DC Fiscal Policy Institute

April 29, 2010

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

The proposed 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 is proposed to be $840 million, an increase of $28 million, or five 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.

The increase in local and federal funds will allow the DHCF to fully fund 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 proposes to cut or freeze health care provider reimbursement rates in FY 2011, for both physical health and mental health providers.

In addition, new assessments will be placed on hospitals and managed care organizations to raise additional revenue, mainly for re-investments into health care.

The passage of national health care reform makes many changes to the health care system, including expanding eligibility for the Medicaid 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 Health Care Alliance program into Medicaid in FY 2011.

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- The total gross FY 2011 budget for health care in the District is $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.
- The majority of the increase in local funds is from the need to replace expiring federal Recover Act dollars with local funds in the budget of the Department of Health Care Finance to fully fund the expected growth in health care caseloads.
- The increase in local funds is not enough to sustain the overall growth in health care services in DC. As a result, health care provider reimbursement rates will be cut or frozen in FY 2011 and new assessments will be placed on Hospitals and managed care organizations to raise additional revenue for health care.
- 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.

An Affiliate of the Center on Budget and Policy Priorities
820 First Street, NE, #460, Washington, DC 20002
Ph: 202-408-1080 Fax: 202-408-8173 www.dcfpi.org

This move should result in better benefits for DC residents and millions in savings for DC.

Analysis of the Health Budget

The total budget for health care in the District comes from spending from 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 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. Local funding for health care will rise 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]

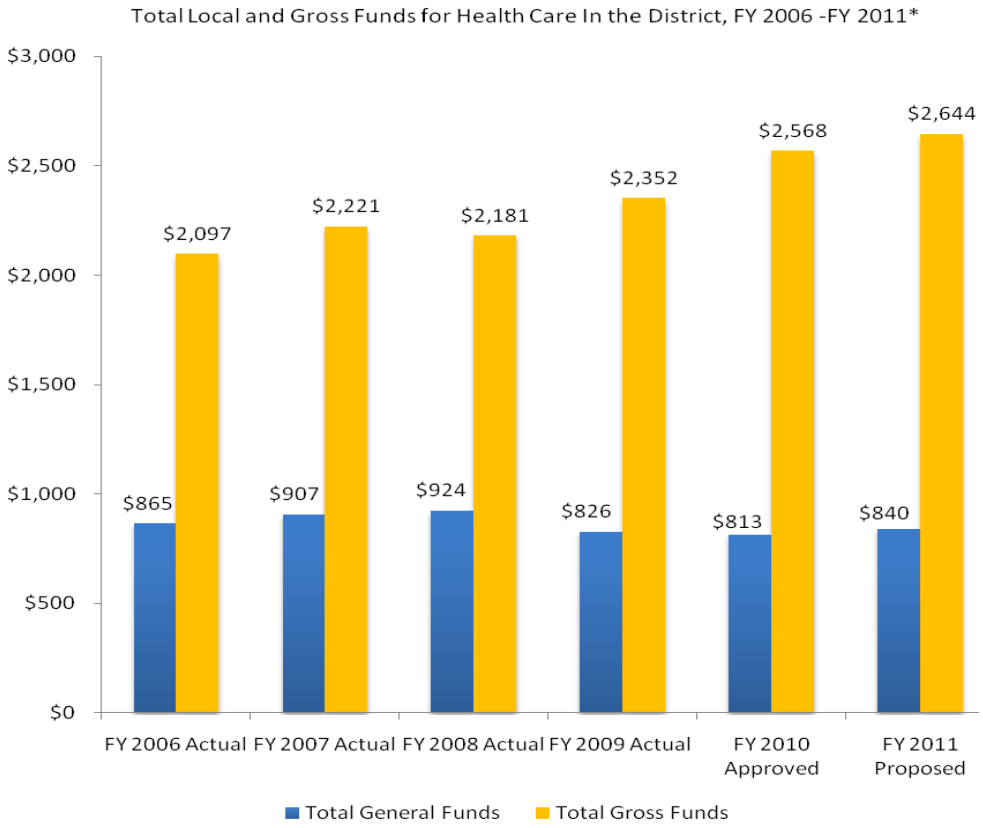
The Department of Health

Mayor's Budget Proposal: The proposed FY 2011 gross funds budget for the Department of Health totals $278 million, a 10 percent increase over the FY 2010 gross funds budget. Local funds for DOH in FY 2011 are proposed to be $88 million, a five 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 would 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.,

[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 SIGNIFICANTLY IN FY 2011



* Dollars in millions, adjusted for inflation to equal FY 2011 dollars. Source: District of Columbia FY 2011 Proposed Budget and Financial Plan (April, 2010)

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 would be used to build capacity within the community to serve persons with HIV/AIDS. Details of how these funds would be spent would be given at a public hearing the Committee on Health has stated if would hold, if funds are approved.

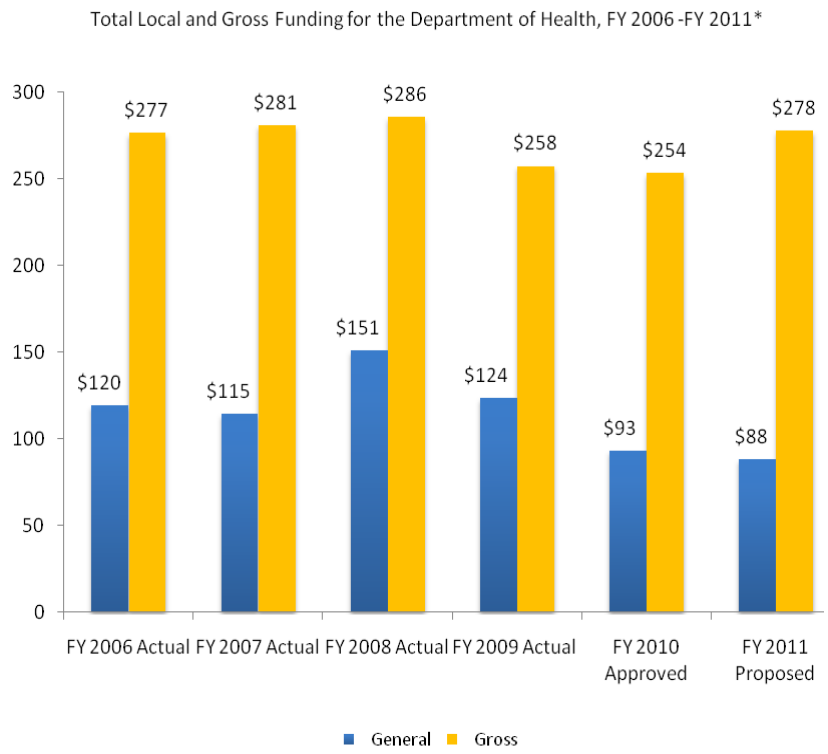
Total gross funding for prevention and intervention services would see a $5 million increase in FY 2011. Funds for prevention and intervention are provided to community organizations to provide comprehensive services to persons with HIV/AIDS in DC. The increase in funding could help support the expected 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, which is $8 million to $10 million short of expected costs for the program in FY 2011.[2] ADAP is a program that covers pharmaceutical costs for people with AIDS who do not have the

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

necessary medications covered by another health insurance program. The program will have spending pressures in FY 2011 because the District has been aggressive at testing people for HIV/AIDS and then covering many of their pharmaceutical costs with local dollars.

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



* Dollars in millions, all figures are adjusted for inflation to equal FY 2011 dollars. In order to make accurate comparisons to prior years, funding for DOH prior to FY 2009 does not include funding for Medicaid or Alliance because these funds were shifted into the Deparment of Health Care Finance starting in FY 2009. Source: DCPIF Analysis of the District of Columbuia Fy 2011 Proposed Budget (April, 2010)

Costs for ADAP are expected to be $25 million to $26 million in FY 2011, which could leave the program $14 million to $15 million short in FY 2011. It is expected that the ADPA program will see some savings with the implementation of national health care reform as thousands of District residents will move into Medicaid — which will cover the costs of some of necessary medications, saving the District from paying for these services solely with local funds. 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.

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 HOSTA could support the full 3,350 participants while being $8 million to $10 million short of projected costs.

Addiction, Prevention and Recovery Administration (APRA): Gross funds for APRA would 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 would 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.

Two programs — the Family Treatment Court Program and a parenting program — would be reduced or eliminated in the FY 2011 budget. The budget for the family treatment court program will be reduced by $650,000 and a parenting program would 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

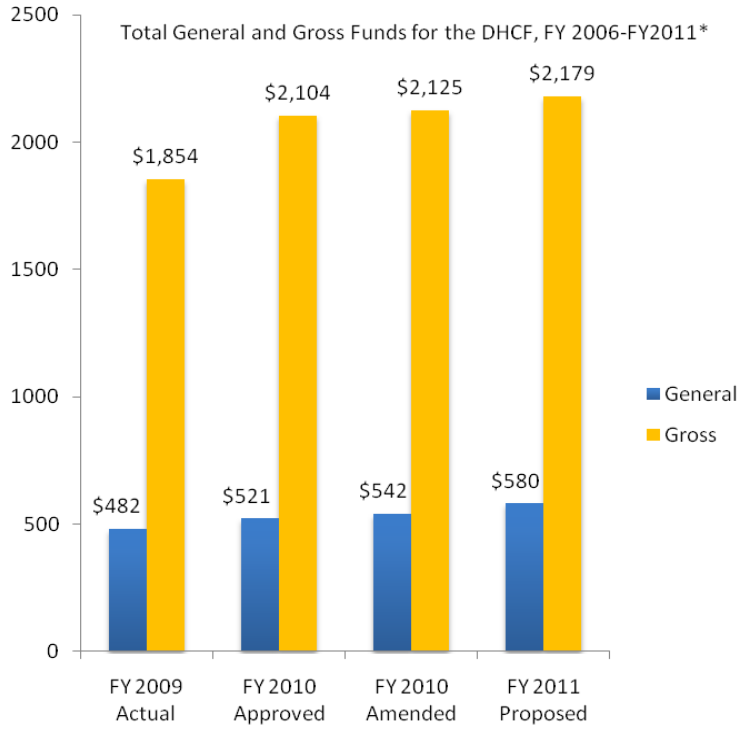
the Child and Family Services Agency. The Family Treatment Court Program would be transitioned to a fee-for-service program and the $650,000 is supposed to reflect an expected decline in utilization. However, it is unclear if the resulting budget will be sufficient to meet demand.

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 expected to be $91 million, a 29 percent increase from the FY 2010 gross funds budget of $72 million. A $2 million reduction in local funds would be offset in part by an increase in federal funds. . The $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 would 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.

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



* All figures are in millions and are adjusted for inflation to equal FY 2011 dollars. Source: District of Columbia FY 2011 Budget and Financial Plan (April, 2010)

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.

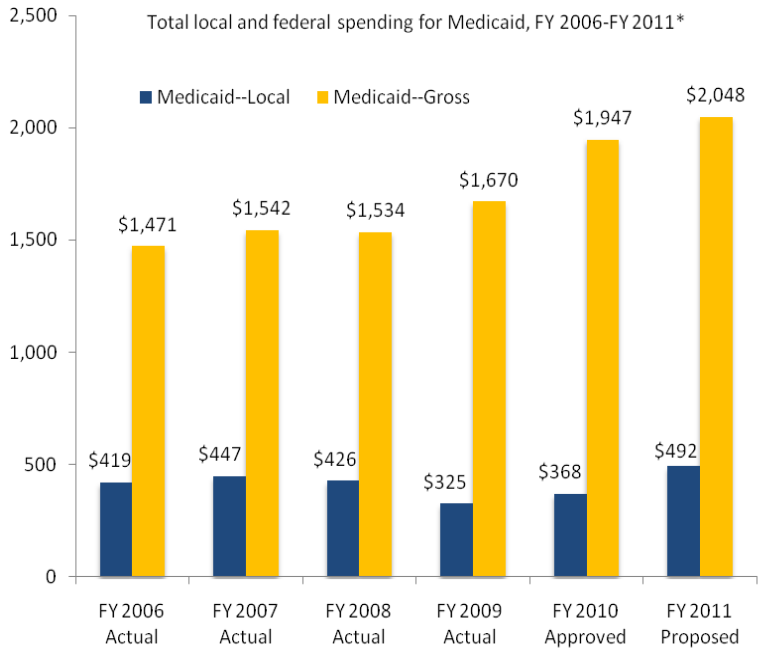
Mayor's Budget Proposal: The FY 2011 proposed local budget for DHCF is $580 million, an increase of seven percent from the previous year. The large increase in local funding is mainly from the continued growth in health care caseloads as a result of the recession, and the need to replace $37 million in federal Recovery Act funds that will no longer be available in the later part of FY 2011. The FY 2011 proposed gross funds budget for DHCF, which includes both local and federal dollars, is $2.18 billion, three percent higher than the FY 2010 budget (see figure 3). The Mayor's budget also proposes 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.

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 Mayor's proposed budget is not enough to sustain the entire growth of health care costs in the District. Therefore, at the same time the proposed budget would make cuts to — or freeze — provider reimbursement rates that result in $12 million in local reductions and $23.4 million in federal funds. In addition, $4 million in local funds and $13.3 million in federal funds would be reduced by lowering the level of personal care aid benefits from six months to three months.

Medicaid: The FY 2011 gross funds budget for Medicaid, which includes local and federal funds, is $2.05 billion, a five 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

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



* 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 medicaid spending from FY 2006-FY 2008 come from the budget of the Department of Health.

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, with the feral government covering the remainder.[3]

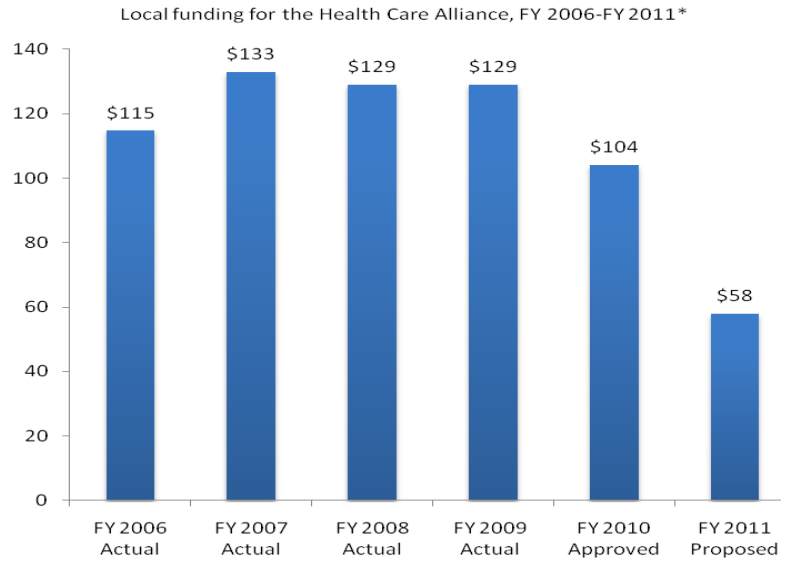
Nevertheless, the local budget for Medicaid would increase significantly in FY 2011. The proposed budget includes $37 million in additional local funds to reflect the fact that DC's share of Medicaid expenses will rise to 30 percent in the fourth quarter of FY 2011. The remainder of the growth in DC's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

- **Enrollment growth**. Enrollment in health care programs is expected to grow nearly six percent from March 2010 through the start of FY 2011 alone. With unemployment expected to remain above 10 percent throughout FY 2011, it is expected the enrollment in the Medicaid will continue to remain high during FY 2011.

- **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.

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 $58.4 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

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.

[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.

resulting from the passage of national the national health care reform bill. (This is discussed in more detail below.)

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

Reductions to provider rates. 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.

It is also worth noting that the FY 2011 DHCF budget is balanced by creating two new additional streams of revenue; a one percent charge on net patient revenue at all DC Hospitals, and a two percent assessment will be placed on insurance premiums for managed care organizations (MCO's) that provide Medicaid and Alliance services. Medicaid and Alliance MCO's, intermediate care facilities, and nursing facilities will all pay the 2 percent assessment. Of the $25.3 million expected to be raised by the assessment on Hospitals, 90 percent will go towards healthcare-related expenditures. The remaining 10 percent will go towards DC's general fund. The assessment on MCO's is expected to bring in $8.3 million which will be used to fund the Medicaid program and should generate about $20 million in federal matching Medicaid dollars

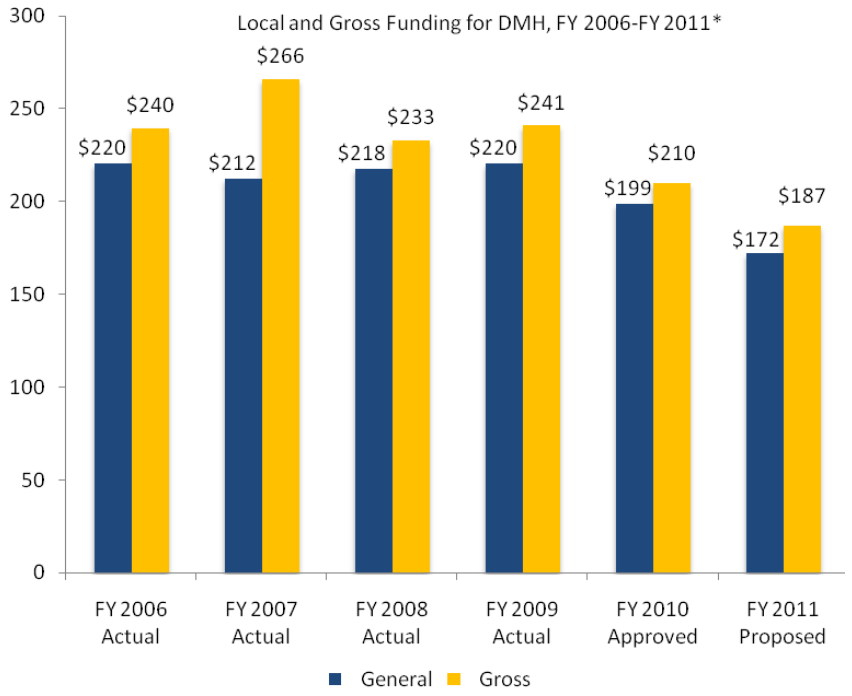
The Department of Mental Health

Mayor's Budget Proposal: The FY 2011 proposed 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 proposes to eliminate 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 would decrease by nearly $15 million in the proposed FY 2011 budget, 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



* Dollars in millions, all figures are adjusted for inflation to equal FY 2011 dollars.
Source: Government of the District of Columbia Budget and Financial Plan (April, 2010)

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]

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

[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

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 are small in FY 2011 — roughly $5.5 million. 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.

Provider Cuts

In FY 2011, the Mayor's budget proposes to reduce provider payments for Medicaid physicians and adult dental providers, and some mental health providers. In addition, Medicaid and Alliance managed care providers and Medicaid nursing facilities will not even see an increase for inflation in FY 2011.

These cuts and freezes in rates will reduce the budget for provider reimbursements by $12.2 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.

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 Health DC fund to fund other health care needs in the Department of Health Care Finance's budget. 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.