

*Updated April 27, 2012*

## **THE DISTRICT OF COLUMBIA'S HEALTHCARE ALLIANCE**

### **Overview**

The District of Columbia funds a unique public insurance program called the DC HealthCare Alliance (Alliance). The program, which was started in 2001 when the DC General Hospital was closed, offers healthcare services for low-income DC residents who are uninsured and not eligible for other public health insurance programs such as Medicaid or Medicare<sup>i</sup>. The DC HealthCare Alliance program operates similarly to DC's Medicaid program, however there are some key differences in the eligibility, benefits provided, and funding of the program.<sup>ii</sup>

This policy brief provides information on the District's Alliance program and also identifies two key issues currently facing the program.

- The Alliance currently does not provide coverage for mental health services.
- Enrollment in the program has declined in recent years, because thousands of Alliance participants were shifted to Medicaid after adoption of federal health reform legislation. As the Alliance becomes a much smaller program, a large share of participants are undocumented immigrants, there are concerns about its sustainability. This concern has been exacerbated with the Mayor's most recent proposed budget in which the Alliance faced the deepest cuts.

### **Population Served by the Healthcare Alliance**

The Alliance program serves low-income District residents who have no other health insurance and are not eligible for either Medicaid or Medicare.<sup>iii</sup>

Participants must have an income that is below 200 percent of the federal poverty level or roughly \$21,780 for a single individual. In addition, participants cannot have belongings and savings that are greater than \$4,000 in value. (This number rises to \$6,000 for couples and families.)<sup>iv</sup>

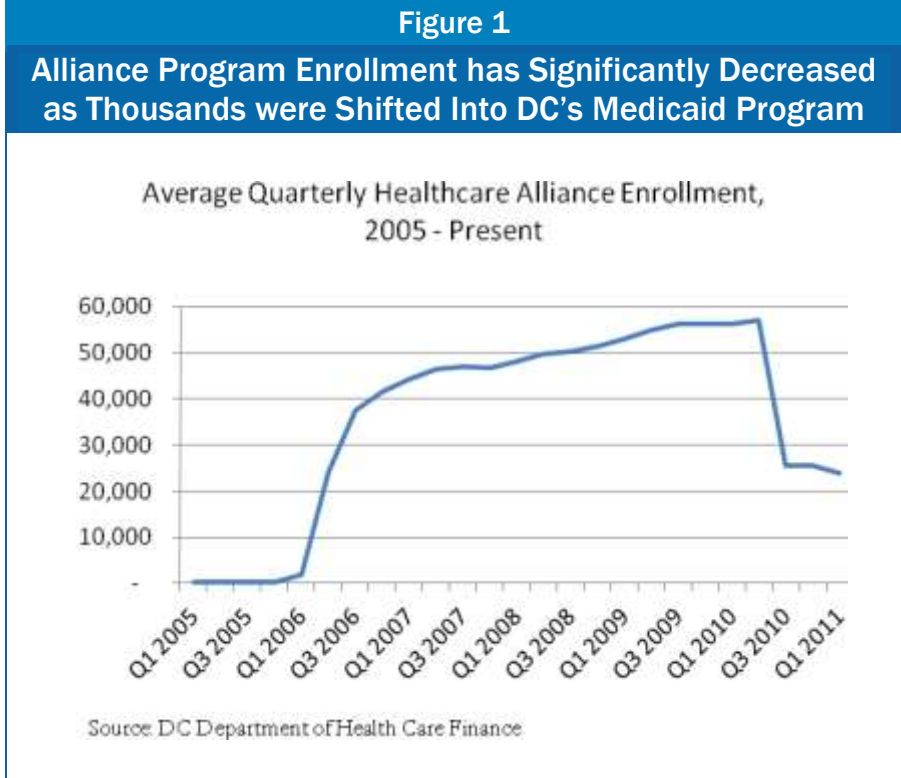
Participants in the Alliance program, unlike in Medicaid, do not have to be U.S. citizens to be eligible for the program. They do however, have to prove DC residency.

Enrollment in the DC HealthCare Alliance program rose steadily through 2009, but declined significantly in 2010 (see Figure 1). This is due largely to the fact that many 34,000 Alliance participants were shifted into DC's Medicaid program when Medicaid eligibility was expanded under the passage of the Affordable Care Act (ACA) —federal health reform legislation that was passed in 2010.<sup>v</sup> Since 2009, enrollment in the Alliance has fallen from its peak of 55,000 enrollees

to approximately 24,000 in the first four months of 2011, a drop of nearly 60 percent.

### Service Provided by the Healthcare Alliance

Under the DC HealthCare Alliance, doctors, hospitals, and managed care organizations are reimbursed for the health care services they provide to Alliance participants. The Alliance does not allow providers to charge co-payments for Alliance services.



There is a broad array of services covered in the DC Healthcare Alliance, including preventive care, prescription drugs, dental services, immunizations, hospital care, and emergency care. A proposal in the FY 2013 budget would eliminate hospital and emergency room coverage.<sup>vi</sup>

The services covered under the Alliance are similar, but not as comprehensive as those provided under DC's Medicaid program. One notable distinction is the lack of coverage for mental health services in the Alliance. Currently, only Alliance participants with severe mental health needs can seek treatment from the Department of Mental Health. Those without severe mental health illnesses can seek care from federally qualified health centers, but this is uncompensated care.

This creates a disjointed system of care for Alliance members, making it more difficult for those who need mental health services to receive them.

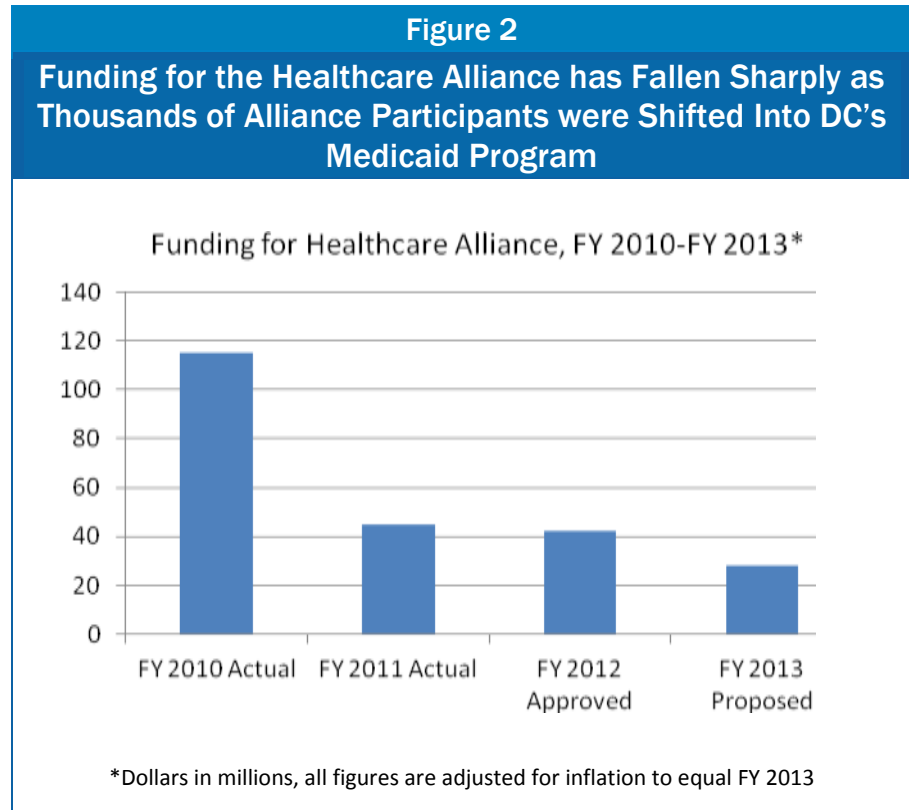
### Funding for the Healthcare Alliance

Unlike Medicaid, in which the federal government pays for a share of the total costs, the Healthcare Alliance is funded solely with local dollars. As noted, the federal health reform law adopted in 2010 allowed DC to move many Alliance participants to Medicaid, giving participants access to a more comprehensive package of services and allowing the city to rely more on federal funds for health care. As a result of that shift, the budget for the Alliance has decreased considerably.<sup>vii</sup> The FY 2012 budget for the Alliance is \$41 million, a fall of nearly 70 percent, from the FY 2009 expenses of \$130 million.

A portion of the reduced spending on the Alliance reflects cuts to the program. The FY 2012 budget includes a savings of \$12 million by requiring Alliance participants to undergo a face-to-face eligibility recertification every 6 months compared with annual recertifications in prior years. DC's Department of Health Care Finance (DHCF), who manages the Alliance program, expects that this will remove nearly 5,000 current enrollees, or 20 percent of the caseload, from the program. Some of the caseload drop would be due to shifting

participants into Medicaid, but some of the reduction would be due to people cut off from the program. Research suggests that changes to eligibility processes for public benefit programs that make it harder for potential participants to apply or maintain benefits often result in drops in participation, even among those who are eligible.

In the mayor's proposed FY 2013 budget, the program's funding will be further reduced so that it will only cover primary and preventive care. The Alliance will see a \$23 million dollar cut as a result.



## Current Issues Facing the Healthcare Alliance

There are two major issues currently affecting DC's Alliance program:

- Lack of mental health services
- Long-term sustainability of the program

**Mental Health Services:** The services provided under the Alliance notably lack coverage for mental health services. This represents a significant gap in covered services for the Alliance population. Those without severe mental illness cannot access assessments, outpatient therapy, or medication through the program. If Alliance members are to receive any treatment, they must seek resources from Federally Qualified Health Centers. By national prevalence standards, at least 10 percent of Alliance members have a need for at least basic mental health services. Reduced access to

mental health care means increased expenses. For example, people with untreated depression will visit an emergency room seven times more than the average population.<sup>viii</sup>

**Sustainability:** The Alliance now has only around 24,000 enrollees, a drop of 32,400, or 57 percent, since the program's peak in 2009.<sup>ix</sup> Since the District has moved nearly all Alliance participants that are eligible for Medicaid out of the program, most of the remaining population in the Alliance consists of undocumented DC residents that are not eligible for the Medicaid program. There is concern that in tight budget times, this program could be vulnerable to significant cuts.

In FY 2012, the District implemented a new plan requiring every participant in the to participate in a face-to-face recertification every 6 months. Previously, participants were required to certify once a year. With a largely undocumented population enrolled in Alliance, there are concerns that participants may not receive adequate notice of the new recertification process because of language barriers and lose their coverage despite being eligible for the program. This could result in safety net health clinics taking on more of the cost of providing uncompensated services for those who could be eligible for coverage. The recertification change is expected to reduce the number of participants by 5,000, in part because some eligible residents will fall through the cracks.

With drastic decreases in both enrollment and funding in the past few years, and further efforts to decrease enrollment, the future of the District's Healthcare Alliance is uncertain. For example, Mayor Gray's proposed budget for Fiscal Year 2013 would eliminate hospital coverage from the Alliance, a cut of \$23 million. While it is hoped that many participants will continue to receive hospital care, funded by resources hospitals receive from the city to serve uninsured residents, it is likely that this cut in benefits will limit access to needed hospital care for many Alliance participants.

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<sup>i</sup> For more information on the overall Medicaid program, see the Center for Budget and Policy Priorities Medicaid factsheet - <http://www.cbpp.org/files/policybasics-medicaid.pdf>

<sup>ii</sup> For more information on the District's Medicaid program, see DCFPI's factsheet at - ...

<sup>iii</sup> District of Columbia Department of Health Care Finance, "What You Need to Know: D.C. Medicaid and Alliance," May 2011, [http://dhcf.dc.gov/dhcf/frames.asp?doc=/dhcf/lib/dhcf/pdf/dc\\_medicaid\\_and\\_alliance\\_eligibility\\_factsheet.pdf](http://dhcf.dc.gov/dhcf/frames.asp?doc=/dhcf/lib/dhcf/pdf/dc_medicaid_and_alliance_eligibility_factsheet.pdf)

<sup>iv</sup> Ibid.

<sup>v</sup> For more information on the Affordable Care Act, visit <http://www.healthcare.gov/>

<sup>vi</sup> Ibid.

<sup>vii</sup> DC Fiscal Policy Institute, "What's in the Proposed FY 2012 Budget for Health Care?" May 2011, <http://www.dcfpi.org/wp-content/uploads/2011/04/Health-Care-Toolkit.pdf>

<sup>viii</sup> District of Columbia Behavioral Health Association. "Issue Brief: Impact of Health Care Reform on the District's Medicaid Mental Health Programs." June 2010.

<sup>ix</sup> Data requested from District of Columbia's Department of Health Care Finance