
Department of Health Care Finance

<http://dhcf.dc.gov>

Telephone: 202-442-5988

Description	FY 2010 Actual	FY 2011 Approved	FY 2012 Proposed	% Change from FY 2011
Operating Budget	\$1,999,081,736	\$2,115,700,475	\$2,207,645,006	4.3
FTEs	120.7	173.0	173.0	0.0

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 (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 2012 proposed budget is presented in the following tables:

FY 2012 Proposed Gross Funds Operating Budget, by Revenue Type

Table HT0-1 contains the proposed FY 2012 agency budget compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table HT0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
General Fund						
Local Funds	457,011	486,326	529,624	647,209	117,586	22.2
Dedicated Taxes	6,666	41,552	60,159	57,427	-2,732	-4.5
Special Purpose Revenue Funds	482	2,247	2,018	2,024	6	0.3
Total for General Fund	464,159	530,124	591,800	706,660	114,860	19.4
Federal Resources						
Federal Grant Funds	5,496	15,662	8,215	15,399	7,184	87.5
Federal Medicaid Payments	1,280,154	1,441,961	1,505,086	1,475,186	-29,900	-2.0
Total for Federal Resources	1,285,650	1,457,622	1,513,300	1,490,585	-22,716	-1.5
Intra-District Funds						
Intra-District Funds	34,943	11,335	10,600	10,400	-200	-1.9
Total for Intra-District Funds	34,943	11,335	10,600	10,400	-200	-1.9
Gross Funds	1,784,752	1,999,082	2,115,700	2,207,645	91,945	4.3

*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 2012 Operating Appendices located on the Office of the Chief Financial Officer's website

FY 2012 Proposed Full-Time Equivalents, by Revenue Type

Table HT0-2 contains the proposed FY 2012 FTE level compared to the FY 2011 approved FTE level by revenue type. It also provides FY 2009 and FY 2010 actual data.

Table HT0-2

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change
General Fund						
Local Funds	56.2	52.3	69.8	78.8	9.1	13.0
Dedicated Taxes	0.0	5.0	5.0	3.4	-1.6	-33.0
Special Purpose Revenue Funds	2.1	4.0	3.0	3.2	0.2	8.3
Total for General Fund	58.3	61.3	77.8	85.4	7.7	9.9
Federal Resources						
Federal Grant Funds	8.8	9.5	26.0	8.9	-17.1	-65.8
Federal Medicaid Payments	54.4	49.9	69.2	78.6	9.4	13.6
Total for Federal Resources	63.1	59.4	95.2	87.5	-7.7	-8.1
Total Proposed FTEs	121.4	120.7	173.0	173.0	0.0	0.0

FY 2012 Proposed Operating Budget, by Comptroller Source Group

Table HT0-3 contains the proposed FY 2012 budget at the Comptroller Source Group (object class) level compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table HT0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
11 - Regular Pay - Cont Full Time	10,275	9,835	12,583	13,098	516	4.1
12 - Regular Pay - Other	173	219	854	685	-170	-19.9
13 - Additional Gross Pay	907	449	0	0	0	N/A
14 - Fringe Benefits - Curr Personnel	1,800	1,805	2,611	2,836	225	8.6
15 - Overtime Pay	8	19	0	0	0	N/A
Subtotal Personal Services (PS)	13,163	12,327	16,049	16,619	571	3.6
20 - Supplies and Materials	51	76	156	176	20	12.8
30 - Energy, Comm. and Bldg Rentals	201	227	2	0	-2	-87.7
31 - Telephone, Telegraph, Telegram, Etc	24	82	80	81	1	1.2
32 - Rentals - Land and Structures	25	1,062	1,321	1,734	413	31.2
34 - Security Services	269	22	544	1	-543	-99.8
35 - Occupancy Fixed Costs	0	200	0	0	0	N/A
40 - Other Services and Charges	417	1,005	734	1,244	511	69.6
41 - Contractual Services - Other	37,451	44,452	43,893	49,618	5,725	13.0
50 - Subsidies and Transfers	1,733,094	1,939,566	2,052,546	2,138,061	85,515	4.2
70 - Equipment and Equipment Rental	56	63	376	110	-266	-70.7
Subtotal Nonpersonal Services (NPS)	1,771,589	1,986,754	2,099,652	2,191,026	91,374	4.4
Gross Funds	1,784,752	1,999,082	2,115,700	2,207,645	91,945	4.3

*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 - 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 Management** - 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 Health Care Bill of Rights Ombudsman** - 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 coordination and consistency among health care and reimbursement policies developed by the various divisions within DHCF.

This division contains the following 5 activities:

- **Policy Unit Management** - maintains the Medicaid State Plan, which governs the eligibility, scope of benefits, and reimbursement policies of the Medicaid and CHIP programs; 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** - 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 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 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** - 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.

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

Division Structure Change

The Department of Health Care Finance has no division structure changes in the FY 2012 Proposed Budget. However, after the submission of the budget, the agency received approval from the Mayor to realign programs in FY 2012.

FY 2012 Proposed Operating Budget and FTEs, by Division and Activity

Table HT0-4 contains the proposed FY 2012 budget by division and activity compared to the FY 2011 approved budget. It also provides the FY 2010 actual data.

Table HT0-4

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
(1000) Agency Management Program								
(1010) Personnel	61	289	374	85	0.0	3.0	5.0	2.0
(1015) Training & Development	0	32	29	-3	0.0	0.0	0.0	0.0
(1020) Contracting & Procurement	-70	354	381	27	2.4	3.0	3.0	0.0
(1030) Property Management	1,676	2,207	2,138	-68	0.0	3.0	3.0	0.0
(1040) Information Technology	745	3,140	6,938	3,798	0.7	13.0	10.0	-3.0
(1055) Risk Management	-1	0	0	0	0.0	0.0	0.0	0.0
(1060) Legal	665	529	529	0	1.0	0.0	0.0	0.0
(1070) Fleet Management	12	75	64	-11	0.7	1.0	1.0	0.0
(1080) Communications	202	114	116	2	0.0	1.0	1.0	0.0
(1085) Customer Service	2	0	161	161	0.0	0.0	2.0	2.0
(1087) Language Access	40	45	85	40	0.0	0.0	0.0	0.0
(1090) Performance Management	4,366	3,299	2,895	-404	13.1	8.0	7.0	-1.0
Subtotal (1000) Agency Management Program	7,697	10,085	13,710	3,626	17.9	32.0	32.0	0.0
(100F) Agency Financial Operations								
(110F) Budgeting Operations	278	295	312	17	2.3	3.0	3.0	0.0
(120F) Accounting Operations	830	936	1,931	995	7.4	9.0	9.5	0.5
(140F) Agency Fiscal Officer	281	237	216	-20	1.7	2.0	1.4	-0.6
Subtotal (100F) Agency Financial Operations	1,388	1,467	2,459	992	11.3	14.0	14.0	0.0
(2000) Health Care Delivery Management								
(2001) Chronic and Long Term Care	9,436	6,388	12,648	6,260	12.9	24.0	24.5	0.5
(2002) Managed Care Management	6,767	6,030	5,385	-645	5.1	9.0	9.0	0.0
(2003) Preventive and Acute Care	483	1,352	1,448	97	5.8	6.0	5.0	-1.0
(2005) Health Care Bill of Rights Ombudsman	552	633	1,121	488	4.4	4.0	7.5	3.5
(2010) Health Care Delivery Mgt Support Svcs	1,826	1,103	1,250	147	2.0	1.0	1.0	0.0
Subtotal (2000) Health Care Delivery Management	19,063	15,506	21,853	6,347	30.2	44.0	47.0	3.0

(Continued on next page)

Table HT0-4 (Continued)

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
(3000) Health Care Policy and Planning								
(3001) Policy Unit Management	6,757	342	259	-83	6.6	4.0	4.0	0.0
(3002) Public Provider Liaison Mgmt	426	572	535	-37	4.4	6.0	6.0	0.0
(3003) Data Analysis	140	486	450	-36	2.2	6.0	5.0	-1.0
(3004) Member Management	150	218	373	156	2.2	4.0	4.0	0.0
(3010) Health Care Policy and Planning Support	1,802	829	845	16	2.2	4.0	4.0	0.0
Subtotal (3000) Health Care Policy and Planning	9,275	2,447	2,463	17	17.4	24.0	23.0	-1.0
(4000) Health Care Accountability								
(4001) Program Operations	-32	0	0	0	0.7	0.0	0.0	0.0
(4002) Quality Management	5,112	5,509	5,478	-31	5.1	6.0	5.0	-1.0
(4003) Utilization Management	610	857	876	19	8.6	11.0	9.0	-2.0
(4004) Program Integrity	765	1,035	1,043	8	8.7	13.0	13.0	0.0
(4006) Pharmacy Management	210	243	1,705	1,463	1.0	2.0	2.0	0.0
(4010) Health Care Accountability Support Svcs	1,911	892	900	8	2.1	3.0	3.0	0.0
Subtotal (4000) Health Care Accountability	8,576	8,536	10,003	1,467	26.3	35.0	32.0	-3.0
(5000) Health Care Finance								
(5001) Medicaid Provider Payment	1,783,799	1,920,715	2,065,149	144,434	0.0	0.0	0.0	0.0
(5002) Medicaid Public Provider Payments	41,383	71,629	23,190	-48,439	0.0	0.0	0.0	0.0
(5003) Alliance Provider Payments	109,647	51,975	40,737	-11,238	0.0	0.0	0.0	0.0
(5004) Healthy DC Provider Payments	0	6,858	0	-6,858	0.0	0.0	0.0	0.0
Subtotal (5000) Health Care Finance	1,934,829	2,051,177	2,129,076	77,899	0.0	0.0	0.0	0.0
(6000) Health Care Operations								
(6001) Medicaid Information Systems	14,511	14,695	14,495	-200	3.5	0.0	0.0	0.0
(6002) Technical Systems Management	204	0	0	0	0.0	0.0	0.0	0.0
(6003) Systems Operations	677	1,079	990	-88	4.4	8.0	7.0	-1.0
(6004) Administrative Contract Management	118	122	1,989	1,867	0.7	1.0	2.0	1.0
(6010) Health Care Operations Support	1,936	9,391	8,577	-814	3.9	10.0	11.0	1.0
Subtotal (6000) Health Care Operations	17,447	25,287	26,052	765	12.5	19.0	20.0	1.0
(7000) Employer and Private Market Initiatives								
(7001) Healthy DC Management	807	1,196	2,029	833	5.0	5.0	5.0	0.0
Subtotal (7000) Employer and Private Market Initiatives	807	1,196	2,029	833	5.0	5.0	5.0	0.0
Total Proposed Operating Budget	1,999,082	2,115,700	2,207,645	91,945	120.8	173.0	173.0	0.0

(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 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Budget Changes

The proposed budget for the Department of Health Care Finance (DHCF) aims to provide adequate funding to sustain the District's Medicaid entitlement program in a fiscally challenging economic climate. Key factors that significantly impact the budget proposal include the health care reform legislation of 2010, expiration of the federal stimulus funding for Medicaid in June 2011, and recession-driven high unemployment rates in the District.

Overall, the proposed budget has been organized to ensure District residents' continued access to healthcare services in spite of the growth in service utilization and expanded Medicaid eligibility criteria. The budget changes reflect adjustments that are targeted at cost savings in Local funds that partially offsets increases in the Medicaid provider payments, the agency's operational costs, and DHCF's core Medicaid functions.

Cost Increases: An enhanced Federal Medical Assistance Percentage (FMAP) provided the District increases over its adjusted base rate due to the enactment of the American Recovery and Reinvestment Act (ARRA) of 2009. Congressional legislation extended the ARRA-related FMAP from its expiration in December 31, 2010 by six months, through June 30, 2011. The additional federal Medicaid reimbursement based on the enhanced FMAP is projected to offset Local funds expenditures in FY 2011 by approximately \$80.7 million.

The budget proposal assumes that the District will revert to its adjusted base rate with the expiration of the enhanced FMAP in the third quarter of FY 2011, thus eliminating the leverage of additional federal stimulus Medicaid reimbursements in FY 2012. Consequently, DHCF's budget proposal compensates for this expected reduction in federal Medicaid match by an increase of \$80,736,396 in the Local funds budget, thereby maintaining a Local funding level that is comparable to FY 2011.

The District remains committed via the Home and Community-Based Services (HCBS) waiver programs to supporting its residents that are in need of institutionalized care but opt to receive care in the setting of their homes and communities. In order to support growth in participation in the HCBS waivers, the budget is being increased by \$12,224,900 in Local funds.

The expansion of Medicaid eligibility criteria through the healthcare reform legislation creates impacts on Medicaid managed care as well as fee-for-service expenses. In FY 2012, DHCF projects increased spending related to higher fee-for-service enrollments, and this calls for an increase of \$10,598,597 in Local funds. Likewise, an increase of \$1,445,104 is driven by projected enrollment growth for Medicaid managed care services.

The budget proposal includes an increase of \$30,110,000 in Local funds to support the proposed Managed Care Organization (MCO) rate increase for both Medicaid and the Alliance in FY 2012. The additional funding provides \$22,088,625 to cover services for Medicaid recipients, \$721,479 to cover Medicaid services for immigrant children, and \$7,299,896 to cover services for the D.C. Healthcare Alliance members. This increase for the Alliance partially reverses a decrease of \$7,831,842 initially made to achieve the budget target, for a net decrease of \$531,946 attributable to the MCO rates. The proposed MCO rate increase is in keeping with the District's obligation to meet the threshold of actuarial soundness as it pertains to the Centers for Medicare and Medicaid Services (CMS) guidelines.

The proposed budget for the DC Healthcare Alliance is being increased by \$10,600,000 for maintaining District residents' unrestricted access to the program's benefits. This increase reverses an initial proposal to meet the budget target that would have reduced the Alliance by \$10,641,000 based on implementing certain restrictions on the program.

Finally, the budget proposal includes a reclassification of \$3,689,000 in spending from Dedicated Taxes to Local funds. This change is related to the uncertainty of collecting revenue from the Stevie Sellows Intermediate Care Facilities for the Mentally Retarded (ICF/MR) provider assessments as a result of the ICF/MR provider community appeals.

In Federal Medicaid Payments, adjustments that are related to the cost increases in Local funds are the corresponding federal Medicaid reimbursements matched to local expenditures on eligible services. These changes include increases of \$28,068,357 for the HCBS waivers, \$25,733,357 for the fee-for-service enrollment growth, and \$3,371,000 for enrollment growth in Medicaid managed care services.

Enhancements: DHCF's Local funds budget is being increased by \$1,035,154 to reflect restoration of prior year Healthy DC Dedicated Tax fund balance in FY 2012. The additional funding is allocated to the DC Healthcare Alliance program. Several adjustments in non-Local funding sources will allow DHCF to enhance services to District residents in FY 2012. An increase of \$144,743 in the Dedicated Taxes budget proposal accounts for projections based on historic patterns of revenue collection for the Nursing Homes Quality of Care Fund. Additional projections of Dedicated Tax revenue based on implementation of the Hospital Bed Tax increases the budget for Medicaid Provider Payments by \$7,100,000. Furthermore, an increase of \$172,222 restores funding for the Employer and Private Market Initiatives (EMPI) to support 2.8 FTEs associated with the District's Health Care Reform plan. In Special Purpose Revenue funds, the proposed budget also reflects an increase of \$6,256 based on projected revenue from assessments to insurance companies with regard to the Health Benefit Grievance Plan.

Adjustments in the Federal Grants funds align the budget with the FY 2012 allocations for three federal grants. DHCF's budget includes funding from the Money Follows the Person (MFP) Grant, which is federal funding available to support the balancing of long-term care in terms of transitioning institutionalized District Medicaid enrollees to the community. The budget is being increased by \$5,824,241 and 2.0 FTEs to reflect federal funding for the MFP Grant in FY 2012.

The budget proposal include allocations for the DC Health Information Exchange (HIE) Grant, a federal stimulus grant award that allows the District to facilitate adoption of electronic health records, thereby promoting improved quality of care and health outcomes. An increase of \$1,060,550 is related to the HIE grant award allocation in FY 2012.

The budget is also being increased by \$2,204,000 due to multiple federal grant awards under the Affordable Care Act and Health Care Reform Grants based on the FY 2012 funding.

DHCF's Federal Medicaid Payments budget proposal includes an increase of \$2,908,000 that accounts for the Health Information Technology Grant award from CMS.

Further adjustments in the Federal Medicaid Payments includes increases of \$16,566,667 that accounts for the federal match dollars for Dedicated Tax funding pertaining to the implementation of the Hospital Bed Tax, \$73,810 of federal match dollars for the Employer and Private Market Initiatives to support 1.2 FTEs associated with the District's Health Care Reform plan, and \$300,000 to reflect DMH's additional federal Medicaid revenue for the Comprehensive Psychiatric Emergency Program, which DHCF with transfer to DMH via intra-District transfer.

Operational Adjustments: DHCF's personal services budget reflects a net increase of \$1,411,720 across multiple programs in Local funds to adjust for salary step increases, fringe benefit changes, and a funding shift of 9.1 FTEs related to the agency's transition to a public assistance cost allocation plan. Nonpersonal services cost adjustments related to this transition includes changes in Medicaid contracts, supplies, and other services and charges that accounts for a net increase of \$677,000 across multiple programs in Local funds. Additionally, there is a net increase of \$644,072 due to adjustments for increases in audit costs, the OCTO assessment, required MMIS system upgrades, and reductions due to discontinuing FY 2011 contracts. A reduction of \$53,695 in Local funds aligns DHCF's fixed costs budget with the Department of General Services (DGS) and the Office of the Chief Technology Officer (OCTO) estimates.

Corresponding changes in Federal Medicaid Payments includes net increase of \$1,139,604 across multiple programs for salary step increases, fringe benefit changes, and a funding shift of 8.2 FTEs related to the transition to a public assistance cost allocation plan. Similarly, nonpersonal services costs related to the transition accounts for a reduction of \$879,903 across multiple programs for Medicaid contracts, supplies, and other services and charges. Additionally, there is a corresponding increase for the net increase in audit costs, the OCTO assessment, MMIS system upgrades and the reductions to FY 2011 contracts of \$801,000. Furthermore, a reduction of \$77,459 aligns DHCF's fixed costs budget in Federal Medicaid Payments with the DGS and OCTO estimates.

Cost Savings/Decreases: To maintain access to the District's public health insurance programs, DHCF will partially offset projected healthcare service utilization and operational costs increases through a combination of various cost-saving measures applied to the Local funds budget. A net reduction of \$2,894,000 will be achieved by adjustment of nursing facility rates to properly account for the cost of therapies. DHCF will also change the current pharmacy pricing methodology for single source brand drugs from Average Wholesale Price minus 10 percent to the Whole Acquisition Cost plus 3 percent and this change is expected to reduce Local fund costs by \$1,266,500.

Optimization of service utilization of the Personal Care Attendants (PCA) benefits through better needs assessments, concurrent monitoring, and more stringent regulation will minimize overutilization of the PCA benefits. DHCF's budget proposal will save \$1,199,000 by implementing better control of the PCA benefits.

Prior-year trends in the growth of the DC Healthcare Alliance constituted a significant cost driver in the District's healthcare budget. DHCF will achieve significant savings in the Alliance program by implementing face-to-face re-certifications of the current membership on a semiannual basis. A total reduction of \$11,700,000 will be realized in Local funds as a result of the Alliance membership re-certification initiative.

Changes in Federal Medicaid Payments that corresponds to cost savings in Local funds includes a reduction of \$6,752,127 for adjustment of nursing facility rates, \$2,955,000 for adjustments in the pharmacy pricing methodology, and \$2,798,000 for implementation of more robust management of the PCA benefit. In addition, the Federal Medicaid budget for public providers was reduced by a net \$13,955,000 to align those budgets with current estimates. A reduction of \$80,736,396 is due to the expiration of the ARRA-related FMAP in FY 2011.

Adjustments in the budget proposal for Dedicated Taxes reflect a reduction of \$5,001,182 and 4.4 FTEs across multiple programs for the Healthy DC Fund. Additionally, DHCF is reducing a total of \$4,689,000 from the budget in Dedicated Taxes that is related to provider appeals of the Stevie Sellows ICF/MR provider assessments. The budget proposal however, reclassifies \$3,689,000 of the

spending to Local funds as described earlier. A decrease of \$172,222 of funding for the Health Care Finance program offsets funding for the FTEs in the EMPI associated with the District's Health Care Reform plan. A reduction of \$200,000 in the Intra-District budget proposal aligns DHCF's budget submission with the terms of a Memorandum of Understanding (MOU) with the Department of Health's Addiction Prevention and Recovery Administration.

Finally, in Federal Grants Funds there is a reduction of \$1,904,483 and 19.1 FTEs due to the expiration of IDCR as part of the transition to the Public Assistance Cost Allocation Plan.

Other Adjustments: The FY 2012 Dedicated Tax budget is being reduced by \$286,332 based on revised revenue estimates. Similarly, the proposed budget for Federal Medicaid Payments is reduced by \$668,108 to reflect the corresponding adjustment in the federal Medicaid match.

FY 2011 Approved Budget to FY 2012 Proposed Budget, by Revenue Type

Table HT0-5 itemizes the changes by revenue type between the FY 2011 approved budget and the FY 2012 proposed budget.

Table HT0-5
(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2011 Approved Budget and FTE		529,624	69.8
Cost Increase: Adjust personal services budget for step increases, fringe benefit changes, and transition to public assistance cost allocation plan	Multiple Programs	1,412	9.1
Cost Decrease: Align fixed costs with DGS and OCTO estimates	Multiple Programs	-54	0.0
Cost Increase: Adjust Medicaid provider payments for projected decrease in federal reimbursements based on expiration of ARRA-related enhanced FMAP in FY 2011	Health Care Finance	80,736	0.0
Shift: Reclassify ICF/MR spending from provider assessment to Local funds as a result of appeals and legal challenges to the assessments	Health Care Finance	3,689	0.0
Cost Increase: Support growth in participation in Home and Community-Based Services Waivers	Health Care Finance	12,225	0.0
Cost Increase: Provide for net increase in fee-for-service spending due to forecasted enrollment increase	Health Care Finance	10,599	0.0
Cost Increase: Provide for enrollment growth forecasted for Medicaid managed care	Health Care Finance	1,445	0.0
Cost Decrease: Adjust nursing facility rates to properly account for the cost of therapies and eliminate rates set above cost, by cost center	Agency Management Program	-10,617	0.0
Cost Decrease: Adjust pharmacy pricing to substitute Wholesale Acquisition Cost plus 3 percent for Average Wholesale Price minus 10 percent	Health Care Finance	-1,266	0.0
Cost Decrease: Reduce the DC Healthcare Alliance provider payments based on applying certain restrictions to the membership enrollment	Health Care Finance	-10,641	0.0
Optimize: Improve utilization of the Personal Care Attendant benefit through better needs assessment, concurrent monitoring and more stringent regulation	Health Care Finance	-1,199	0.0
Adjust: Reduce cost based on FY 2011 Alliance MCO rate reduction	Health Care Finance	-7,832	0.0
Cost Increase: Adjust Medicaid contracts, Other Services and Charges, and Supplies due to transition to a public assistance cost allocation plan	Multiple Programs	677	0.0
Adjust: Net Increase due to increase in audit cost, OCTO assessment and required MMIS system upgraded and decrease due to the discontinuance/ reduction of prior year contracts	Multiple Programs	644	0.0

(Continued on next page)

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

	PROGRAM	BUDGET	FTE
LOCAL FUNDS (Cont.)			
FY 2012 Initial Adjusted Budget		609,441	78.8
Adjust: Reduce funding for the Alliance based on semiannual face-to-face membership recertification initiative	Health Care Finance	-11,700	0.0
Adjust: Reverse the initial decision to restrict the Alliance membership enrollment	Health Care Finance	10,600	0.0
Adjust: Partially offset changes to nursing home rate incentives	Health Care Finance	7,723	0.0
Adjust: Restoration of Healthy DC Fund Balance	Multiple Programs	1,035	0.0
Cost Increase: Additional funding to support projected Medicaid MCO rate increases	Health Care Finance	22,089	0.0
Cost Increase: Additional funding to support projected DC Healthcare Alliance MCO rate increases	Health Care Finance	7,300	0.0
Cost Increase: Additional funding to support projected Immigrant Children Medicaid MCO rate increases	Health Care Finance	721	0.0
LOCAL FUNDS: FY 2012 Proposed Budget and FTE		647,209	78.8
DEDICATED TAXES: FY 2011 Approved Budget and FTE		60,159	5.0
Reduce: Healthy DC budget to account for FY 2011 use of fund balance	Multiple Programs	-5,001	-4.4
Shift: ICF/MR spending shifted from Stevie Sellows to Local due to provider appeals	Health Care Finance	-3,689	0.0
Eliminate: Stevie Sellows funded quality initiatives due to lack of provider assessment revenue	Health Care Finance	-1,000	0.0
Enhance: Increase the Nursing Home Quality of Care Fund based on historic pattern of collections	Health Care Finance	145	0.0
FY 2012 Initial Adjusted Budget		50,613	0.6
Enhance: Increase budget for Medicaid Provider Payments based on revenue from implementation of the Hospital Bed Tax	Health Care Finance	7,100	0.0
Correct: Provide funding to support salary and fringe benefits for positions associated with the District's health care reform initiatives	Employer and Private Market Initiatives	172	2.8
Reduce: Reallocate funds to support salary and fringe benefits for positions associated with the District's health care reform initiatives	Health Care Finance	-172	0.0
Adjust: Technical Adjustment to align budget with revenues	Health Care Finance	-286	0.0
DEDICATED TAXES: FY 2012 Proposed Budget and FTE		57,427	3.4
FEDERAL GRANT FUNDS: FY 2011 Approved Budget and FTE		8,215	26.0
Enhance: Increase budget for the DC Health Information Exchange Grant based on availability of federal stimulus grant in FY 2012	Agency Management Program	1,061	0.0
Correct: Reduction due to the expiration of IDCR due to public assistance cost allocation plan and transfer of Medicaid Infrastructure grant to Department on Disability Services	Multiple Programs	-1,904	-19.1
Enhance: Increase budget due to multiple federal award under the Affordable Care Act and Health Care Reform Grants based on the FY 2012 funding	Multiple Programs	2,204	0.0
Enhance: Increase budget for the Money Follows the Person grant based on the FY 2012 award	Healthcare Delivery Management	5,824	2.0
FY 2012 Initial Adjusted Budget		15,399	8.9
FEDERAL GRANT FUNDS: FY 2012 Proposed Budget and FTE		15,399	8.9

(Continued on next page)

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

	PROGRAM	BUDGET	FTE
FEDERAL MEDICAID PAYMENTS: FY 2011 Approved Budget and FTE		1,505,086	69.2
Cost Increase: Adjust personal services budget for step increases, fringe benefit changes, and transition to public assistance cost allocation plan	Multiple Programs	1,140	8.2
Cost Decrease: Align fixed costs with DGS and OCTO estimates	Multiple Programs	-77	0.0
Adjust: Adjust Medicaid provider payments for projected decrease in federal reimbursements based on expiration of ARRA-related enhanced FMAP in FY 2011	Health Care Finance	-80,736	0.0
Cost Increase: Support growth in participation in Home and Community-Based Services Waivers	Health Care Finance	28,068	0.0
Cost Increase: Provide for net increase in fee-for-service spending due to forecasted enrollment increase	Health Care Finance	25,733	0.0
Cost Increase: Provide for enrollment growth forecasted for Medicaid managed care	Health Care Finance	3,371	0.0
Cost Decrease: Adjust nursing facility rates to properly account for the cost of therapies and eliminate rates set above cost, by cost center	Health Care Finance	-6,752	0.0
Cost Decrease: Adjust pharmacy pricing to substitute Wholesale Acquisition Cost plus 3 percent for Average Wholesale Price minus 10 percent	Health Care Finance	-2,955	0.0
Correct: Align public provider budgets with current estimates	Health Care Finance	-13,995	0.0
Optimize: Improve utilization of the Personal Care Attendant benefit through better needs assessment, concurrent monitoring, and more stringent regulation	Health Care Finance	-2,798	0.0
Cost Increase: Adjust for the Health Information Technology grant from CMS	Multiple Programs	2,908	0.0
Cost Decrease: Net decrease to adjust Medicaid personal services, Contracts, Other Services and Charges, and Supplies due to transition to a public assistance cost allocation plan	Multiple Programs	-880	0.0
Cost Increase: Net increase due to increase in audit cost, OCTO assessment and required MMIS system upgrade and decrease due to the discontinuance/ reduction of prior year contracts	Multiple Programs	801	0.0
FY 2012 Initial Adjusted Budget		1,458,913	77.4
Enhance: Budget for federal Medicaid reimbursement based on revenue from implementation of the Hospital Bed Tax	Health Care Finance	16,567	0.0
Correct: Federal Medicaid match to support salary and fringe benefits for positions associated with the District's health care reform initiatives	Employer and Private Market Initiatives	74	1.2
Enhance: Reflect DMH's additional federal Medicaid revenue for CPEP via intra-District transfer	Health Care Finance	300	0.0
Adjust: Technical Adjustment to align budget with revenues	Health Care Finance	-668	0.0
FEDERAL MEDICAID PAYMENTS: FY 2012 Proposed Budget and FTE		1,475,186	78.6

(Continued on next page)

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

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Approved Budget and FTE		2,018	3.0
Enhance: Increase budget for the Health Benefit Grievance Plan based projected revenue from assessments charged to Insurance Companies	Healthcare Delivery Management	6	0.2
FY 2012 Initial Adjusted Budget		2,024	3.2
SPECIAL PURPOSE REVENUE FUNDS: FY 2012 Proposed Budget and FTE		2,024	3.2
INTRA-DISTRICT FUNDS: FY 2011 Approved Budget and FTE		10,600	0.0
Adjust: Align budget based on MOU with the Department of Health for APRA	Health Care Finance	-200	0.0
FY 2012 Initial Adjusted Budget		10,400	0.0
INTRA-DISTRICT FUNDS: FY 2012 Proposed Budget and FTE		10,400	0.0
Gross for HT0 - Department of Health Care Finance		2,207,645	173.0

(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 for FY 2012:

1. Overall:

The Department of Health Care Finance identified nine objectives central to carrying out the agency's mission. Each division's performance is focused on one or more of these objectives. They include:

1. Increase access to care for District residents;
2. Design and implement health information exchange initiatives;
3. Improve health outcomes for District residents;
4. Ensure limited resources are utilized appropriately;
5. Develop policies, plans and data to enable effective program administration and utilization of resources;

6. Support District-wide Health Reform Initiatives;
7. Improve access to high quality services and improve resource management;
8. Improve the efficiency of program operations; and
9. Expand access to high quality health care.

2. Health Care Accountability Administration

Objective 3: Improve health outcomes for District residents.

Objective 4: Ensure limited resources are utilized appropriately.

Health Care Accountability Administration

Measure	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Quality Improvement Initiative 1: Adverse Perinatal Outcomes per 1,000 pregnancies and infants ¹	231	Less than 230	231	Less than 220	Less than 210	Less than 200
Quality Improvement Initiative 2: Adverse Chronic Disease Outcomes per 1,000 people with asthma, diabetes, hypertension and congestive heart failure ²	490	Less than 490	490	Less than 475	Less than 450	Less than 425
HEDIS measure for childhood immunization ³	82%	83%	Not available	85%	87%	87%
HEDIS measure for timeliness of prenatal care ⁴	65%	78%	Not available	75%	80%	82%
Adults' access to preventive/ambulatory care services (adults aged 20-44, enrolled in health plans) ⁵	75%	80%	Not available	85%	87%	90 %
Number of referrals to the Medicaid Fraud Control Unit (MFCU)	21	25	25	25	25	25
Total recovered from provider audits (Local and Federal Funds)	\$1.3M	\$7.5M	\$5.6M	\$6.5M	\$6.5M	\$6.5M
Total recovered from Third Party Liability (TPL)	\$4.3M	\$6.5M	\$5.8M	\$7M	\$7.5 M	\$7M

HEDIS: Healthcare Effectiveness Data and Information Set

3. Health Care Policy and Planning Administration

Objective 6: Support District-wide Health Reform Initiatives.

Objective 5: Develop policies, plans and data to enable effective program administration and utilization of resources.

Health Care Policy and Planning Administration

Measure	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Number of adults in new 1115 waiver ⁶	Not Available	Not Available	Not Available	3,000	3,000	3,000

4. Health Care Delivery Management Administration

Objective 7: Improve access to high quality services and improve resource management.

Health Care Delivery Management Administration

Measure	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Number of participants in Elderly and Physically Disabled (EPD) Waiver (Year End)	2,181	2,175	2,201	2,250	2,325	2,350
Average number days to process EPD Waiver application ⁷	45 (estimate)	30	35	30	30	30
Number of participants in Developmental Disabilities Waiver (Year End)	1,327	1,300	1,345	1,300	1,300	1,310
Number of beneficiaries in out-of-state nursing facilities	178	170	190	165	160	155
Number of beneficiaries in ICF/MRs	390	370	402	350	340	330
Number of individuals moved from institutions to community	Not Available	75	60	100	120	130
Percentage Medicaid beneficiaries satisfied with their health plan ⁸	73%	75%	67%	77%	79%	80%
Number of consumers served by Ombudsman	723	4,200	3,742	4,400	4,600	4,700
Average number of days to resolve issues brought to Ombudsman	2.5 ⁹	2.5	2.87	2.0	2.0	2.0
Percentage of eligible children receiving any preventive dental services	Not Available	35%	47%	42%	50%	55%
Reported complaints (including missed/late trips) on transportation broker services, per 1,000 trips	1.48 per 1,000 trips	2.5 per 1,000 trips	1.57 per 1,000 trips	2.5 per 1,000 trips	2.0 per 1,000 trips	2.0 per 1,000 trips
Percentage of providers participating HealthCheck/ EPSDT Trainings	Not Available	Not Available	Not Available	50%	55%	70%
Number of individuals moved through MFP	Not Available	120	Not Available	140	145	150

EPSDT: Early Periodic Screening, Diagnosis, and Treatment

MFP: Money Follows the Person

ICF/MR: Intermediate Care Facilities for the Mentally Retarded

5. Health Care Operations Administration

Objective 8: Improve the efficiency of program operations.

Health Care Operations Administration

Measure	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Percent of providers paid electronically	25%	50%	31%	75%	100%	100%
Average number of days to process Medicaid provider application	Not Available	60	22	45	45	45

6. Office of Health Care Innovation

Objective 9: Expand access to high quality health care.

7. Office of the Director

Objective 1: Increase access to care for District residents.

Office of the Director

Measure	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Percentage of District residents uninsured	6.2%	9% ¹⁰	6.2%	6.2%	6 %	6%

Performance Plan Endnotes:

1. 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.
2. This measure aggregates emergency room visits and hospital admissions by individuals diagnosed with asthma, diabetes, high blood pressure, and congestive heart failure.
3. 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.
4. 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.
5. 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.
6. The District's Childless Adults Section 1115 waiver allows the District to provide Medicaid benefits to childless adults ages 21-64 with incomes above 133% to at or below 200% of the Federal Poverty Level.
7. Measured by average time between DHCF receipt of a complete Elderly Individuals and Individuals with Physical Disabilities (EPD) Waiver application and approval/denial of the application.
8. Data from The Consumer Assessment of Healthcare Providers and Systems (CAHPS) Health Plan Survey.
9. Note: Issues reported in FY 2009 were simple cases that did not require external interventions.
10. Health Insurance Coverage in the District of Columbia, Estimates from the 2009 DC Health Insurance Survey, The Urban Institute, April 2010.