DC Fiscal Policy Institute

Updated May 28, 2010

What's in the FY 2011 Budget for Health Care?

The FY 2011 budget for health care — from the Department of Health Care Finance, the Department of Health, and the Department of Mental Health — totals $2.6 billion in federal and local funds. This is an increase of four percent from FY 2010, after adjusting for inflation, and in large part reflects a continued increase in enrollment in health care programs due to the weak economy. Unless noted, all figures in this analysis are adjusted for inflation to equal FY 2011 dollars.) Local funding for health care in FY 2011 will be $821 million, an increase of $8 million, or one percent. The increase in local funds reflects, in part, the need to replace expiring federal Recovery Act funds, which increased the federal share of Medicaid expenses in FY 2010 and three quarters of 2011.

This increase in health funds will allow the District fully support the expected rising health care caseloads due to the economic recession, but the increase in funds is not enough to support the overall growth in health care expenses in the District. The FY 2011 budget also cuts or freeze health care provider reimbursement rates in FY 2011, for both physical health and mental health providers. The cuts and freezes in reimbursement rates total $50 million.

In addition, the budget includes new fees and taxes on hospitals, managed care organizations, and intermediate care facilities to raise additional revenue, mainly for re-investments into health care.

The passage of national health care reform will lead to many changes to DC's health care system, including expanding eligibility for the Medicaid

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- The proposed gross FY 2011 budget for health care in the District was $2.6 billion in federal and local funds. This represents an increase of four percent over the gross budget for FY 2010. Total local funds are $840 million, a five percent increase over the FY 2010 budget.
- Proposed local funds for the Department of Health and Department of Mental Health are down five percent and 13.5 percent, respectively.
- DC will take advantage of an opportunity to opt-in early to health care reform and move nearly 35,000 DC residents from the Alliance program into Medicaid.

COUNCIL COMMIITTEE MARK-UP, MAY 12th

- The Committee made several changes to the overall budget for health care, resulting in a $15 million decrease to the health care budget. The majority of the reduction comes from lower expected enrollment growth in health care programs and additional savings from health care reform.

FINAL COUNCIL VOTE, MAY 26th

- The Council directed each Committee to find additional 1.5 percent cuts to help fund a list of additional priorities. The Committee on Health indentified additional savings within the Department of Health Care Finance ($4 million) by further lowering the expected growth in health care program enrollment.

program. While states are not required to expand coverage until 2014, the District is taking advantage of an opportunity to opt-in early and will move tens of thousands of DC residents from the locally funded Health Care Alliance program into Medicaid in FY 2011. This move should result in better benefits for DC residents and millions in savings for DC.

Local funding for health care in the final budget — $821 million — is about $20 lower than the amount in the Mayor's proposed budget. The Council reduced the local funds budget by $14 million as a result of lower estimates for the growth of health care caseloads. An additional $ 6 million in local funds savings resulted from expectations of higher federal Medicaid funding — by moving a higher number of residents from the Healthcare Alliance to Medicaid and from greater reliance on Medicaid in the Department of Mental Health.

Analysis of the Health Budget

Funding for health care in the District supports the Department of Health (DOH), the Department of Mental Health (DMH), and the Department of Health Care Finance (DHCF). The DHCF is a relatively new agency that was created in FY 2009 to take over the previous duties from the Medical Assistance Administration and Health Care Safety Net programs that had been under DOH.

Figure 1 (see next page) shows that local health care spending for these three agencies combined rose from FY 2006 through FY 2009. In FY 2010, the local contribution for health care decreased as a result of the increase in federal share of Medicaid costs from the passage of the federal Recovery Act package by Congress in February 2009.

Total health care expenses, including both local and federal funds, started to rise sharply after FY 2008, largely as a result of the recession. The FY 2011 budget reflects further growth in gross (local plus federal) health care expenditures, from $2.57 billion to $2.63 billion. Local funding for health care will rise modestly in FY 2011 in part because federal funds from the Recovery Act will be available only through the first three quarters of the year. As a result, the District's FY2011 budget includes $37 million in local funds to sustain the expected growth in health care caseloads.

Nevertheless, stimulus funds will contribute significantly to DC's health care expenses in 2011. If the District did not receive the increased federal stimulus funds for Medicaid for most if FY 2011, it is estimated that an additional $111 million in local funds would have been needed to address increased enrollment in health care programs as a result of the downturn.[1]

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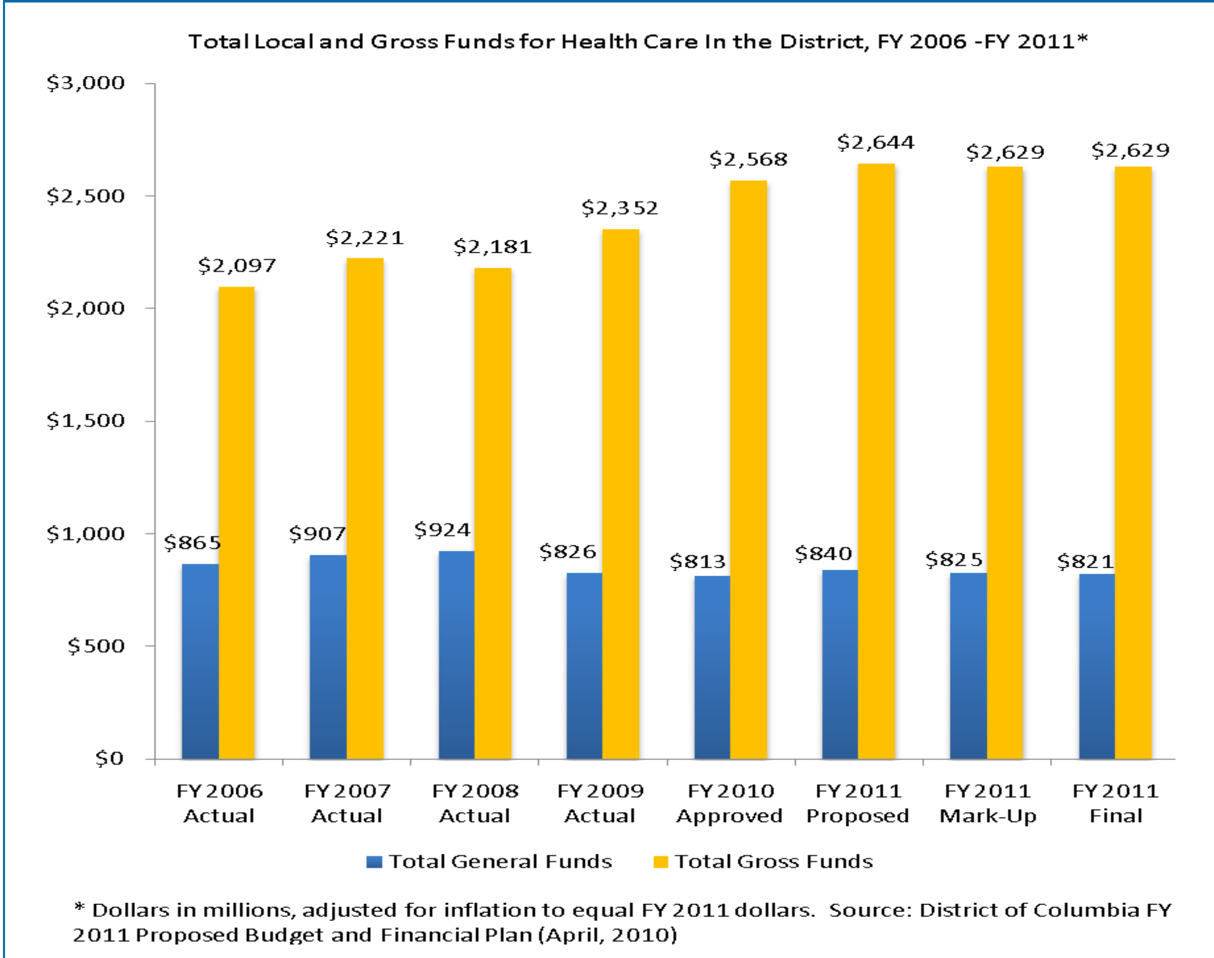
[1] This figure is based before calculations would be made to adjust for health care reform and anticipated savings initiatives.

FIGURE 1: FUNDING FOR HEALTH CARE WILL RISE IN FY 2011



The Department of Health

The FY 2011 gross funds budget for the Department of Health totals $279 million, a 10 percent increase over the FY 2010 gross funds budget. Local funds for DOH in FY 2011 will be $89 million, a four percent reduction from the FY 2010 budget (see figure 2). The large increase in gross funds partly reflects a 12 percent increase in federal funds, the majority of which are federal Recovery Act funds that are for public health efforts to prevent disease and promote wellness. The federal budget for DOH also includes a $5 million allotment for HIV/AIDS services from President Obama's FY 2011 budget (not yet passed by Congress). The remainder of the gross funds increase is attributable to a large transfer of funds from DHCF — $17.2 million — to support the School Health Nursing program, an immunization registry, and pharmaceutical purchases and services to various programs.

HIV/AIDS, Hepatitis, STD, and TB Administration (HASTA): Gross funding for HIV/AIDS programs will increase by 2.4 percent, rising from $86 million in FY 2010 to $88 million in FY 2011. Local funds would fall slightly, from $11.4 million in FY 2010 to $10.6 million in FY 2011, but this reduction would be offset by a $3 million increase in federal funds.

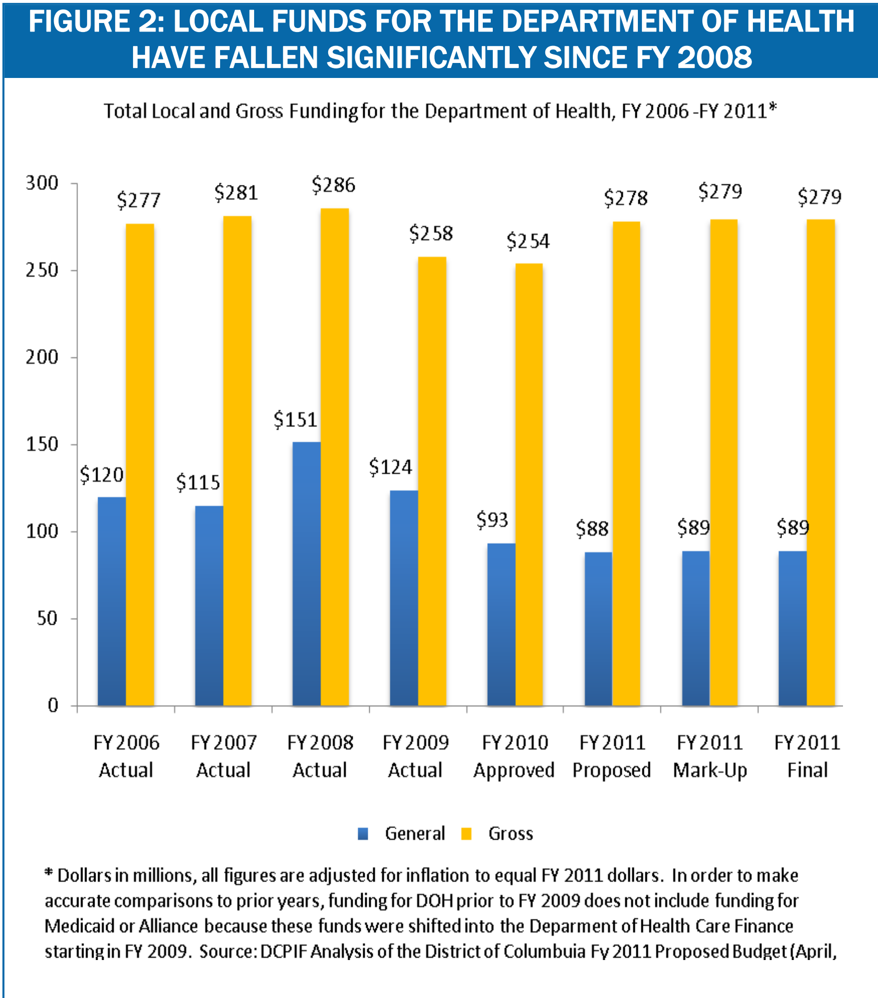


FIGURE 2: LOCAL FUNDS FOR THE DEPARTMENT OF HEALTH HAVE FALLEN SIGNIFICANTLY SINCE FY 2008

The majority of the increase in federal funds comes from $5 million based on a proposal in President Obama's FY 2011 budget. (The budget has not been passed by Congress yet). If the funding comes through, $1 million of the $5 million will be for short-term emergency housing needs for people with HIV/AIDS. HASTA has seen large increases in demand for housing for people with HIV/AIDS as a result of the economic downturn. The remainder of the funds will be used to build capacity within the community to serve persons with HIV/AIDS. The DC Council Committee on Health has committed to hold a hearing to share details of how these funds would be spent if the federal funds are approved.

Total gross funding for prevention and intervention services will see a $5 million increase in FY 2011. Funds for prevention and intervention are provided to community organizations to provide comprehensive services to persons with HIV/AIDS in DC. The increase in funding could help support the expected additional 25,000 HIV tests HASTA plans to conduct in FY 2011.

Gross funding for the AIDS Drug Assistance Program (ADAP) is expected to be $12 million for FY 2011, even thought total costs are expected to be $25 million to $26 million, in part because enrollment is expected to grow from 2,650 to 3,350. [2] ADAP is a program that covers pharmaceutical costs for people with AIDS who do not have the necessary medications covered by another health insurance program. It is expected that ADAP will see some savings with the implementation of national health care reform, as thousands of District residents will move into Medicaid. This will allow DC to use federal Medicaid funds to cover the costs of some of the expected increase in costs. However, the ADAP program will still be left with about $8 million to $10 million short of what the projected costs for the program are, even after savings from health care reform are considered. As a result, the program is likely to have spending pressures in FY 2011

[2] The budget book currently displays an incorrect figure of $915,000 for the ADAP program

because the District has been aggressive at testing people for HIV/AIDS and then covering many of their pharmaceutical costs with local dollars.

If the projected growth in enrollment — from 2,650 residents to 3,350 residents in FY 2011 — happens in FY 2011, it is unclear how HASTA could support all participants while being $8 million to $10 million short of projected costs.

Addiction, Prevention and Recovery Administration (APRA): Gross funds for APRA will fall nine percent, to $34 million, in FY 2011. This decline reflects a 12 percent reduction in local funding, from $25 million in FY 2010 to $22 million in FY 2011, which will be partly offset by an increase in federal funds The majority of decrease in local funds comes from the closing a detoxification center previously run by APRA that is now being transferred to a private provider. Additionally, some services — such as youth treatment — are now Medicaid eligible, saving the District from paying for these services solely with local funds.

The budget for the family treatment court program will be reduced by $650,000 in FY 2011, and a parenting program will be eliminated. It is unclear at this point what the impact would be of eliminating the parent program, which is also run in conjunction with the Child and Family Services Agency. The Family Treatment Court Program will be transitioned to a fee-for-service program and the $650,000 is supposed to reflect an expected decline in utilization. However, it is unclear if the resulting budget will be sufficient to meet demand.

Community Health Administration (CHA): CHA primarily supports programs that help provide preventive health and social services to improve health outcomes for women, infants, and children and residents with chronic diseases. Gross funding for CHA in the FY 2011 budget is $91 million, a 29 percent increase from the FY 2010 gross funds budget of $72 million. A $2 million reduction in local funds will be offset in part by an increase in federal funds. A $7 million increase in federal grants reflects federal Recovery Act funds for efforts to reduce obesity, increase physical activity, improve nutrition, and decrease smoking.

In addition to the growth in federal dollars, the majority of the increase in gross funds reflects roughly $15 million in funds transferred to CHA from DHCF, primarily for a School Health Nursing program.

Some $1.2 million of the reduction in local funds comes from the elimination of one-time grant funds to the DC Hospital Association, DC Primary Care Association for Medical Homes, Summit Health Institute, and United Medical Center. (Note: the budget does not cut the capital budget for construction of primary care clinics under the Medical Homes initiative.) There is also a reduction in the Allied health budget, which helps support the loan repayments for health professionals to encourage them to work and provide services in the District. The budget states that this reflects a reduction in demand for loan repayments, but it appears that the program will no longer take new applicants. It is unclear if a waiting list will be developed or if the program would eventually be zeroed out. The program is a critical component of health care capacity building in the District.

Council Committee Mark-Up: The final budget for the Department of Health is about $1 million higher than the budget proposed by the Mayor. The Committee on Health made one change to the budget for the Department of Health resulting in a $700,000 increase in the budget for

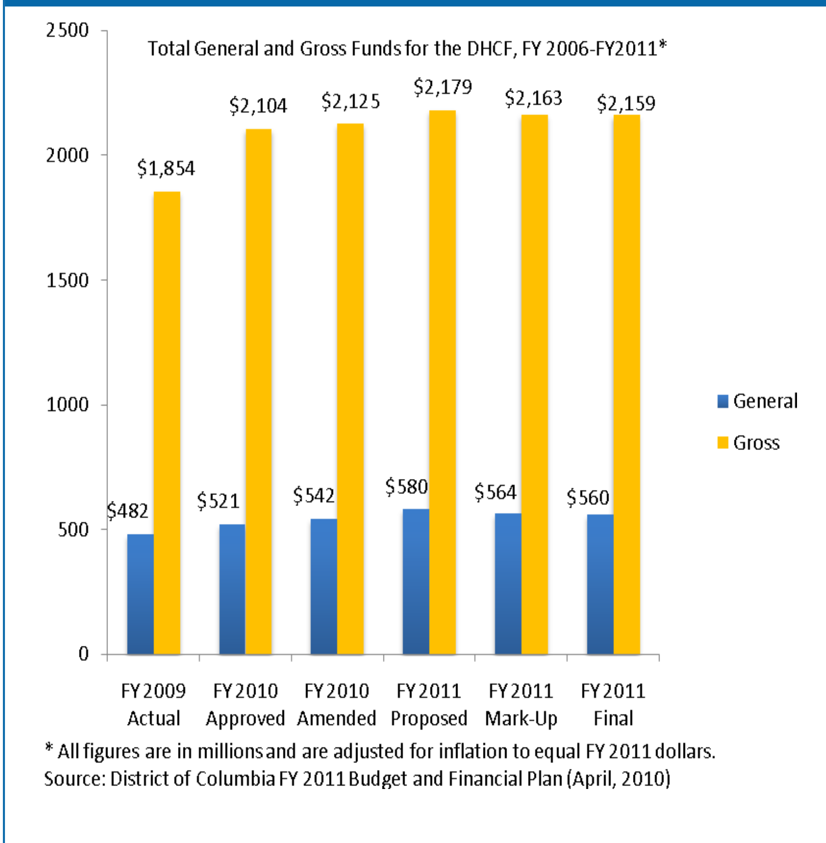
the Health Regulation and Licensing Administration. This increase is the result of an adjustment for increases to certain health professional licensing fees and an increase in the filing fee for pharmaceutical marketing cost reports.

The Department of Health Care Finance

The Department of Health Care Finance was established in FY 2009 and manages the funds for Medicaid and the DC Healthcare Alliance (Alliance), a locally funded program for low-income residents who are uninsured and ineligible for Medicaid or other public insurance. DHCF took over the previous duties from the Medical Assistance Administration and Health Care Safety Net programs that had been under DOH. The DHCF budget represents the largest source of funding for health care in the District.

The FY 2011 local budget for DHCF is $560 million, an increase of three percent from the previous year. The large increase in local funding is mainly from the continued growth in health care caseloads as a result of the recession, and the need to replace $37 million in federal Recovery Act funds that will no longer be available in the later part of FY 2011. The FY 2011 gross funds budget for DHCF, which includes both local and federal dollars, is $2.16 billion, two percent higher than the FY 2010 budget (see figure 3). The budget also reflects significant changes to the enrollments in the Medicaid and the Health Care Alliance program as a result of the passage of national health care reform. In FY 2011, more than half of the current Alliance participants will move into Medicaid as eligibility for Medicaid is expanded.

FIGURE 3: CONTINUED RISES IN HEALTH CARE CASELOADS ARE DRIVING INCREASES IN THE DHCF BUDGET



This increase in both local and gross funds will allow for projected increases in enrollment in both Medicaid and the Alliance programs as a result of the economic downturn, but the proposed budget is not enough to sustain the entire growth of health care costs in the District. The FY 2011 budget will make cuts to — or freeze — health

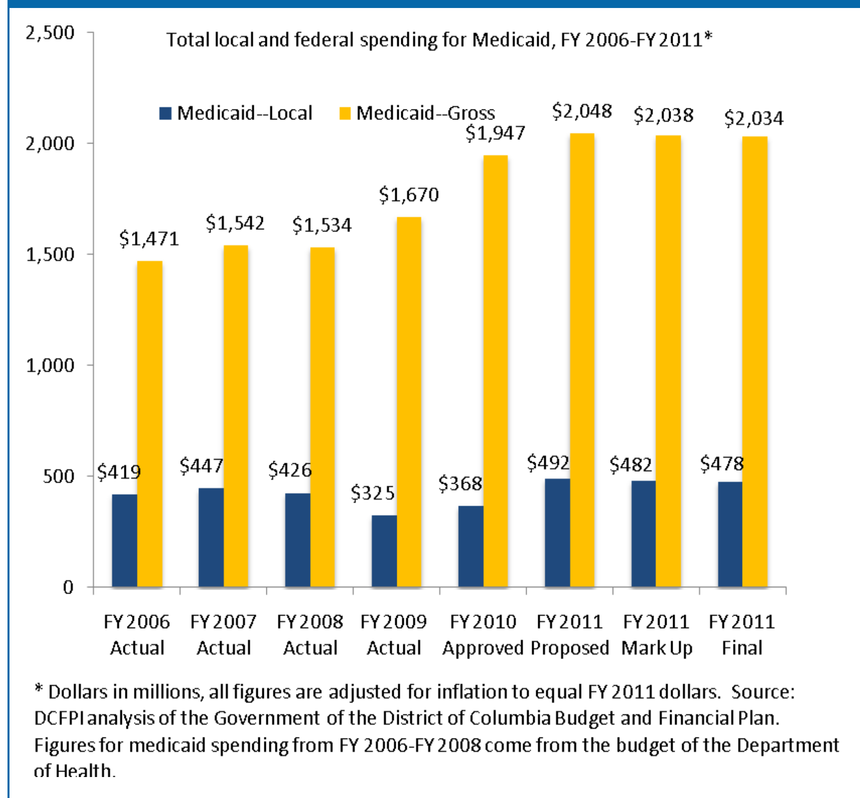
provider reimbursement rates, including for adult dental services, and it will limit personal care benefits from six months to three months. These changes total $53 million in reductions -- $16 million in local reductions and $37 million in federal Medicaid funds.

Medicaid: The FY 2011 gross funds budget for Medicaid, which includes local and federal funds, is $2.03 billion, a 4.5 percent increase over FY 2010 (see figure 4).

It is worth noting that the federal Recovery Act helped the District reduce the local share of Medicaid costs in FY 2010, and those savings will extend into part of FY 2011. Normally, the District is responsible for 30 percent of Medicaid costs. Under the federal Recovery Act, the District's share of Medicaid expenses was reduced in FY 2010 and the first quarter of FY 2011, and pending federal legislation would extend that through the first three quarters of FY 2011. DC's share of Medicaid expenses in that period is expected to be 20.71 percent, with the feral government covering the remainder.[3] It is worth noting that if the pending federal legislation to approve the extension of the FMAP increase is not approved, the Department of Health Care Finance could end up with a $79 million budget hole.

Nevertheless, the local budget for Medicaid would increase in FY 2011. The proposed budget includes $37 million in additional local funds to reflect the fact that DC's share of Medicaid expenses will rise to 30 percent in the fourth quarter of FY 2011. The remainder of the growth in DC's Medicaid budget reflects two key factors.

FIGURE 4: LOCAL FUNDING FOR MEDICAID WILL GROW SIGNIFICANTLY IN FY 2011 AS ELIGIBILITY FOR MEDICAID EXPANDS UNDER HEALTH CARE REFROM



[3] The federal Recovery Act reduced the share of Medicaid expenses by 6.2 percentage points for DC and all states and reduced a states local contribution even further based on a state's unemployment rate. The reduction to a state's FMAP based on unemployment is determined by examining how much a state's unemployment rate increased during the last consecutive three-month period for which data is available, by comparing that figure to a base period. The base period is the lowest three-month average unemployment rate for any consecutive three-month period since January 1, 2006. If the unemployment rate was at least 1.5-2.5 percent higher than the base period, the state's local contribution would be reduced by 5.5 percent; if unemployment was at least 2.5-3.5 percent higher than the base period, the state's local contribution would be reduced by 8.5 percent; and if the state's unemployment rate was at least 3.5 percent higher than the base period, then the state's local contribution would be reduced by 11.5 percent. Reductions are determined on a quarterly basis.

- **Enrollment growth**. Enrollment in health care programs is expected to continue to grow in FY 2011 as unemployed is expected to remain high.

- **Health Care Reform**. Eligibility for the Medicaid program is expanded significantly as a result of the passage of national health care reform. The DHCF projects that more than half of the participants currently enrolled in DC's local Health Care Alliance program will be moved into Medicaid in FY 2011. This is discussed in more detail below.

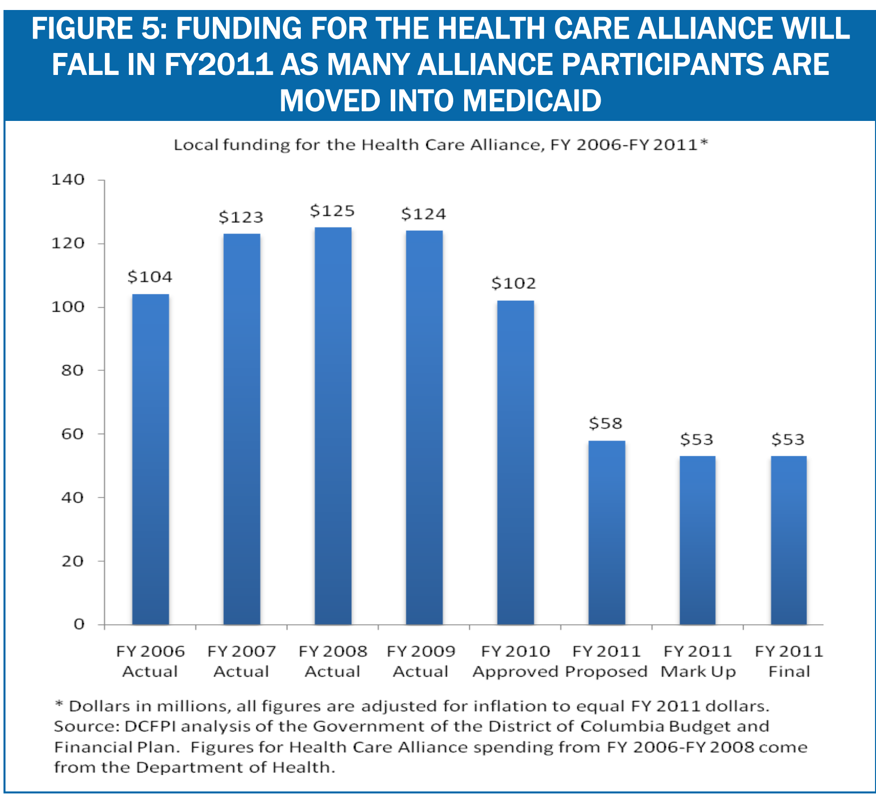
Under the final budget, local funding for Medicaid will be $478 million, which is $14 million lower than the amount in the Mayor's proposed budget. This comes from a reduction in estimates for the growth in health care caseloads. The proposed lower growth in caseloads, if accurate, means that less funding will be needed to support the program.

Healthcare Alliance: Unlike Medicaid, the budget for the Healthcare Alliance program is solely funded with local dollars. For FY 2011, the proposed budget for the Health Care Alliance is $53.4 million, a significant decrease — 43 percent— from the FY 2010 budget (see figure 5). The significant reduction is largely due to the fact that more than half of the current Alliance participants will be transferred to Medicaid in FY 2011 under new expanded eligibility in Medicaid resulting from the passage of national the national health care reform bill. (This is discussed in more detail below.)

The Mayor's budget proposed setting aside $58 million for the Alliance, but the DC Council reduced it by $5 million based on assumed additional savings from moving a higher number of residents from the Alliance program into Medicaid under health care reform.

DHCF expects that 35,000 Alliance participants – out of a total of 56,000 — will be shifted into Medicaid.

FIGURE 5: FUNDING FOR THE HEALTH CARE ALLIANCE WILL FALL IN FY2011 AS MANY ALLIANCE PARTICIPANTS ARE MOVED INTO MEDICAID



* Dollars in millions, all figures are adjusted for inflation to equal FY 2011 dollars. Source: DCFPI analysis of the Government of the District of Columbia Budget and Financial Plan. Figures for Health Care Alliance spending from FY 2006-FY 2008 come from the Department of Health.

FY 2011 Budget Will Reduce Reimbursements to Health Care Provider

The growth in DC's Medicaid budget is not sufficient, however, to address both the expected growth in health care caseloads and the rising costs of health services. The proposed budget would reduce or freeze reimbursement rates to health care providers in FY 2011.

- Rather than receiving increases due to health care inflation, reimbursement rates will remain unchanged for Medicaid and Health Care Alliance managed care organizations, intermediate care facilities, and nursing facilities, a cut of $8.9 million in local funds and $14.6 million in federal funds

- Other providers will have their rates cut in FY 2011. Medicaid reimbursement rates for physicians and adult dental services would be cut, saving approximately $2.7 million in local funds and $8.8 million in federal funds.

- Additionally, the proposed budget would lower the cap on the personal care aid services from six months to three months, resulting in savings of approximately $4 million in local funds and $13.3 million in federal funds.

These cuts and freezes in rates will reduce the budget for provider reimbursements by $53 million at a time when the District is expected to significantly increase the Medicaid caseloads by expanding coverage under health care reform. Cutting rates, particularly at a time of significant expansion, could affect Medicaid patients' ability to access services, because fewer health providers may be willing to accept Medicaid patients. There already is a provider capacity problem in the District — particularly for specialty providers — and cutting and freezing reimbursement rates could exacerbate the issue. In addition, since 70 percent of every dollar spent on Medicaid is covered by the federal government, every dollar in reduced local spending on Medicaid means losing out on $2.33 in federal dollars.

New Health-Related Revenues in the FY 2011 Budget

It is also worth noting that the proposed FY 2011 DHCF budget would be balanced by creating three new additional streams of revenue:

- $1,500 fee per licensed hospital bed, which will generate $6.3 million. This revenue source was proposed by the DC Council and replaced a mayoral proposal to set a 1 percent charge on net patient revenue at DC hospitals. That proposal would have raised $25.3 million

- Two percent assessment on insurance premiums for managed care organizations (MCO's) that provide Medicaid and Alliance services. This provision, which was proposed by the Mayor and accepted by the DC Council, will raise $8.6 million, which will be used to fund the Medicaid program and should generate about $20 million in federal matching Medicaid dollars.

- 5.5 percent charge on Intermediate Care Facilities for Persons with Mental Disabilities (ICF-MR's). Mayor Fenty's budget proposed implementing a 1.5 percent fee on ICF-MRs, raising $1.7 million. The DC Council increased the rate to 5.5 percent, generating $4.7 million, or $3 million more than the 1.5percent assessment would have raised. The Council also directed that $2 million of these revenues be directed to the Stevie Sellows fund which collects funds in order to make quality improvements to ICF-MR's.

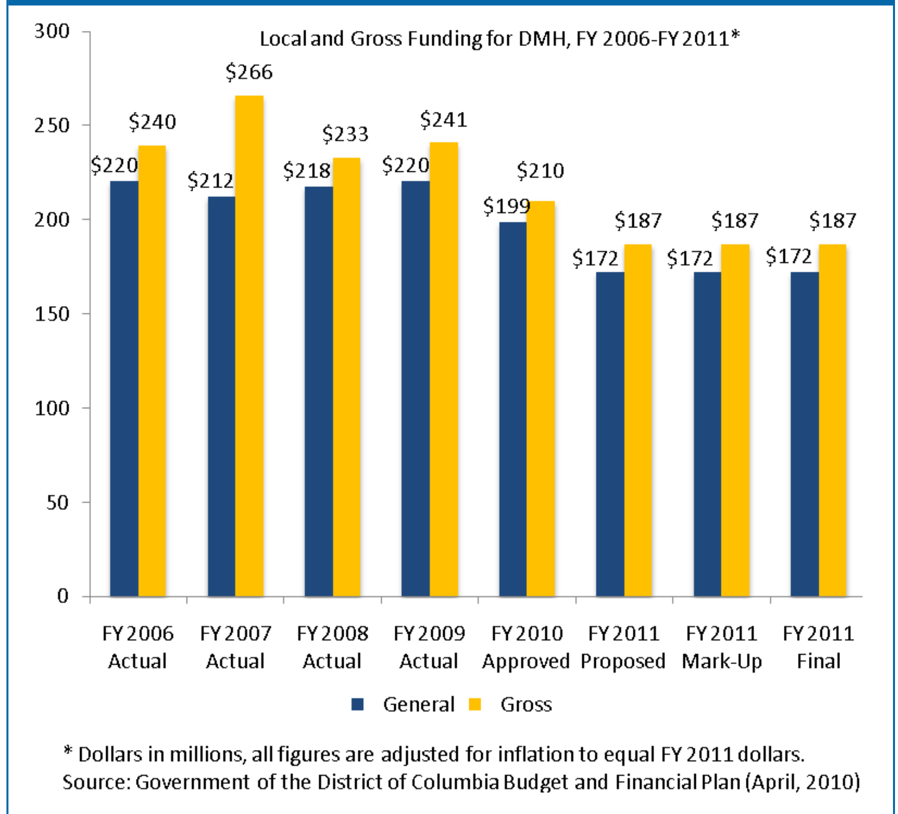
The Department of Mental Health

The FY 2011 local budget for the Department of Mental Health is $172 million, a 13.5 percent decrease when compared with the FY 2010 budget (see figure 6). Much of the reduction in DMH's budget is savings from closing the old St. Elizabeth's hospital ($10.8 million) and in savings from the final closure of the DC Community Services Agency ($3.3 million). However, the FY 2011 budget also eliminates some contracts for psychiatric services ($475,0000), psychiatric positions ($311,000), 29 direct care positions at St. Elizabeth's ($1.3 million) and reimbursement rate cuts for Community Support providers just one year after the District shifted much of its mental health clients to private providers ($588,000). The majority of the remaining cuts are from new Medicaid-eligible services ($2.7 million), using $2 million in federal Disproportionate Share Funds and numerous fixed cost reductions.

It is worth noting that the budget for the Department of Mental Health saw significant shifts in their FY 2011 budget structure as a result of division-based budgeting. In many cases, comparisons of year to year changes are difficult as a result of the creation of new programs and divisions within the Department of Mental health's budget.

Saint Elizabeth's Hospital: Local funding for St. Elizabeth's Hospital will decrease by nearly $15 million in FY 2011, following the recent opening of the new St. Elizabeth's Hospital on April 22, 2010. The majority of the $15 million reduction comes from $8.4 million in fixed cost savings from closing the old St. Elizabeth's hospital buildings and transitioning to a fewer number of buildings for the new St. Elizabeth's Hospital. Another $2 million in local funds will be replaced by federal Medicaid funds called "Disproportionate Share" funds. Approximately $1.3 million of the reduction comes from eliminating 29 direct care positions. It is unclear at this point how this will affect service delivery at the hospital. The remainder of the reduction comes from smaller fixed costs savings in supplies, materials, and food services.

FIGURE 6: FUNDING FOR THE DEPARTMENT OF MENTAL HEALTH IS DOWN IN FY 2011



Mental Health Authority. The Mental Health Authority previously contained many of DMH's direct services. The majority of those directed services have been shifted into the new Mental Health Services and Supports division within DMH. The major function of the MHA is to plan, develop, and coordinate mental health services in DC. However, the division still supports some direct services. In FY2011 reductions will be made within MHA by eliminating three psychiatric positions ($311,000), reducing contracts for outpatient psychiatric programs ($75,000 savings), and the elimination of contracts with Children's Hospital for psychiatric emergency room support ($400,000), and child psychiatric crisis beds ($400,000).

Mental Health Services and Supports: The Mental Health Services and Supports (MHSS) program is a new division within DMH under the newly re-aligned division-based budgeting structure. It contains the majority of direct services, many of which were previously found under the Mental Health Authority division. Direct services that DMH provides for children, youth, adults, families, and special populations are now within MHSS. Because it is a new division, it is hard to determine what changes were made in its budget from FY 2010 to FY 2011.

The MHSS division supports funding for the school based mental health program. In FY 2011, funding for the program will be held flat, and the 48 schools that have school-based mental health will continue to be funded.

Within the MHSS, DMH also operates a Bridge Subsidy program to help individuals 'bridge' from temporary housing into long-term stable housing by providing them transitional housing and services to help them move towards independent living. The proposed FY 2011 budget would provide $6.3 million for the Bridge Subsidy Program, no change from the FY 2010 funding level. The lack of an increase, even for inflation, means that the program will not be able to serve any new persons this year.

Mental Health Financing: Approximately $588,000 in savings will be generated by reducing the provider reimbursement rates for Community Support for Service providers. DMH has not yet determined which Community Support providers will face rate decreases. The reduction comes just one year after the District shifted much of its mental health clients to private providers and raises questions about how providers will be able to continue to absorb the new capacity and provide services with expected rate cuts.

Other issues: A major concern this year is that the DMH is not adequately budgeting for possible enrollment increases in DMH-funded services. With a possible 40,000 additional DC residents eligible for Medicaid under national health care reform, it is likely that more DC residents will seek mental health services. Under the Alliance program, mental health service access is very limited, while participants have better access under Medicaid. DMH has only projected to serve an additional 200 adults and 225 children in FY 2011. This projected growth is not consistent, and is much lower, than growth in prior years.[4]

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[4] DC Behavioral Health Association, Fact Sheet: How Do Budget Cuts Stack Up in Behavioral Health? April 20, 2010. Available at:
https://docs.google.com/fileview?id=0BwhX1B9WJhhVZGI2M2YxZTctMTI0Ni00M2IyLWE0ODUtNTllZWFkZWMyNzQ1&hl=en

Council Changes to the Mayor's proposed budget: The Committee on Health made no changes to the overall budget for the Department of Mental Health. The Committee proposed additional savings resulting from national health care reform within DMH ($1.3 million) and directs $1 million of the savings for additional programs and services for children and youth, with an emphasis on services in Ward 7 and Ward 8. The other $300,000 will partially restore a proposed cut of $400,000 to emergency psychiatric services at Children's Hospital. These changes were adopted by the full Council in the final budget.

Other Issues to Track in the Fiscal Year 2011 Budget for Health Care

Three important health care issues addressed in the FY 2011 budget are the passage of national health care reform, provider reimbursement rate cuts, and the Healthy DC Fund — created to support health insurance coverage for moderate-income residents.

National Health Care Reform

The Patient Protection and Affordable Care Act, also known as national health care reform, makes many changes to the health care system including a significant expansion of eligibility for Medicaid. While states are not required to expand coverage until 2014, the District is taking advantage of an opportunity to opt-in early and will move tens of thousands of DC residents from the Health Care Alliance program into Medicaid in FY 2011. This move should result in better benefits for DC residents and millions in savings for the District.

Under the new law, states are required to expand coverage in their Medicaid program by 2014 to residents with incomes below 133 percent of the federal poverty line and to extend coverage to childless adults. The District, however, already covers the majority of low-income residents who do not qualify for Medicaid, through the Health Care Alliance program. In fact, in April, officials announced that the District has the second lowest uninsured rate in the nation — 6.2 percent — and the lowest uninsured rate for kids — 3.2 percent.

With many Alliance participants eligible for Medicaid under health care reform, DC will save tens of millions of dollars by moving residents from the Alliance — which is solely funded with local dollar — to Medicaid — of which 70 percent is paid for by the federal government. It is estimated that about 35,000 DC residents will move from the Alliance program to Medicaid in FY 2011.

This switch also will improve health services for DC residents, because Medicaid benefits generally are broader than benefits provided under the Alliance program. In particular, the Alliance offers limited access to mental health services, while Medicaid provides much better access.

DC's net savings from health care reform in FY 2011 total $10.5 million. Further savings, which currently are no quantified, are expected in the Department of Health, from the APRA and HASTA divisions. One reason for the low savings could be that the majority of people will not be transition onto Medicaid until halfway through FY 2011. More savings should be seen in FY 2012 and beyond.

Healthy DC

The FY 2009 budget included funding for a new program to provide health care coverage for uninsured DC residents with incomes between 200 percent and 400 percent of the poverty level. Named Healthy DC, the program was not implemented in FY 2009 and FY 2010 due to the city's budget shortfall. The FY 2011 budget includes $8 million in funding to implement the new program but removes $14.4 million from the Healthy DC fund to fund other health care needs in the Department of Health Care Finance. The number of residents who will be allowed to enroll in Healthy DC will be based upon available funding.

Although this expansion of health care coverage generally has been applauded, there are some concerns surrounding the new program, including the possible lack of comprehensive services. The new law only prescribed that, at minimum, the services under Healthy DC must match DC Alliance services. But the DC Alliance program does not provide comprehensive services, because it does not provide adequate access to mental health or substance abuse services. It addition, it is unclear how the program would be affected by the implementation of national health care reform.

The Committee on Health made one proposed change to Healthy DC — adding a new source of revenue. The Committee proposed extending the sales tax to medical marijuana. This would mean that all sales of medical marijuana would be subject to a 6 percent sales tax. This would be one of the first prescription drugs to be covered under the sales tax in the District. Currently, DC does not extend the sales tax to cover prescription drugs or over-the-counter medicine.