with projected revenues	Health Care Finance	-2,464	0.0
Correct: Align FTEs and personal services budget with program activities in Employer and Private Market Initiatives Division	Employer and Private Market Initiatives	402	5.0
DEDICATED TAXES: FY 2011 Proposed Budget and FTE		53,050	5.0
FEDERAL GRANT FUNDS: FY 2010 Approved Budget and FTE		1,028	10.0
Enhance: Add Federal Grant funds and associated FTEs for Health Information Exchange Grant	Agency Management Program	2,014	9.0
Correct: Adjust Federal Grants budget and associated FTEs to reflect the Money Follows the Person Grant	Healthcare Delivery	4,148	1.0
Correct: Align Federal Grants budget and associated FTEs with current grant awards	Multiple Programs	1,017	6.0
Cost Increase: Adjust fringe benefits based on historical growth rate	Multiple Programs	8	0.0
FEDERAL GRANT FUNDS: FY 2011 Proposed Budget and FTE		8,215	26.0

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Table HT0-5 (continued)
(dollars in thousands)

	Program	BUDGET	FTE
FEDERAL MEDICAID PAYMENTS: FY 2010 Approved Budget and FTE		1,533,208	72.8
Shift: Transfer out Federal funds to reflect reduction of Federal Medicaid payments originally generated by the Recovery Act	Health Care Finance	-37,290	0.0
Cost Increase: Fund projected baseline Medicaid enrollment and utilization growth	Health Care Finance	150,748	0.0
Create: Establish an additional Medicaid managed care program due to health care reform	Health Care Finance	126,090	0.0
Eliminate: Transfer coverage from 50 to 64 year-old waiver to new Medicaid managed care program due to health care reform	Health Care Finance	-9,000	0.0
Cost Decrease: Hold base Medicaid MCO reimbursement rates flat in FY 2010/FY 2011 contract year	Health Care Finance	-9,960	0.0
Cost Decrease: Hold nursing facility Medicaid reimbursement rates flat	Health Care Finance	-3,734	0.0
Cost Decrease: Reduce Medicaid adult dental reimbursement rates to align more closely with national average	Health Care Finance	-584	0.0
Cost Decrease: Reduce Medicaid physician reimbursement rates to align more closely with national average	Health Care Finance	-8,177	0.0
Cost Decrease: Align budget with correct non-physician provider rates	Health Care Finance	-1,046	0.0
Cost Decrease: Provider rate reductions	Health Care Finance	-25,866	0.0
Adjust: Modify intra-District fund for Medicaid-eligible services provided by the Child and Family Services Administration	Health Care Finance	1,000	0.0
Reduce: Lower cap on personal care aide services	Health Care Finance	-13,281	0.0
Correct: Technical correction to eliminate Federal budget authority for non-Medicaid services	Health Care Finance	-112,092	0.0
Correct: Technical correction to align Federal budget authority with public provider budgets	Health Care Finance	-57,264	0.0
Cost Decrease: Adjust net fringe benefits based on historical growth rate and reflect reallocation of personal services across funds	Agency Management Program	-18	0.0
Reduce: Hold salary steps constant	Multiple Programs	-5	0.0
Cost Increase: Align fixed cost budget with revised DRES estimates	Agency Management Program	733	0.0
Shift: Align FTEs and associated budget with allocation of personal services costs across Local and Federal Medicaid funds	Multiple Programs	-508	-3.5
Correct: Realign personal services expenditure adjustments	Multiple Programs	20	0.0
Cost Increase: Increase contracts budget to meet Federal requirements	Multiple Programs	4,396	0.0
Correct: Update budget to include provider MOUs with the Department of Health	Health Care Finance	868	0.0
Cost Increase: Align budget with nonpersonal services adjustments	Multiple Programs	61	0.0
FEDERAL MEDICAID PAYMENTS: FY 2011 Proposed Budget and FTE		1,538,298	69.3

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Table HT0-5 (continued)
(dollars in thousands)

	Program	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE		1,823	4.0
Correct: Align Nonpersonal services budget with program activities in the Health Care Bill of Rights Fund	Health Care Finance	136	0.0
Correct: Align FTEs and personal services budget with program activities in the Health Care Bill of Rights Fund Management	Healthcare Delivery	64	-1.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE		2,024	3.0
INTRA-DISTRICT FUNDS: FY 2010 Approved Budget and FTE		26,700	0.0
Correct: Reflect transfer of Developmental Disabilities Waiver funds to DHCF baseline budget	Health Care Finance	-16,500	0.0
Enhance: Reflect Federal Medicaid reimbursement of substance abuse prevention services provided by the Department of Health	Health Care Finance	400	0.0
INTRA-DISTRICT FUNDS: FY 2011 Proposed Budget and FTE		10,600	0.0
Gross for HT0 - Department of Health Care Finance		2,116,624	173.0

Agency Performance Plan

The agency has the following objectives and performance indicators for its Divisions:

1. Office of the Director

Objective 1: Improve outreach and communications.

Objective 2: Design and implement health information exchange initiatives.

Office of the Director

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Percent of District residents uninsured	10% ¹	N/A	TBD	9%	8%	7%

2. Health Care Accountability Administration

Objective 1: Improve health outcomes for District residents.

Objective 2: Ensure limited resources are utilized appropriately.

Health Care Accountability Administration

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Quality Improvement Initiative 1: Adverse Perinatal Outcomes ²	TBD	N/A	TBD	TBD	TBD	TBD
Quality Improvement Initiative 2: Adverse Chronic Disease Outcomes ³	TBD	N/A	TBD	TBD	TBD	TBD
HEDIS measure for childhood immunization ⁴	81.2%	82%	72.9%	83%	85%	87%
HEDIS measure for timeliness of prenatal care ⁵	70%	75%	68.0%	78%	80%	85%
Adults' access to preventive/ambulatory care services (adults aged 20-44, enrolled in health plans) ⁶	78%	80%	77.7%	83%	85%	87%
Number of referrals to the Medicaid Fraud Control Unit (MFCU)	7	N/A	21	25	25	25
Total recovered from provider audits (Local and Federal Funds)	\$700,000	N/A	\$14.8 million	\$7.5 million	\$7.5 million	\$7.5 million
Total recovered from Third Party Liability (TPL)	\$4.4 million	N/A	\$7.8 million ⁷	\$8.5 million	\$9.0 million	\$9.5 million

3. Health Care Policy and Planning Administration

Objective 1: Develop policies, plans and data to enable effective program administration and utilization of resources.

Objective 2: Promote access to care by ensuring sound and competitive provider reimbursement methodologies and rates.

Health Care Policy and Planning Administration

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of charter schools billing Medicaid	8	N/A	25	32	40	45
Number of physicians active in Medicaid program	TBD	N/A	TBD	TBD	TBD	TBD

4. Health Care Delivery Management Administration

Objective 1: Improve access to high quality services and reduce institutionalization.

Health Care Delivery Management Administration

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of participants in Elderly and Physically Disabled (EPD) Waiver (Year End)	1,953	2,050	2,181	2,175	2,250	2,325
Average number days to process EPD Waiver application ⁸	Greater than 60 days (estimate)	45 days	45 days (estimate)	30 days	30 days	30 days
Number of participants in DD Waiver (Year End)	900	1,100	1,327	1,300	1,300	1,300
Number of beneficiaries in out-of-state nursing facilities	200	185	178	170	165	160
Number of beneficiaries in ICF/MRs	470	420	390	370	350	340
Number of individuals moved from institutions to community	Unknown	N/A	TBD	75	100	120
Percent Medicaid beneficiaries satisfied with their health plan ⁹	71%	N/A	73%	75%	77%	79%
Number of consumers served by Ombudsman	N/A	N/A	723	4,200	4,400	4,600
Average number of days to resolve issues brought to Ombudsman	N/A	N/A	2.5 ¹⁰	2.5	2.0	2.0
Total percent of eligible children receiving any preventive dental services	29%	N/A	TBD	35%	42%	50%

5. Health Care Operations Administration

Objective 1: Improve the efficiency of program operations.

Health Care Operations Administration

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Average time to process Medicaid provider application	--	N/A	--	60 days	45 days	45 days
Percent of providers paid electronically	--	N/A	25%	50%	75%	100%
Reported complaints (including missed/late trips) on transportation broker services, per 1,000 trips	4.5 per 1,000 trips	3 per 1,000 trips	1.48 per 1,000 trips	2.5 per 1,000 trips	2.5 per 1,000 trips	2 per 1,000 trips

6. Employer and Private Market Initiatives Administration

Objective 1: Expand Access to High Quality Health Care.

Employer and Private Market Initiatives Administration

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Number of District residents covered by Healthy D.C.	N/A	N/A	N/A	5,000	5,000	5,000

Performance Plan Endnotes:

1. According to Current Population Survey (CPS) data, 2008.
2. This measure aggregates the following metrics: newborns with birth weight less than 2,500 grams; newborns of 32 weeks or less gestational age; pregnant women NOT tested for HIV prior to giving birth; and pregnancies ending in miscarriage or fetal loss (early or late); and deaths of infants in the first year of life.
3. This measure aggregates emergency room visits and hospital admissions by individuals diagnosed with asthma, diabetes, high blood pressure, and congestive heart failure
4. HEDIS (Healthcare Effectiveness Data and Information Set) measure on the percent of children enrolled in managed care who received age-appropriate immunizations by their second birthday.
5. HEDIS measure on the percent of deliveries to women enrolled in Medicaid managed care for which the woman received a prenatal care visit in either their first trimester or within 42 days of enrolling in the managed care organization.
6. The percent of Medicaid managed care enrollees aged 20-44 who had an ambulatory care or preventive care visit (as opposed to an emergency or hospital visit) during the year.
7. Represents TPL collections from October 2008 through June 2009.
8. Measured by average time between DHCF receipt of a complete EPD Waiver application and approval/denial of the application.
9. Data from *The Consumer Assessment of Healthcare Providers and Systems (CAHPS)* Health Plan Survey.
10. Note: Issues reported in FY 2009 are simple cases that do not require external interventions.

