
Department of Health Care Finance

www.dhcf.dc.gov

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Description	FY 2014 Actual	FY 2015 Approved	FY 2016 Proposed	% Change from FY 2015
Operating Budget	\$2,625,746,933	\$2,909,706,049	\$3,005,453,737	3.3
FTEs	178.2	220.4	251.0	13.9

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 provides health care services to low-income children, adults, the elderly, and persons with disabilities. Over 250,000 District of Columbia residents (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 2016 proposed budget is presented in the following tables:

FY 2016 Proposed Gross Funds Operating Budget, by Revenue Type

Table HT0-1 contains the proposed FY 2016 agency budget compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table HT0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
General Fund						
Local Funds	727,913	716,045	716,603	700,011	-16,592	-2.3
Dedicated Taxes	64,500	65,510	65,829	71,345	5,517	8.4
Special Purpose Revenue Funds	960	959	3,632	2,605	-1,027	-28.3
Total for General Fund	793,373	782,513	786,063	773,961	-12,102	-1.5
Federal Resources						
Federal Grant Funds	21,332	28,808	2,093	1,000	-1,093	-52.2
Federal Medicaid Payments	1,650,317	1,783,397	2,046,925	2,146,166	99,240	4.8
Total for Federal Resources	1,671,649	1,812,204	2,049,018	2,147,166	98,147	4.8
Private Funds						
Private Grant Funds	4	28	0	0	0	N/A
Total for Private Funds	4	28	0	0	0	N/A
Intra-District Funds						
Intra-District Funds	20,451	31,001	74,625	84,327	9,703	13.0
Total for Intra-District Funds	20,451	31,001	74,625	84,327	9,703	13.0
Gross Funds	2,485,478	2,625,747	2,909,706	3,005,454	95,748	3.3

*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 **FY 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Full-Time Equivalents, by Revenue Type

Table HT0-2 contains the proposed FY 2016 FTE level compared to the FY 2015 approved FTE level by revenue type. It also provides FY 2013 and FY 2014 actual data.

Table HT0-2

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change
<u>General Fund</u>						
Local Funds	60.5	71.9	90.0	103.9	13.9	15.5
Dedicated Taxes	0.8	2.9	5.5	6.0	0.6	10.0
Special Purpose Revenue Funds	5.4	7.4	9.8	10.4	0.6	5.6
Total for General Fund	66.7	82.2	105.3	120.3	15.0	14.3
<u>Federal Resources</u>						
Federal Grant Funds	8.1	5.5	7.0	2.0	-5.0	-71.4
Federal Medicaid Payments	89.6	90.6	108.1	128.7	20.6	19.1
Total for Federal Resources	97.7	96.1	115.1	130.7	15.6	13.6
Total Proposed FTEs	164.4	178.2	220.4	251.0	30.7	13.9

FY 2016 Proposed Operating Budget, by Comptroller Source Group

Table HT0-3 contains the proposed FY 2016 budget at the Comptroller Source Group (object class) level compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table HT0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
11 - Regular Pay - Continuing Full Time	12,565	14,248	17,954	20,355	2,401	13.4
12 - Regular Pay - Other	844	689	920	1,243	324	35.2
13 - Additional Gross Pay	31	44	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	2,546	2,853	4,001	4,356	355	8.9
15 - Overtime Pay	16	167	0	0	0	N/A
Subtotal Personal Services (PS)	16,003	18,000	22,875	25,955	3,080	13.5
20 - Supplies and Materials	570	105	180	183	3	1.5
30 - Energy, Communication, and Building Rentals	162	218	233	200	-33	-14.2
31 - Telephone, Telegraph, Telegram, Etc.	151	192	165	186	21	12.8
32 - Rentals - Land and Structures	728	0	0	0	0	N/A
34 - Security Services	83	160	116	111	-5	-4.2
35 - Occupancy Fixed Costs	144	359	424	259	-165	-39.0
40 - Other Services and Charges	1,933	1,140	1,504	1,545	41	2.7
41 - Contractual Services - Other	65,846	69,124	61,341	71,478	10,137	16.5
50 - Subsidies and Transfers	2,399,317	2,536,324	2,822,548	2,905,205	82,656	2.9
70 - Equipment and Equipment Rental	540	126	319	333	13	4.1
Subtotal Nonpersonal Services (NPS)	2,469,475	2,607,747	2,886,831	2,979,499	92,668	3.2
Gross Funds	2,485,478	2,625,747	2,909,706	3,005,454	95,748	3.3

*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 (HCDM) – ensures that quality services and practices pervade all activities that affect the delivery of health care to beneficiaries served by the District’s Medicaid, Children’s Health Insurance Program (CHIP), and Alliance programs. HCDM accomplishes this through informed benefit design; use of prospective, concurrent and retrospective utilization management; ongoing program evaluation; and the application of continuous quality measurement and improvement practices in furnishing preventive, acute, and chronic/long-term care services to children and adults through DHCF’s managed care contractors and institutional and ambulatory fee-for-service providers.

This division contains the following 5 activities:

- **Managed Care Management** – provides oversight, evaluation, and enforcement of contracts with organizations managing the care and service delivery of Medicaid and Alliance beneficiaries, along with providing oversight and enrollment of eligible beneficiaries;
- **Preventive and Acute Care (Children’s Health Services)** – develops, implements, and monitors policies, benefits and practices for children’s health care services, including HealthCheck/EPSTD, CHIP, and the Immigrant Children’s Program;
- **Division of Quality and Health Outcomes** – continuously improves the quality (safe, effective, patient-centered, timely, efficient, and equitable services) of health care delivered by programs administered by DHCF; and 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;
- **Division of Clinicians, Pharmacy and Acute Provider Services** – develops, implements, and oversees the programming for primary and specialty providers, hospitals, and other acute and preventive care services; and manages the non-emergency transportation contract; and
- **Health Care Delivery Management Support Services** – provides administrative support functions to the Health Care Delivery Management division.

Long-Term Care Administration (LTCA) – provides oversight and monitoring of programs targeted to elders, persons with physical disabilities, and persons with intellectual and developmental disabilities. Through program development and day-to-day operations, the LTCA also ensures access to needed cost-effective, high-quality extended and long-term care services for Medicaid beneficiaries residing in home and community-based or institutional settings. The office also provides contract management of the long-term care supports and services contract.

This division contains the following 3 activities:

- **Long-Term Care Support Services** – provides administrative support functions to the Long-Term Care division;
- **Division of Elders and Persons with Physical Disabilities** – develops, implements, and oversees all components of the Elderly and Physically Disabled (EPD) waiver program; oversees the personal care state plan option; and provides oversight and service delivery and reimbursement determinations for nursing home facilities; and
- **Division of Special Needs Population** – provides oversight, evaluation, and enforcement of the Individuals with Developmental Disabilities (ID/DD) waiver program; and provides oversight and service delivery and reimbursement determinations for intermediate care facilities for individuals with intellectual disabilities (ICF/IID).

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 Health Care Alliance program and other publicly funded health care programs that are administered or monitored by DHCF based on sound analysis of local and national health care and reimbursement policies and strategies; and ensures coordination and consistency among health care and reimbursement policies developed by the various divisions within DHCF. The division also designs and conducts research and evaluations of health care programs.

This division contains the following 4 activities:

- **Policy Unit Management (Regulation and Policy Management)** – maintains the Medicaid State Plan, which governs the eligibility, scope of benefits, and reimbursement policies of the Medicaid and CHIP programs; creates State Plan Amendments, waivers, and regulations that form the foundation of Medicaid policy and program administered or monitored by DHCF; and ensures the coordination and consistency of health care and reimbursement policies developed by various divisions within DHCF;
- **Data Analysis (Division of Analytics and Policy Research)** – gathers information, analyzes data, and evaluates all activities related to multiple District-wide components of Medicaid, CHIP, the Alliance, and future healthcare delivery systems, including data collection systems; sets rates and develops payment methodologies for various provider types; and designs and conducts research and evaluation of health care programs, studying their impacts on beneficiaries, providers, plans, and other partners and customers, designing and assessing potential improvements, and developing new measurement tools;
- **Member Management (Eligibility Policy)** – serves as liaison to District and federal agencies regarding eligibility-related matters; ensures collaboration and coordination between the agencies and facilitates compliance by the Department of Human Services' Economic Security Administration with DHCF eligibility policy; interprets federal and state eligibility rules and regulation; establishes eligibility policies and criteria for the Medicaid and CHIP programs, as well as the Health Care Alliance and the Immigrant Children's Program; interprets and helps draft legislative changes, rules and regulations for the District regarding eligibility requirements; and manages the Optional State Supplement Payment Program for eligible District of Columbia residents residing in an adult foster care home; and
- **Health Care Policy and Planning Support (Health Care Policy and Research Support)** – provides administrative support functions to the Health Care Policy and Planning Administration.

Health Care Finance – provides provider payments for the following provider types: Medicaid providers, public providers, and Health Care Alliance providers.

This division contains the following 3 activities:

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

Health Care Operations – ensures the division of programs that pertain to the payment of claims and manages the fiscal agent contract, the administrative contracts, systems, and provider enrollment and requirements. The office provides contract management of the Pharmacy Benefits Manager, the Quality Improvement Organization contract, and the Medicaid Management Information System (MMIS) Fiscal Intermediary contract as well as additional administrative contracts.

This division contains the following 3 activities:

- **Medicaid Information Systems (Claims Management)** – oversees the MMIS operations; systems requests; member services, including member out-of-pocket reimbursements; Consolidated Omnibus Budget Reconciliation Act (COBRA) payments; third-party liability processing; and processing of

financial transactions. The division also manages all internal and external data requests and data involving agency audits (local and federal) as well as MMIS training for all DHCF employees and system security;

- **Division of Public and Private Provider Services** – manages the Administrative Services Organization contract, provider enrollment and recruitment, and internal and external provider services and inquiries. The office also 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; is the accountable office within DHCF for implementation of policy that directly impacts other District agencies that serve as Medicaid providers; identifies opportunities to improve the reimbursement procedures of each agency; and works closely with these agencies to review federal policy to ensure that federal reimbursement is being maximized and compliance assured through claims processing and through program development; and
- **Health Care Operations Support (Health Care Operations Support Services)** – provides administrative support functions to the Health Care Operations division.

Health Care Reform and Innovation – identifies, validates, and disseminates information about new health care models and payment approaches to serve Medicaid beneficiaries seeking to enhance the quality of health and health care and reduce cost through improvement. The division creates and tests new models in clinical care, integrated care, and community health, and creates and tests innovative payment and service delivery models, building collaborative learning networks to facilitate the collection and analysis of innovation, implementing effective practices, and developing necessary technology to support this activity.

This division contains the following 2 activities:

- **Affordable Care Reform and Grants Development** – develops, implements, and monitors the provisions of the Affordable Care Act and is responsible for the development of demonstration projects and submission of grant proposals for various reform-related activities; and
- **Health Care Reform and Innovative Support Services** – is responsible for the creation of a health insurance exchange, which is a new entity intended to create a more organized and competitive market for health insurance by offering a choice of plans, establishing common rules regarding the offering and pricing of insurance, and providing information to help consumers better understand the options available to them. An exchange is part of the plan aiming for universal coverage.

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 Structure Change

The Department of Health Care Finance has no division structure changes in the FY 2016 proposed budget.

FY 2016 Proposed Operating Budget and FTEs, by Division and Activity

Table HT0-4 contains the proposed FY 2016 budget by division and activity compared to the FY 2015 approved budget. It also provides the FY 2014 actual data.

Table HT0-4

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(1000) Agency Management								
(1010) Personnel	804	676	838	162	2.7	6.4	11.0	4.7
(1015) Training and Development	17	69	69	0	0.0	0.0	0.0	0.0
(1020) Contracting and Procurement	2,742	905	1,544	638	4.6	5.0	3.0	-2.0
(1030) Property Management	1,979	1,836	1,794	-42	3.6	5.0	7.0	2.0
(1040) Information Technology	115	789	2,672	1,883	4.5	5.0	7.0	2.0
(1060) Legal	556	843	948	105	0.0	0.0	8.0	8.0
(1070) Fleet Management	31	5	5	0	0.0	0.0	0.0	0.0
(1080) Communications	270	547	568	21	1.8	2.0	2.0	0.0
(1085) Customer Service	1,659	1,603	1,778	175	8.6	14.0	17.0	3.0
(1087) Language Access	-1	2	2	0	0.0	0.0	0.0	0.0
(1090) Performance Management	9,052	6,456	8,749	2,294	19.2	24.0	45.0	21.0
Subtotal (1000) Agency Management	17,224	13,731	18,967	5,236	45.1	61.4	100.0	38.7
(100F) Agency Financial Operations								
(110F) Budgeting Operations	347	464	692	227	3.7	4.0	6.0	2.0
(120F) Accounting Operations	3,525	4,401	5,547	1,146	8.4	9.0	7.0	-2.0
(140F) Agency Fiscal Officer	265	280	298	18	1.8	2.0	2.0	0.0
Subtotal (100F) Agency Financial Operations	4,137	5,145	6,537	1,391	13.9	15.0	15.0	0.0
(2000) Health Care Delivery Management								
(2001) Chronic and Long-Term Care	21,705	0	0	0	28.8	0.0	0.0	0.0
(2002) Managed Care Management	3,615	4,811	3,601	-1,210	9.1	11.0	10.0	-1.0
(2003) Preventive and Acute Care	1,002	1,375	1,314	-61	4.1	5.5	4.5	-1.0
(2004) Division of Quality and Health Outcomes	754	907	1,418	511	3.6	4.0	8.0	4.0
(2007) Div. of Clinicians, Rx and Acute Provider Services	4,602	6,341	8,067	1,726	5.1	5.5	6.5	1.0
(2010) Health Care Delivery Management Support Services	488	281	304	24	1.8	2.0	2.0	0.0
Subtotal (2000) Health Care Delivery Management	32,167	13,715	14,704	989	52.5	28.0	31.0	3.0
(200L) Long-Term Care Administration								
(201L) Long-Term Care Support Services	0	9,407	9,654	246	0.0	10.0	5.0	-5.0
(202L) Div. of Elders and Persons with Physical Disabilities	0	1,628	2,036	408	0.0	22.5	23.5	1.0
(203L) Division of Special Needs Population	0	875	787	-88	0.0	8.5	8.5	0.0
Subtotal (200L) Long-Term Care Administration	0	11,911	12,477	566	0.0	41.0	37.0	-4.0
(3000) Health Care Policy and Planning								
(3001) Policy Unit Management	468	616	639	23	5.5	7.0	6.0	-1.0
(3003) Data Analysis	417	535	509	-27	4.6	5.0	5.0	0.0
(3004) Member Management	326	340	1,124	784	3.6	4.0	11.0	7.0
(3010) Health Care Policy and Planning Support	608	863	926	63	2.7	3.0	4.0	1.0
Subtotal (3000) Health Care Policy and Planning	1,820	2,355	3,198	844	16.4	19.0	26.0	7.0

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Table HT0-4 (Continued)

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(5000) Health Care Finance								
(5001) Medicaid Provider Payment	2,446,424	2,742,543	2,833,680	91,137	1.7	0.0	0.0	0.0
(5002) Medicaid Public Provider Payment	16,601	16,215	16,215	0	0.0	0.0	0.0	0.0
(5003) Alliance Provider Payment	37,314	50,235	51,150	915	0.0	0.0	0.0	0.0
Subtotal (5000) Health Care Finance	2,500,339	2,808,993	2,901,045	92,052	1.7	0.0	0.0	0.0
(6000) Health Care Operations								
(6001) Medicaid Information Systems	27,530	32,118	35,572	3,454	15.9	17.0	17.0	0.0
(6005) Division of Program Integrity (PI/UM/Fraud)	1,488	2,190	0	-2,190	14.6	16.0	0.0	-16.0
(6006) Division of Public and Private Provider Services	1,758	2,105	1,935	-170	8.2	11.0	11.0	0.0
(6010) Health Care Operations Support	1,629	265	431	165	2.7	3.0	3.0	0.0
Subtotal (6000) Health Care Operations	32,406	36,679	37,938	1,258	41.4	47.0	31.0	-16.0
(8000) Health Care Reform and Innovation								
(8001) Health Insurance Exchange	24,966	0	0	0	1.7	0.0	0.0	0.0
(8002) Affordable Care Reform and Grants Development	63	16,998	4,067	-12,931	0.8	8.0	10.0	2.0
(8010) Health Care Reform and Innovative Support Services	12,627	179	6,521	6,342	4.8	1.0	1.0	0.0
Subtotal (8000) Health Care Reform and Innovation	37,655	17,177	10,588	-6,589	7.3	9.0	11.0	2.0
Total Proposed Operating Budget	2,625,747	2,909,706	3,005,454	95,748	178.2	220.4	251.0	30.7

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's divisions, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Budget Changes

The Department of Health Care Finance's (DHCF) proposed FY 2016 gross budget is \$3,005,453,737, which represents a 3.3 percent increase over its FY 2015 approved gross budget of \$2,909,706,049. The budget is comprised of \$700,010,624 in Local funds, \$71,345,381 in Dedicated Taxes, \$999,998 in Federal Grant funds, \$2,146,165,525 in Federal Medicaid Payments, \$2,604,805 in Special Purpose Revenue funds, and \$84,327,405 in Intra-District funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2015 approved budget across multiple divisions, and it estimates how much it would cost an agency to continue its current divisions and operations into the following fiscal year. The FY 2016 CSFL adjustments to the FY 2015 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

DHCF's FY 2016 CSFL budget is \$731,084,051, which represents a \$14,481,226, or 2.0 percent, increase over the FY 2015 approved Local funds budget of \$716,602,825.

CSFL Assumptions

The FY 2016 CSFL calculated for DHCF included adjustment entries that are not described in detail on table 5. These adjustments include a reduction of \$1,143,494 to account for the removal of one-time funding appropriated in FY 2015 to support continuation of the United Medical Center's sustainability contract with Huron. Additionally, adjustments were made for a net increase of \$286,229 in personal services to account for Fringe Benefit costs based on trend and comparative analyses, the impact of cost-of-living adjustments, and approved compensation agreements implemented in FY 2015, and an increase of \$463,237 in nonpersonal services based on the Consumer Price Index factor of 2.2 percent.

DHCF's CSFL funding for the Medicaid Growth Factor reflects an adjustment for an increase of \$15,043,391 to account for a District's FY 2016 Medicaid growth rate of 2.2 percent based on the cost of health care services in the District projected by DHCF. The Medicaid growth rate is primarily driven by enrollment forecasts for Medicaid Managed Care and Fee-for-Service. Managed Care coverage includes parents of Medicaid eligible children, pregnant women, children, childless adults with incomes up to 200 percent of Federal Poverty Level (FPL), the Children's Health Insurance Program (CHIP), and Health Services for Children with Special Needs (HSCSN). Other variables impacting the Medicaid Growth Factor include enrollment forecasts for Medicaid waivers, which include the Developmental Disabilities (DD) and Elderly and Physically Disabled (EPD) waivers. These adjustments also include locally funded programs, such as the Immigrant Children and the D.C. Healthcare Alliance.

Additionally, adjustments were made for a decrease of \$58,496 for Other Adjustments to account for proper funding of compensation and classification reforms within the Workforce Investments fund for Compensation Groups 1 and 2, and a net decrease of \$109,641 for the Fixed Cost Inflation factor based on projections provided by the Department of General Services (DGS).

Agency Budget Submission

The FY 2016 budget submission places a strong emphasis on investing in programs that improve access to health care in underserved areas such as those who are economically disadvantaged or medically vulnerable. Furthermore, the budget allows DHCF to continue to take important steps towards implementing health care reform and improving healthcare access for underserved populations. In this regard, DHCF proposes a number of adjustments in the allocation of available resources, the key elements of which are summarized in the following sections below.

Increase: The budget proposed in Local funds includes an increase of \$1,592,751 and 15.6 FTEs across multiple divisions. This increase in personal services costs supports projected salary step increases, Fringe Benefits, and the Local portion of annualized compensation for the additional FTEs included in the budget. The additional staff will serve in areas involving customer service, performance and property management, personnel, liaison between District and federal agencies, and improving the overall health care delivery for District residents.

The Agency Management division provides various administrative functions for DHCF, and funding for the operational needs of this division accounts for an increase of \$1,198,943 in Local funds. Of this amount, \$1,191,096 is allocated for improvements to Information Technology, and a net increase of \$7,847 reflects various adjustments for Fixed Costs based on estimates for Telecommunications from the Office of the Chief Technology Officer (OCTO) and Energy from DGS.

The budget proposed in Local funds for the Long-Term Care division includes an increase of \$969,105 for contractual services. This is primarily for the Quality Improvements Organizations (QIO) contract, which provides certain aspects of long-term care services to District residents. QIOs work on behalf of the Centers for Medicare and Medicaid Services (CMS) with health care providers to ensure the most current, clinically proven practices and techniques are in place. The organizations also focus on goals to deliver the safest and highest quality of care to patients. An increase of \$871,247 in Local funds in DHCF's Agency Fiscal Operations division enables the agency to fund additional audits of Medicaid providers.

An adjustment in funding allocation for the Health Care Reform and Innovation division is reflected in an increase of \$454,724 in Local funds. This adjustment reinforces DHCF's commitment to implement a comprehensive health information technology plan, improve the delivery system and payment reform models, and increase the number of District residents with quality affordable health insurance. The proposed budget in Local funds includes an increase of \$117,284 to support projected additional costs of claims management in the Health Care Operations division.

In Federal Grant funds, the proposed budget reflects an increase of \$999,998 and 2.0 FTEs. This adjustment is based on projected grant revenue from the State Innovation Models for Design and Test Assistance grant from the Department of Health and Human Services. This grant provides funding in support of goals accelerating the delivery system transformation to provide better healthcare at lower costs. DHCF projects a budget increase of \$129,166,530 and 23.0 FTEs in Federal Medicaid Payments across multiple divisions. This adjustment is based on anticipated federal matching to District's expenditures of local resources on Medicaid eligible health care services in the agency budget submission. In Special Purpose Revenue (SPR) funds, the proposed budget includes an increase of \$56,181 due to the establishment of a new SPR fund account in FY 2016 for provider screening and enrollment fees in the Health Care Operations division.

A net increase of \$9,702,591 is projected in the budget for DHCF's Intra-District funds in the Health Care Finance division. This adjustment aligns the budget with Memoranda of Understanding (MOUs) that are in place with various District agencies. This amount includes an increase of \$1,170,123 primarily for Behavioral Health Rehabilitation Services provided by the Department of Behavioral Health (DBH) in a clinical setting. Also included in the same amount is an increase of \$8,532,468, which is directly related to an MOU with the Department on Disability Services (DDS) to continue to fund the Intellectual/ Developmental Disabilities (I/DD) Waiver. Under this MOU, DDS will continue to provide services that instruct, train, support, supervise, and assist individuals who have intellectual disabilities in achieving a high level of independence.

Decrease: Adjustments in the budget proposal for Local funds include reductions of \$5,566 to the Health Care Policy and Planning and \$1,265,303 to the Health Care Delivery Management division that aligns the budget with projected expenditures. Cost savings are anticipated in the Health Care Finance division's budget as DHCF aligns provider payments with projected Medicaid enrollment and utilization data. These savings are reflected in a decrease of \$3,933,186 in Local funds. This reduction does not affect the level of service provided but right-sizes provider payment expenditures.

Overall in Dedicated Taxes, DHCF projects a net decrease of \$12,243,822 based on projections in three revenue streams that support the budget in this appropriated fund. This adjustment includes reductions of \$41,191 for the Stevie Sellows Fund, \$1,155,378 with an additional 0.6 FTE for the Nursing Homes Quality of Care Fund, and \$11,047,253 for the Healthy DC Fund. In Federal Grant funds, a decrease of \$2,092,662 and 7.0 FTEs in the Long-Term Care division is due to the expiration of the Money Follows the Person grant from the Department of Health and Human Services.

In SPR funds, a decrease of \$89,868 and an additional 0.6 FTE aligns the budget with anticipated expenditures. A reduction of \$993,332 in SPR funds across multiple divisions is due to a reduced revenue projection from identifying third-party insurance coverage for Medicaid beneficiaries.

Technical Adjustment: The proposed budget includes additional funding in the Health Care Finance division to adjust for higher than originally anticipated Medicaid enrollment figures. This adjustment is reflected as an increase of \$13,293,569 in Local funds. The corresponding federal match is reflected as an increase of \$19,436,896 in Federal Medicaid Payments.

Mayor's Proposed Budget

Enhance: The proposed Local funds budget includes an increase of \$322,253 in the Agency Management division. This adjustment covers personal services costs for procurement services that will be transferred to the Office of Contracting and Procurement (OCP) via an Intra-District agreement.

Reduce: The Local funds budget for DHCF includes a net reduction of \$41,337,133 in several areas. The majority of the net decrease comes from an alignment of the budget with projected spending. This includes a \$3,900,000 reduction to align the reimbursement rate for Intermediate Care Facilities for Individuals with Intellectual/Development Disabilities with the federal payment limit; a \$2,873,180 reduction to payments in the Elderly and Persons with Physical Disabilities (EPD) waiver to align with projected enrollment; a \$5,765,123 revision to payments to specialty hospitals as a result of a double count in the budget submission; \$6,359,260 in savings identified while establishing payments for managed care organizations; and a \$9,293,569 alignment to the budgeted amount for home health care agencies that better aligns with actual costs borne by the home health agencies. The reduction will still allow for an increase in hourly payments to home health providers to help cover overhead costs and the costs of the living wage requirements for home health aides.

Additionally, the District will begin receiving a 100 percent federal match for the Children's Health Insurance Program (CHIP), which results in a savings of \$4,146,001 in Local funds. Lastly, DHCF will reduce the hospital fee-for-service inpatient rates to 86 percent of cost, resulting in \$9,000,000 of Local funds reductions. At 98 percent of hospital Medicaid costs, the District's payments to hospitals were among the highest in the country. With this reduction to 86 percent of cost, the District maintains hospital payment rates that are above average in the region. The corresponding adjustment to the Federal Medicaid Payments budget as a result of all of the above changes is reflected as a decrease of \$82,633,309.

Transfer Out/Reduce: In order to support the Procurement Practices Reform Act of 2010 initiatives, DHCF's proposed budget reflects transfers of 1.7 FTEs supported by Local funds and 2.4 FTEs funded by Federal Medicaid Payments from the Agency Management division to the OCP.

District's Proposed Budget

Reduce/Shift: The proposed Local funds budget includes a total reduction of \$3,352,116 in the Health Care Finance division. This adjustment includes reductions of \$1,000,000 in Personal Care Services and \$1,000,000 to Federally Qualified Health Centers (FQHC), which is attributed to lower-than-expected utilization for these services. Also included in this adjustment are a shift of \$196,738 to the Healthy DC Dedicated Tax fund and a shift of \$1,155,378 to the Nursing Home Quality of Care Dedicated Tax fund to match projected revenue estimates.

Enhance/Shift: The proposed budget in Dedicated Taxes increased by a total of \$17,760,687 in the Health Care Finance division. This increase is comprised of \$10,400,000 that supports the matching funding to prevent the proposed reduction in Medicaid inpatient rates to 86 percent of cost on average; and \$6,008,571 that supports the local match for Medicaid supplemental payments for hospital outpatient services. Both of these are the result of revenue policy proposals. This adjustment also includes a \$1,155,378 shift from Local funds to the Nursing Home Quality of Care fund, and a shift of \$196,738 from Local funds to the Healthy DC fund. DHCF projects a net budget increase of \$33,270,000 in Federal Medicaid Payments in the Health Care Finance division based on anticipated federal matching to the District's expenditures of local resources on Medicaid eligible health care services.

FY 2015 Approved Budget to FY 2016 Proposed Budget, by Revenue Type

Table HT0-5 itemizes the changes by revenue type between the FY 2015 approved budget and the FY 2016 proposed budget.

Table HT0-5
(dollars in thousands)

DESCRIPTION	DIVISION	BUDGET	FTE
LOCAL FUNDS: FY 2015 Approved Budget and FTE		716,603	90.0
Removal of One-Time Funding	Multiple Programs	-1,143	0.0
Other CSFL Adjustments	Multiple Programs	15,625	0.0
LOCAL FUNDS: FY 2016 Current Services Funding Level (CSFL) Budget		731,084	90.0
Increase: To adjust personal services	Multiple Programs	1,593	15.6
Increase: To align resources with operational goals	Agency Management	1,199	0.0
Increase: To align resources with operational goals	Long-Term Care Administration	969	0.0
Increase: To align resources with operational goals	Agency Financial Operations	871	0.0
Increase: To align resources with operational goals	Health Care Reform and Innovation	455	0.0
Increase: To align resources with operational goals	Health Care Operations	117	0.0
Decrease: To align resources with operational goals	Health Care Policy and Planning	-6	0.0
Decrease: To align resources with operational goals	Health Care Delivery Management	-1,265	0.0
Decrease: To align resources with operational goals	Health Care Finance	-3,933	0.0
Technical Adjustment: Adjustment due to higher than originally anticipated Medicaid enrollment	Health Care Finance	13,294	0.0
LOCAL FUNDS: FY 2016 Agency Budget Submission		744,378	105.6
Enhance: Salary and Fringe from the Office of Contracting and Procurement	Agency Management	322	0.0
Reduce: Realignment of health care provider payments	Health Care Finance	-41,337	0.0
Transfer-Out/Reduce: To OCP to support the Procurement Practices Reform Act of 2010 initiatives	Agency Management	0	-1.6
LOCAL FUNDS: FY 2016 Mayor's Proposed Budget		703,363	103.9
Shift/Reduce: Personal Care and Federally Qualified Health Center savings, shift to Dedicated Taxes	Health Care Finance	-3,352	0.0
LOCAL FUNDS: FY 2016 District's Proposed Budget		700,011	103.9
DEDICATED TAXES: FY 2015 Approved Budget and FTE		65,829	5.5
Decrease: To align budget with projected revenues	Multiple Programs	-12,244	0.6
DEDICATED TAXES: FY 2016 Agency Budget Submission		53,585	6.0
No Change		0	0.0
DEDICATED TAXES: FY 2016 Mayor's Proposed Budget		53,585	6.0
Shift/Enhance: Inpatient and outpatient Medicaid provider fees, shift from Local funds	Health Care Finance	17,761	0.0
DEDICATED TAXES: FY 2016 District's Proposed Budget		71,345	6.0

(Continued on next page)

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

DESCRIPTION	DIVISION	BUDGET	FTE
FEDERAL GRANT FUNDS: FY 2015 Approved Budget and FTE		2,093	7.0
Increase: To align budget with projected grant awards	Health Care Reform and Innovation	1,000	2.0
Decrease: To align budget with projected grant awards	Long-Term Care Administration	-2,093	-7.0
FEDERAL GRANT FUNDS: FY 2016 Agency Budget Submission		1,000	2.0
No Change		0	0.0
FEDERAL GRANT FUNDS: FY 2016 Mayor's Proposed Budget		1,000	2.0
No Change		0	0.0
FEDERAL GRANT FUNDS: FY 2016 District's Proposed Budget		1,000	2.0
FEDERAL MEDICAID PAYMENTS: FY 2015 Approved Budget and FTE		2,046,925	108.1
Increase: To align budget with projected federal Medicaid reimbursements	Multiple Programs	129,167	23.0
Technical Adjustment: Adjustment due to higher than originally anticipated Medicaid enrollment	Health Care Finance	19,437	0.0
FEDERAL MEDICAID PAYMENTS: FY 2016 Agency Budget Submission		2,195,529	131.1
Reduce: Realignment of health care provider service rates	Health Care Finance	-82,633	0.0
Transfer-Out/Reduce: To OCP to support the Procurement Practices Reform Act of 2010 initiatives	Agency Management	0	-2.4
FEDERAL MEDICAID PAYMENTS: FY 2016 Mayor's Proposed Budget		2,112,896	128.7
Enhance: To align budget with projected federal Medicaid reimbursements	Health Care Finance	33,270	0.0
FEDERAL MEDICAID PAYMENTS: FY 2016 District's Proposed Budget		2,146,166	128.7
SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Approved Budget and FTE		3,632	9.8
Increase: To align budget with projected revenues	Health Care Operations	56	0.0
Decrease: To adjust personal services	Multiple Programs	-90	0.6
Decrease: To align budget with projected revenues	Multiple Programs	-993	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2016 Agency Budget Submission		2,605	10.4
No Change		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2016 Mayor's Proposed Budget		2,605	10.4
No Change		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2016 District's Proposed Budget		2,605	10.4
INTRA-DISTRICT FUNDS: FY 2015 Approved Budget and FTE		74,625	0.0
Increase: To align budget with projected revenues	Health Care Finance	9,703	0.0
INTRA-DISTRICT FUNDS: FY 2016 Agency Budget Submission		84,327	0.0
No Change		0	0.0
INTRA-DISTRICT FUNDS: FY 2016 Mayor's Proposed Budget		84,327	0.0
No Change		0	0.0
INTRA-DISTRICT FUNDS: FY 2016 District's Proposed Budget		84,327	0.0
Gross for HT0 - Department of Health Care Finance		3,005,454	251.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Agency Performance Plan

The agency's performance plan has the following objectives and performance indicators for their divisions.

Office of the Director

Objective 1: Increase access to health care for District residents.

Objective 2: Improve access to health care by developing cost-effective reimbursement methodologies and budget processes.

Objective 3: Strengthen program integrity.

KEY PERFORMANCE INDICATORS

Office of the Director

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of non-commercial consumers served by Ombudsman (to include Medicare)	3,528	3,700	7,271	8,000	8,200	8,500
Percent of closed/resolved cases among non-commercial consumers (to include Medicare, Medicaid, Alliance, D.C. Health Link)	94%	90%	91.6%	98%	98%	98%
Percent of overturned/reversed/resolved cases among commercial consumers served by the Ombudsman (appeals and grievances)	68%	80%	73%	50%	50%	50%
Number of provider categories to be audited and related financial reviews ¹	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Percent of invoices processed accurately and in compliance with Prompt Payment Act	Not Available	Not Available	Not Available	95%	96%	97%
Number of referrals to the Medicaid Fraud Control Unit	23	20	9	20	20	20

Health Care Delivery Management Administration

Objective 1: Improve access to high-quality services and improve resource management.

Objective 2: Improve health outcomes for District residents.

KEY PERFORMANCE INDICATORS

Health Care Delivery Management Administration

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percent of Medicaid beneficiaries satisfied with their health plan	Not Available ²	81%	TBD	82%	83%	84%
Percent of children three and over with 90 days of continuous enrollment receiving preventive dental services	53%	60%	TBD	62%	64%	66%
Reported complaints on transportation broker services per 1,000 trips (including missed/late trips) within the Medicaid Fee-for Service Population	1.8/1,000 trips	2.0/1,000 trips	8.5/1,000 trips ³	1.9/1,000 trips	1.8/1,000 trips	1.7/1,000 trips
Percent of children 0-20 years of age with 90 days of continuous enrollment receiving a routine well-child examination	63%	64%	TBD	65%	68%	70%
Adverse perinatal outcomes per 1,000 pregnancies and infants enrolled in Managed Care	Not Available ⁴	<195	TBD	<190	<185	<180
Adverse chronic disease outcomes per 1,000 for pediatric asthma; 0-20 years of age	Not Available ⁵	<340	TBD	<335	<330	<225
Healthcare Effectiveness Data and Information Set measures for childhood immunization enrolled in Managed Care	Not Available ⁶	88%	TBD	89%	90%	91%
Healthcare Effectiveness Data and Information Set measures for timeliness of prenatal care enrolled in Managed Care	Not Available ⁷	83%	TBD	84%	85%	86%
Healthcare Effectiveness Data and Information Set adult access to preventive, ambulatory care services (adults 20-44, enrolled in Managed Care)	Not Available ⁸	89%	TBD	90%	91%	92%

Long-Term Care Administration

Objective 1: Improve access to high-quality services and improve resource management.

KEY PERFORMANCE INDICATORS

Long-Term Care Administration

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 ¹¹ Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of individuals moved from institutions into the community (Money Follows the Person Program) ⁹	24	35 ¹⁰	20	0	0	0
Percent of prospective Elderly and Individuals with Physical Disabilities (EPD) Waiver providers Readiness who complete the EPD Waiver Provider process (note that this number will reflect applicants, not those approved)	Not Available	Not Available	Not Available	90%	100%	100%
Number of monitoring reports sent to health home providers	Not Available	Not Available	Not Available	0	6	12

Health Care Policy and Research Administration

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

KEY PERFORMANCE INDICATORS

Health Care Policy and Research Administration

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of adults in 1115 Childless Adults Waiver	4,716	5,453	7,750 ¹²	6,190 ¹³	6,617	Not Available
Number of adults enrolled in the Medicaid Emergency Psychiatric Demonstration	Not Available	235	235 ¹⁴	235	Not Available ¹⁵	Not Available ¹⁶

Health Care Operations Administration

Objective 1: Improve the efficiency of program operations and provider relations.

KEY PERFORMANCE INDICATORS

Health Care Operations Administration

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Average time to process Medicaid provider applications (in days)	30.5	30	37.8	30	30	30
Average time to process Medicaid “low-risk provider” application (in days)	Not Available	Not Available	Not Available	30	30	30
Average time to process Medicaid “moderate” risk provider application (in days)	Not Available	Not Available	Not Available	60	60	60
Average time to process Medicaid “high risk” provider application (in days)	Not Available	Not Available	Not Available	90	90	90
Total dollars recovered from Third-Party Liability	\$3,500,000	\$4,000,000	\$5,176,519	\$3,000,000	\$2,000,000	\$1,500,000

Health Care Reform and Innovation Administration

Objective 1: Develop and implement a comprehensive health information technology (HIT) plan.

Objective 2: Implement innovative delivery system and payment reform models and provide input on updates.

Objective 3: Implement Health Care Reform and increase the number of District residents with health insurance.

KEY PERFORMANCE INDICATORS

Health Care Reform and Innovation Administration

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Amount paid to D.C. providers through the Medicaid Electronic Health Records (EHR) Incentive program	Not Available	Not Available	Not Available	\$12,000,000	\$3,000,000	\$1,400,000
Number of Chesapeake Regional Information System for our Patients (CRISP) encounter alerts sent	Not Available	Not Available	Not Available	100,000	150,000	200,000
Number of individuals enrolled in health homes	Not Available	Not Available	Not Available	Not Available	5,000	10,000
Percent of District residents insured	93.8%	95%	TBD ¹⁷	95%	96%	96%

Performance Plan Endnotes:

¹In FY 2016, this measure will no longer be tracked by the agency.

²Data unavailable due to new MCO contracts effective July 2013.

³Actual as of September 30, 2014.

⁴Data unavailable due to new Managed Care Organization (MCO) contracts effective July 2013.

⁵Ibid.

⁶Ibid.

⁷Ibid.

⁸Ibid.

⁹Program transferred to the DC Office on Aging.

¹⁰Benchmark changed with Centers for Medicare and Medicaid Services (CMS).

¹¹FY 2014 YTD as of June 30, 2014.

¹²FY 2014 YTD data as of 9/30/14.

¹³Waiver scheduled to end 12/31/2015.

¹⁴FY 2014 YTD data as of 6/30/14.

¹⁵Medicaid Emergency Psychiatric Demonstration Project ends 2015.

¹⁶Ibid.

¹⁷Census data unavailable.