
Department of Health Care Finance

<http://dhcf.dc.gov>

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Description	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	% Change from FY 2014
Operating Budget	\$2,485,477,549	\$2,747,064,828	\$2,909,706,049	5.9
FTEs	164.4	198.0	220.4	11.3

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 2015 proposed budget is presented in the following tables:

FY 2015 Proposed Gross Funds Operating Budget, by Revenue Type

Table HT0-1 contains the proposed FY 2015 agency budget compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table HT0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
General Fund						
Local Funds	667,761	727,913	714,331	716,603	2,272	0.3
Dedicated Taxes	51,939	64,500	86,307	65,829	-20,478	-23.7
Special Purpose Revenue Funds	734	960	3,634	3,632	-2	0.0
Total for General Fund	720,433	793,373	804,271	786,063	-18,208	-2.3
Federal Resources						
Federal Grant Funds	9,314	21,332	28,449	2,093	-26,357	-92.6
Federal Medicaid Payments	1,523,821	1,650,317	1,891,903	2,046,925	155,022	8.2
Total for Federal Resources	1,533,135	1,671,649	1,920,353	2,049,018	128,666	6.7
Private Funds						
Private Grant Funds	0	4	0	0	0	N/A
Total for Private Funds	0	4	0	0	0	N/A
Intra-District Funds						
Intra-District Funds	14,881	20,451	22,441	74,625	52,184	232.5
Total for Intra-District Funds	14,881	20,451	22,441	74,625	52,184	232.5
Gross Funds	2,268,449	2,485,478	2,747,065	2,909,706	162,641	5.9

*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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Full-Time Equivalents, by Revenue Type

Table HT0-2 contains the proposed FY 2015 FTE level compared to the FY 2014 approved FTE level by revenue type. It also provides FY 2012 and FY 2013 actual data.

Table HT0-2

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change
<u>General Fund</u>						
Local Funds	61.3	60.5	82.2	90.0	7.8	9.5
Dedicated Taxes	3.3	0.8	3.8	5.5	1.6	42.9
Special Purpose Revenue Funds	2.9	5.4	7.6	9.8	2.2	28.1
Total for General Fund	67.6	66.7	93.7	105.3	11.6	12.4
<u>Federal Resources</u>						
Federal Grant Funds	4.0	8.1	9.0	7.0	-2.0	-22.3
Federal Medicaid Payments	86.4	89.6	95.3	108.1	12.8	13.4
Total for Federal Resources	90.4	97.7	104.3	115.1	10.8	10.3
Total Proposed FTEs	158.0	164.4	198.0	220.4	22.4	11.3

FY 2015 Proposed Operating Budget, by Comptroller Source Group

Table HT0-3 contains the proposed FY 2015 budget at the Comptroller Source Group (object class) level compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table HT0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
11 - Regular Pay - Continuing Full Time	11,901	12,565	15,473	17,954	2,481	16.0
12 - Regular Pay - Other	691	844	1,082	920	-163	-15.0
13 - Additional Gross Pay	156	31	0	0	0	N/A
14 - Fringe Benefits - Curr Personnel	2,325	2,546	3,814	4,001	187	4.9
15 - Overtime Pay	9	16	0	0	0	N/A
Subtotal Personal Services (PS)	15,082	16,003	20,369	22,875	2,506	12.3
20 - Supplies and Materials	106	570	201	180	-21	-10.3
30 - Energy, Comm. and Building Rentals	0	162	268	233	-35	-13.0
31 - Telephone, Telegraph, Telegram, Etc.	107	151	127	165	38	29.9
32 - Rentals - Land and Structures	1,772	728	0	0	0	N/A
34 - Security Services	0	83	160	116	-43	-27.2
35 - Occupancy Fixed Costs	0	144	381	424	43	11.2
40 - Other Services and Charges	1,022	1,933	1,389	1,504	115	8.3
41 - Contractual Services - Other	40,706	65,846	69,004	61,341	-7,662	-11.1
50 - Subsidies and Transfers	2,209,476	2,399,317	2,654,922	2,822,548	167,626	6.3
70 - Equipment and Equipment Rental	179	540	244	319	75	30.7
Subtotal Nonpersonal Services (NPS)	2,253,367	2,469,475	2,726,696	2,886,831	160,136	5.9
Gross Funds	2,268,449	2,485,478	2,747,065	2,909,706	162,641	5.9

*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 Clinician, 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).

Healthcare 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 - (Rate Setting and Data Analysis)** – gathers information, analyzes data, and evaluates all activities related to multiple District-wide components of Medicaid, CHIP, the Alliance, and future health-care 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 4 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 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 Program Integrity (PI/UM/FRAUD)** – prevents, detects, and eliminates fraud, abuse, and waste by persons who provide and receive DHCF services; identifies and applies any third-party resources available for the cost of health care provided to beneficiaries; monitors utilization, including appropriateness of health care services, to ensure that appropriate care is provided to publicly funded enrollees; identifies and investigates suspected abuse by both enrollees and providers in the publicly funded programs; and ensures that DHCF funds are appropriately utilized;
- **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 proposed program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2015 Proposed Operating Budget and FTEs, by Division and Activity

Table HT0-4 contains the proposed FY 2015 budget by division and activity compared to the FY 2014 approved budget. It also provides the FY 2013 actual data.

Table HT0-4

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
(1000) Agency Management								
(1010) Personnel	399	429	676	247	4.8	3.0	6.4	3.4
(1015) Training and Development	0	29	69	40	0.0	0.0	0.0	0.0
(1020) Contracting and Procurement	626	888	905	17	2.8	5.0	5.0	0.0
(1030) Property Management	1,474	1,491	1,836	345	3.7	4.0	5.0	1.0
(1040) Information Technology	8,641	742	789	46	7.5	5.0	5.0	0.0
(1055) Risk Management	2	0	0	0	0.0	0.0	0.0	0.0
(1060) Legal	526	589	843	254	0.0	0.0	0.0	0.0
(1070) Fleet Management	28	13	5	-8	0.9	0.0	0.0	0.0
(1080) Communications	176	452	547	95	1.8	2.0	2.0	0.0
(1085) Customer Service	1,028	1,430	1,603	173	5.9	9.0	14.0	5.0
(1087) Language Access	164	5	2	-4	0.0	0.0	0.0	0.0
(1090) Performance Management	10,054	3,041	6,456	3,415	16.2	21.0	24.0	3.0
Subtotal (1000) Agency Management	23,118	9,111	13,731	4,620	43.5	49.0	61.4	12.4
(100F) Agency Financial Operations								
(110F) Budgeting Operations	350	403	464	61	3.9	4.0	4.0	0.0
(120F) Accounting Operations	3,745	4,330	4,401	71	8.8	9.0	9.0	0.0
(140F) Agency Fiscal Officer	278	257	280	22	1.8	2.0	2.0	0.0
Subtotal (100F) Agency Financial Operations	4,373	4,991	5,145	155	14.5	15.0	15.0	0.0
(2000) Health Care Delivery Management								
(2001) Chronic and Long Term Care	7,331	17,173	0	-17,173	25.1	34.0	0.0	-34.0
(2002) Managed Care Management	4,254	3,998	4,811	813	6.4	10.0	11.0	1.0
(2003) Preventive and Acute Care	1,583	1,081	1,375	295	3.7	4.5	5.5	1.0
(2004) Division of Quality and Health Outcomes	4,497	1,152	907	-245	3.7	4.0	4.0	0.0
(2007) Division of Clinician, Rx and Acute Provider Services	762	6,730	6,341	-389	5.7	5.5	5.5	0.0
(2010) Health Care Delivery Management Support Services	2,308	301	281	-21	1.8	2.0	2.0	0.0
Subtotal (2000) Health Care Delivery Management	20,735	30,435	13,715	-16,721	46.5	60.0	28.0	-32.0
(200L) Long-Term Care								
(201L) Long-Term Care Support Services	0	0	9,407	9,407	0.0	0.0	10.0	10.0
(202L) Division of Elders and Persons with Physical Disabilities	0	0	1,628	1,628	0.0	0.0	22.5	22.5
(203L) Division of Special Needs Population	0	0	875	875	0.0	0.0	8.5	8.5
Subtotal (200L) Long-Term Care	0	0	11,911	11,911	0.0	0.0	41.0	41.0

(Continued on next page)

Table HT0-4 (Continued)

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
(3000) Health Care Policy and Planning								
(3001) Policy Unit Management	333	535	616	81	3.7	6.0	7.0	1.0
(3003) Data Analysis	385	493	535	42	5.5	5.0	5.0	0.0
(3004) Member Management	249	395	340	-55	3.7	4.0	4.0	0.0
(3010) Health Care Policy and Planning Support	942	500	863	363	2.8	3.0	3.0	0.0
Subtotal (3000) Health Care Policy and Planning	1,909	1,923	2,355	432	15.6	18.0	19.0	1.0
(5000) Health Care Finance								
(5001) Medicaid Provider Payment	2,333,523	2,571,077	2,742,543	171,466	0.0	2.0	0.0	-2.0
(5002) Medicaid Public Provider Payments	20,342	22,867	16,215	-6,652	0.0	0.0	0.0	0.0
(5003) Alliance Provider Payments	34,159	39,894	50,235	10,341	0.0	0.0	0.0	0.0
Subtotal (5000) Health Care Finance	2,388,025	2,633,838	2,808,993	175,155	0.0	2.0	0.0	-2.0
(6000) Health Care Operations								
(6001) Medicaid Information Systems	22,129	34,742	32,118	-2,624	15.3	17.0	17.0	0.0
(6005) Division of Program Integrity (PI/UM/Fraud)	1,479	2,508	2,190	-318	14.9	16.0	16.0	0.0
(6006) Division of Public and Private Provider Services	916	1,847	2,105	258	8.3	9.0	11.0	2.0
(6010) Health Care Operations Support	4,395	409	265	-144	2.8	3.0	3.0	0.0
Subtotal (6000) Health Care Operations	28,919	39,507	36,679	-2,828	41.2	45.0	47.0	2.0
(8000) Health Care Reform and Innovation								
(8001) Health Insurance Exchange	17,220	21,299	0	-21,299	0.0	2.0	0.0	-2.0
(8002) Affordable Care Reform and Grants Development	1,131	108	16,998	16,890	0.0	1.0	8.0	7.0
(8010) Health Care Reform and Innovative Support Services	49	5,852	179	-5,673	3.1	6.0	1.0	-5.0
Subtotal (8000) Health Care Reform and Innovation	18,399	27,260	17,177	-10,082	3.1	9.0	9.0	0.0
Total Proposed Operating Budget	2,485,478	2,747,065	2,909,706	162,641	164.4	198.0	220.4	22.4

(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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Budget Changes

The Department of Health Care Finance's (DHCF) proposed FY 2015 gross budget is \$2,909,706,049, which represents a 5.9 percent increase over its FY 2014 approved gross budget of \$2,747,064,828. The budget is comprised of \$716,602,825 in Local funds, \$65,828,516 in Dedicated Taxes, \$2,092,662 in Federal Grants funds, \$2,046,925,408 in Federal Medicaid Payments, \$3,631,824 in Special Purpose Revenue funds, and \$74,624,814 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 2014 approved budget across multiple divisions, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The FY 2015 CSFL adjustments to the FY 2014 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 2015 CSFL budget is \$745,335,007, which represents a \$31,003,941, or 4.3 percent, increase over the FY 2014 approved Local funds budget of \$714,331,066.

CSFL Assumptions

The FY 2015 CSFL calculated for DHCF included adjustment entries that are not described in detail on table 5. These adjustments were made for increases of \$392,657 in personal services to account for Fringe Benefit costs based on trend and comparative analyses and the impact of cost-of-living adjustments implemented in FY 2013, and \$503,639 in nonpersonal services based on the Consumer Price Index factor of 2.4 percent.

DHCF's CSFL funding for the Medicaid Growth Factor reflects an adjustment for an increase of \$30,125,502 to account for a District's FY 2015 Medicaid growth rate of 4.4 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, 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 Individuals with Developmental Disabilities (ID/DD) and the Elderly and Physically Disabled (EPD) waivers. These adjustments also include locally funded programs, such as the Immigrant Children and the D.C. Health Care Alliance.

Additionally, adjustments were made for a net decrease of \$17,857 for the Fixed Costs Inflation Factor based on estimates received from the Department of General Services (DGS).

Agency Budget Submission

Even as the nation's health care financing landscape continues to evolve, especially in the past six years, DHCF has remained consistent in providing fiscal management that has continued to facilitate the District's investment in the health care of its citizens. Over this period of time, several factors have significantly impacted health care funding at federal and local levels. Key among these factors is a high unemployment rate that greatly expanded the population in need of public assistance of various sorts. DHCF successfully guided the District to navigate through the financially turbulent period of the enactment of the American Recovery and Reinvestment Act (ARRA) of 2009, its expiration in December 31, 2010, and its extension through June 30, 2011. The agency has also continued to provide fiscal leadership that enabled the District to leverage the benefits of the broad goals of the Patient Protection and Affordable Care Act (ACA) of 2010.

Overall, the FY 2015 budget proposal consolidates the gains of prior year budgets, continues to maximize leveraging of federal funding, and focuses on targeted cost savings that partially offsets projected increases in Medicaid provider payments and DHCF's operational costs. As in prior years, this budget encapsulates an

operational paradigm that continuously explores every possible means to ensure that District residents have unrestricted access to comprehensive, cost-effective, and quality health care services, notwithstanding the ongoing growth in service utilization. To this end, DHCF proposes a number of adjustments in the allocation of available resources, the key elements of which are summarized below.

Increase: After the fiscal year 2014 budget was approved, DHCF created the Long-Term Care division. In FY 2015, this new division is allocated an additional \$5,387,002 and 17.2 FTEs in Local funds to reflect increased focus on long-term care. This amount includes \$5,132,701 and 13.2 FTEs redirected from the Health Care Delivery Management division.

Various components of DHCF's administrative functions are budgeted in the Agency Management program, which includes training and development, contracting and procurement, Information Technology, risk management, legal services, fleet management, and customer services. To ensure the efficient operation of these administrative functions, DHCF proposes a budget increase of \$1,041,997 and 1.2 FTEs in Local funds. Included in this adjustment is \$20,884 that aligns the budget with the FY 2015 Fixed Costs projections from DGS.

In FY 2015, DHCF proposes a budget increase of \$824,955 in Local funds for the Health Care Operations division. Operational functions overseen by this division includes Claims Management, Program Integrity, Public and Private Provider Services, and Health Care Operations Support. The proposed budget adjustment for this division also supports 1.1 FTEs in additional staffing.

The Health Care Policy and Planning division includes Regulations and Policy Management, Data Analysis, Eligibility Policy, and Health Care Policy Research Support. DHCF estimates an additional amount of \$234,517 in the Local funds budget to effectively run the operations of this division. The additional funding supports 0.6 FTE in additional staffing as well as projected salary steps and Fringe Benefits costs.

In Dedicated Taxes, FY 2015 revenue projections account for increases of \$6,122,915 and 1.7 FTEs in the budget for the Healthy DC Fund, \$1,001,298 for the Nursing Homes Quality of Care Fund, and \$313,292 for the Stevie Sellows Quality Improvement Fund. DHCF projects a budget increase of \$136,895,502 in Federal Medicaid Payments based on federal matching to District's expenditures of local resources on Medicaid-eligible healthcare services in the agency budget submission.

In Special Purpose Revenue (SPR) funds, an increase of \$233,028 is related to revenue projections for the Bill of Rights (Grievance and Appeals) fund account. In Intra-District funds, a proposed budget increase of \$51,267,532 accounts for the Local match of the DD waiver from the Department on Disability Services. DHCF also proposes an increase of \$916,073 based on a Memorandum of Understanding (MOU) agreement with the Department of Behavioral Health (DBH). This MOU provides funding to support DBH's Mental Health Rehab Option program.

Decrease: As stated earlier, the budget proposed in Local funds includes strategic cost savings that enable DHCF to fully support its core functions. A reduction of \$305,349 and 0.6 FTE reflects cost savings in Local funds in the Agency Financial Operations division due to DHCF's effective leveraging of federal Medicaid funding to cover operational costs. Significant cost savings projected in the operations of other divisions include reductions of \$944,544 in the Health Care Finance division and \$1,105,877 and 0.6 FTE in the Health Care Reform and Innovation division, which was the Local match for the Health Information Exchange grant that expired in FY 2014. A reduction of \$5,132,701 and 13.2 FTEs in the Health Care Delivery Management division reflects reallocation of this division's resources to the Long-Term Care division.

In Dedicated Taxes, DHCF's projects no revenues for the DC Provider Fee, which expires September 30, 2014. Consequently, the budget for this fund account reflects a reduction of \$12,835,492. The Hospital bed tax is an assessment of \$3,788 per licensed bed on hospitals operating in the District. Revenues from the assessment are dedicated to the Hospital Fund, a non-lapsing fund that is used to fund Medicaid services. The District appropriated Dedicated Taxes in DHCF's FY 2014 approved budget based on revenue projections for the Hospital bed tax. However, the bed tax expires September 30, 2014, which results in a decrease of \$15,080,000.

In Federal Grant funds the budget is decreased by \$1,761,301 to account for ARRA-related grant funding that is no longer available in FY 2015. Similarly, a decrease of \$24,595,501 primarily accounts for ACA-related grants that terminate in FY 2014. DHCF proposes a decrease of \$14,767 in SPR funds to align the budget with FY 2015 revenue projections. As part of the requirements of the ACA, the Medicaid Recovery Audit Contractor (RAC) was established in FY 2013 as an SPR fund account. Due to lower revenue projections for the RAC fund in FY 2015, the budget is decreased by \$219,948.

Transfer Out: In prior fiscal years, DHCF collaborated with the Department on Disability Services (DDS) in the implementation and oversight of the federal waiver program that allows substantial extended state plan and additional services to be provided to individuals with intellectual disabilities (ID) or developmental disabilities (DD) in community settings as opposed to institutional settings. However, the budget for this program had so far resided in DHCF. Though the ongoing collaboration continues in FY 2015, the budget for DHCF in Local funds is proposed for a reduction of \$51,267,532 to account for the transfer of the functions regarding DD-related waiver services from DHCF to DDS. The corresponding federal Medicaid funding will continue to reside in DHCF in FY 2015.

Technical Adjustment: Personal Care Aides (PCAs) provide services in the District's Medicaid program to approximately 7,000 beneficiaries annually. Services provided by PCAs include assistance with bathing, dressing, eating, mobility, and other activities of daily living. These services are provided either in the home or often through community-based State Plan waiver programs. In order to upgrade the earnings of PCAs to the living wage, a budget increase of \$7,359,852 is proposed in Local funds. Other budget adjustments in Local funds include increases of \$3,639,373 based on projections for the health insurance provider fee, and \$171,390 to annualize funding for 2.0 FTEs in FY 2015.

Mayor's Proposed Budget

Enhance: The Local funds budget is increased by \$15,080,000 to replace all of the funds associated with the loss of revenue from the Hospital Fund. While the District's Medicaid program pays one of the highest inpatient reimbursement rates in the United States, for outpatient care it pay hospitals, on average, about 47 percent of the cost. The District plans to mitigate the impact of its low payment rate for outpatient care in FY 2015 by a budget increase of \$6,000,000 in Local funds. The additional funding enables DHCF to raise its rate for hospital outpatient payment from 47 to approximately 77 percent.

All providers of health insurance in the District of Columbia, including Managed Care Organizations (MCO) that contract with DHCF, will be surcharged a 1-percent tax that supports the D.C. Health Benefit Exchange Authority. In order to facilitate this arrangement, DHCF specifically plans to revise MCO rates that the parties already agreed to, and this proposal increases the budget in Local funds by \$2,728,951.

The DC Medicaid program covers pre-approved hospital and physician expenses for organ transplantation procedures pertaining to liver, heart, kidney, and allogeneic bone marrow transplantations. In view of DHCF's plan to expand Medicaid coverage to include lung and autologous bone marrow transplants in FY 2015, the budget in Local funds is allocated an additional funding in the amount of \$2,506,440.

The District's hospital turnaround contract for United Medical Center (UMC), which was awarded to Huron Healthcare, is a two-year, \$12.7 million contract. The project was initiated to address UMC's operational and financial management issues that were identified by McGladrey LLP in a 2011 assessment of the hospital. The FY 2015 budget in Local funds provides a one-time funding allocation of \$1,143,494 to enable DHCF to continue the UMC sustainability contract with Huron in FY 2015.

DHCF proposes to better integrate primary care services with developmental, behavioral, and oral health services for children to improve health outcomes. DHCF will review and overhaul how the children's health benefit and Early Periodic Screening, Diagnosis and Treatment (EPSDT) is coded, reimbursed, documented, and implemented. As a result, DHCF anticipates increased utilization of services, and therefore proposes to increase the budget in Local funds by \$866,609 to support this initiative.

Adjustments in the budget proposal for Federal Medicaid payments continue to reflect DHCF's projections of federal Medicaid reimbursement matched to utilization of Local funds, Dedicated Taxes, and Special Purpose Revenue funds for eligible services. The corresponding adjustments in Federal Medicaid Payments are reflected as a total increase of \$20,426,831 in projected federal Medicaid match to the increases in Local funds in the Mayor's proposed budget.

Reduce: Projected savings achieved in the Local funds budget include reductions of \$5,660,000, which is attributable to projected savings realized from rate adjustments for MCO services and the HCSN. In anticipation of the impact of reduced utilization of PCA services, the budget in Local funds is decreased by \$10,300,759.

District's Proposed Budget

The Local funds budget decreased by \$1,000,000 due to a reduction in funding for Medicaid provider payments. This adjustment is based on projected cost savings derived from variances in claims data after reconciliation with actual cost reporting for certain providers. The corresponding adjustment in Federal Medicaid Payments is reflected as a decrease of \$2,300,000 in projected federal Medicaid funds.

FY 2014 Approved Budget to FY 2015 Proposed Budget, by Revenue Type

Table HT0-5 itemizes the changes by revenue type between the FY 2014 approved budget and the FY 2015 proposed budget.

Table HT0-5
(dollars in thousands)

DESCRIPTION	DIVISION	BUDGET	FTE
LOCAL FUNDS: FY 2014 Approved Budget and FTE		714,331	82.2
Other CSFL Adjustments	Multiple Programs	31,004	0.0
LOCAL FUNDS: FY 2015 Current Services Funding Level Budget (CSFL)		745,335	82.2
Increase: To align budget with operational goals	Long-Term Care	5,387	17.2
Increase: To align resources with operational goals	Agency Management	1,042	1.2
Increase: To align resources with operational goals	Health Care Operations	825	1.1
Increase: To align resources with operational goals	Healthcare Policy and Planning	235	0.6
Decrease: To streamline operational efficiency	Agency Financial Operations	-305	-0.6
Decrease: To streamline operational efficiency	Health Care Finance	-945	0.0
Decrease: To streamline operational efficiency	Health Care Reform and Innovation	-1,106	-0.6
Decrease: To streamline operational efficiency	Health Care Delivery Management	-5,133	-13.2
Transfer Out: Transfer of DDS Waiver budget from DHCF to DDS	Health Care Finance	-51,268	0.0
Technical Adjustment: Living wage increase for PCA and EPD programs	Health Care Finance	7,360	0.0
Technical Adjustment: Health insurance provider fee	Health Care Finance	3,639	0.0
Technical Adjustment: To support and annualize costs of existing programmatic initiatives	Agency Management	171	2.0
LOCAL FUNDS: FY 2015 Agency Budget Submission		705,238	90.0
Enhance: Replace bed tax with Local funds	Health Care Finance	15,080	0.0
Enhance: Raise hospital outpatient rate from 47 to 77 percent	Health Care Finance	6,000	0.0
Enhance: To increase the MCO rates in order to pay the 1-percent tax that will support the Health Benefit Exchange Authority	Health Care Finance	2,729	0.0
Enhance: Update Medicaid transplant coverage	Health Care Finance	2,506	0.0
Enhance: Continue existing contract with Huron for United Medical Center sustainability plan (one-time)	Health Care Finance	1,143	0.0
Enhance: Incentives for Early Periodic Screening, Diagnosis, and Treatment (EPSDT)	Health Care Finance	867	0.0
Reduce: Savings realized in the MCO rates and HCSN rates	Health Care Finance	-5,660	0.0
Reduce: Savings realized in the PCA rates	Health Care Finance	-10,301	0.0
LOCAL FUNDS: FY 2015 Mayor's Proposed Budget		717,603	90.0
Reduce: Funding for Medicaid Provider payments	Health Care Finance	-1,000	0.0
LOCAL FUNDS: FY 2015 District's Proposed Budget		716,603	90.0

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

DESCRIPTION	DIVISION	BUDGET	FTE
DEDICATED TAXES: FY 2014 Approved Budget and FTE		86,307	3.9
Increase: To align budget with projected revenues for the Healthy DC Fund	Multiple Programs	6,123	1.7
Increase: To align budget with projected revenues for the Nursing Homes Quality of Care Fund	Multiple Programs	1,001	0.0
Increase: To align budget with projected revenues for the Stevie Sellows Fund	Multiple Programs	313	0.0
Decrease: To align budget with projected revenues for the DC Provider Fee	Multiple Programs	-12,835	0.0
Decrease: To align budget with projected revenues for the Hospital Bed - Assessment Tax	Health Care Finance	-15,080	0.0
DEDICATED TAXES: FY 2015 Agency Budget Submission		65,829	5.5
No Change		0	0.0
DEDICATED TAXES: FY 2015 Mayor's Proposed Budget		65,829	5.5
No Change		0	0.0
DEDICATED TAXES: FY 2015 District's Proposed Budget		65,829	5.5
FEDERAL GRANT FUNDS: FY 2014 Approved Budget and FTE		28,449	9.0
Decrease: To align budget with Health Information Exchange ARRA grant	Multiple Programs	-1,761	-1.0
To align budget with Health Exchange ACA grant	Multiple Programs	-24,596	-1.0
FEDERAL GRANT FUNDS: FY 2015 Agency Budget Submission		2,093	7.0
No Change		0	0.0
FEDERAL GRANT FUNDS: FY 2015 Mayor's Proposed Budget		2,093	7.0
No Change		0	0.0
FEDERAL GRANT FUNDS: FY 2015 District's Proposed Budget		2,093	7.0
FEDERAL MEDICAID PAYMENTS: FY 2014 Approved Budget and FTE		1,891,903	95.3
Increase: To align budget with projected federal Medicaid reimbursements	Multiple Programs	136,896	12.8
FEDERAL MEDICAID PAYMENTS: FY 2015 Agency Budget Submission		2,028,799	108.1
Enhance: To align budget with projected federal Medicaid reimbursements	Health Care Finance	20,427	0.0
FEDERAL MEDICAID PAYMENTS: FY 2015 Mayor's Proposed Budget		2,049,225	108.1
Reduce: To align budget with projected federal Medicaid reimbursements	Health Care Finance	-2,300	0.0
FEDERAL MEDICAID PAYMENTS: FY 2015 District's Proposed Budget		2,046,925	108.1
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Approved Budget and FTE		3,634	7.7
Increase: To align budget with projected revenues for the Bill of Rights (Grievance and Appeals)	Agency Management	233	0.0
Decrease: To align budget with projected revenues for the Medicaid Collections - Third-Party Liability	Health Care Operations	-15	0.0
Decrease: To align budget with projected revenues for the Medicaid Recovery Audit Contractor	Health Care Operations	-220	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Agency Budget Submission		3,632	9.8
No Change		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Mayor's Proposed Budget		3,632	9.8
No Change		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2015 District's Proposed Budget		3,632	9.8

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

DESCRIPTION	DIVISION	BUDGET	FTE
INTRA-DISTRICT FUNDS: FY 2014 Approved Budget and FTE		22,441	0.0
Increase: To provide Local match for DD waiver	Health Care Finance	51,268	0.0
Increase: To align budget with projected revenues	Health Care Finance	916	0.0
INTRA-DISTRICT FUNDS: FY 2015 Agency Budget Submission		74,625	0.0
No Change		0	0.0
INTRA-DISTRICT FUNDS: FY 2015 Mayor's Proposed Budget		74,625	0.0
No Change		0	0.0
INTRA-DISTRICT FUNDS: FY 2015 District's Proposed Budget		74,625	0.0
Gross for HT0 - Department of Health Care Finance		2,909,706	220.4

(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 2015:

Office of the Director

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

KEY PERFORMANCE INDICATORS

Office of the Director

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 Actual	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Number of consumers served by Ombudsman	3,960	3,600	3,528	3,700	3,700	3,800
Percent of closed/resolved cases among Office of the Health Care Ombudsman Bill of Rights' consumers	98.4%	90%	94%	95%	95%	95%
Percent of commercial cases overturned	77%	78%	68%	80%	80%	80%

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 2012 Actual	FY 2013 Target	FY 2013 Actual	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Number of adults in 1115 Childless Adults Waiver	3,725	4,167	4,716	5,453	6,190	0 ¹
Number of adults enrolled in the Medicaid Emergency Psychiatric Demonstration	Not Available	Not Available	Not Available	235	235	0 ²

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 2012 Actual	FY 2013 Target	FY 2013 Actual ³	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Percent of Medicaid beneficiaries satisfied with their health plan	74.2%	80%	TBD	81%	82%	83%
Percent of children (age 3+) receiving preventive dental services	52%	58%	TBD	60%	62%	64%
Reported complaints on transportation broker services per 1,000 trips (includes missed/late trips)	2.1/1,000 trips	1.7/1,000 trips	TBD	2.0/1,000 trips	1.9/1,000 trips	1.8/1,000 trips
(Quality Improvement Initiative) Adverse Perinatal Outcomes per 1,000 pregnancies and infants	180	<200	TBD	<195	<190	<185
(Quality Improvement Initiative) Adverse Chronic Disease Outcomes per 1,000 people with asthma, diabetes, hypertension, congestive heart failure	3,678	<342	TBD	<340	<335	<330
Healthcare Effectiveness Data and Information Set measures for childhood immunization	79.8%	87%	TBD	88%	89%	90%
Healthcare Effectiveness Data and Information Set measures for timeliness of prenatal care	68.1%	82%	TBD	83%	84%	85%
Adult access to preventive, ambulatory care services (adults 20-44, enrolled in health plans)	72.9%	88%	TBD	89%	90%	91%
Number of individuals moved from institutions into the community (Money Follows the Person Program)	24	60	24	60	60	60

Health Care Operations Administration

Objective 1: Improve the efficiency of program operations.

Objective 2: Strengthen program integrity.

KEY PERFORMANCE INDICATORS

Health Care Operations Administration

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 Actual	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Percent of providers paid electronically	36.9%	45%	38.7%	60%	80%	70%
Average time to process Medicaid provider application	40 days	35 days	30.5 days	30 days	30 days	30 days
Number of referrals to the Medicaid Fraud Control Unit	5	20	15	20	20	20
Total dollars recovered from Third-Party Liability (in millions)	\$6.13M	\$6M	\$3.5M	\$4M	\$3M	\$2M

Health Care Reform and Innovation Administration

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

Objective 2: Implement Health Care Reform and increase the number of District residents with health insurance (One City Action Plan Indicator 3G).

KEY PERFORMANCE INDICATORS

Health Care Reform and Innovation Administration

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 Actual	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Number of direct subscribers	Not Available	Not Available	150	225	350	400
Number of active direct users	Not Available	Not Available	50	70	90	110
Number of providers issued Medicaid EHR incentive payments	Not Available	Not Available	400	450	500	550
Percent of District residents insured	94%	94%	Not Available ⁴	95%	95%	96%
Number of hospitals connected to HIE	Not Available	Not Available	Not Available	8	8	8
Number of providers transmitting public health data in electronic format to DOH	Not Available	Not Available	Not Available	50	100	150

Performance Plan Endnotes:

¹The 1115 Childless Adults Waiver is scheduled to end in FY 2016.

²Three-year demonstration project scheduled to end FY 2015.

³Year-to-date data is not available until October of FY 2014.

⁴Ibid.