DC Fiscal Policy Institute

TESTIMONY OF WES RIVERS, HEALTH POLICY ANALYST
DC FISCAL POLICY INSTITUTE

At the Public Hearing on the
Fiscal Year 2015 Budget Oversight Hearing
For the DC Department of Health Care Finance
District of Columbia Committee on Health
April 29, 2014

Chairwoman Alexander and other members of the committee, thank you for the opportunity to testify today. My name is Wes Rivers, and I am a Health Policy Analyst at the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents. I am also the chair of the Medical Care Advisory Committee (MCAC).

I am here today to applaud and thank the Department of Health Care Finance for their continued efforts to provide access to health services to the District's low- and moderate-income residents. I appreciate the Department's efforts to cope with increased utilization and enrollment within the FY 2015 budget proposal, while also looking to adjust provider rates, increase the number of benefits covered under the Medicaid program, and fund health reform initiatives. I also thank the Department for investigating the causes for continued enrollment decline and growing per-member costs in the Healthcare Alliance program, and I look forward to having conversations about maintaining a sustainable program.

Proposed gross funding for Medicaid provider payments is $2.8 billion, up $121 million over FY 2014 after adjusting for inflation. With Medicaid enrollment growing steadily at almost 3 percent a year and per-member per-month managed care medical expenses growing by 7 percent per year, the Department has done well to avoid spending pressures, while also taking up new initiatives. However, as the District progresses towards becoming a fully insured city, the Department must ensure that services are delivered in a way that improves health outcomes for residents and provides value and sustainability for the District's Medicaid program. One way to achieve this is through strong care coordination for our managed care and fee-for-service populations. The MCAC and other stakeholders thank DHCF for actively monitoring levels of care coordination in the managed care contracts, and we hope that new initiatives or program design will be devised to improve those levels. The MCAC also looks forward to providing feedback on Department initiatives that improve coordination for fee-for-service beneficiaries – such as Health Homes.

The Department has three new funding initiatives that DCFPI views as beneficial to Medicaid beneficiaries across the city. First, the Department would maintain hospital in-patient and out-patient provider rates by replacing expiring provider taxes and fees with $21 million in local funding.

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The local commitment allows Medicaid beneficiaries to continue to receive a consistent level of services. Secondly, the Department's proposed budget adds $2.5 million in local funding to cover provider reimbursement for lung and autologous bone marrow transplants – making the Medicaid program a more robust benefits package. Lastly, the Department would provide $3 million to support the operations of the Health Benefit Exchange. The funding represents a pass through for the broad-based gross receipt assessment on health carriers, which includes the MCO's. The contribution will help the District maintain a well-functioning and sustainable health insurance marketplace.

Finally, I would like to discuss the Healthcare Alliance program and thank DHCF's efforts to ensure that the District maintains coverage for low-income residents who are not eligible for Medicaid. Proposed funding for the program in FY 2015 is $50 million, an increase of $9.6 million from FY 2014. The 24 percent funding increase results from higher utilization costs for the population currently in the program. Because enrollment is still on the decline, the higher costs suggest that the remaining Alliance membership includes a large number of older residents and other residents with serious health problems.

The Department has collected some data on Alliance re-certifications to identify causes of enrollment declines and to evaluate the 6-month, face-to-face interview requirement. The Department found that between half and 67 percent of monthly Alliance re-certifications are never completed. Moreover, wait-times for Alliance recipients seeking to re-certify at a service center are twice the wait-times for Medicaid recipients – reflecting the language and case-management needs of the Alliance population. These data points suggest significant barriers to maintaining coverage, and together with the utilization costs, it is evident that eligible residents who are younger and healthier may be losing or forgoing coverage as a result of the requirement.

For these reasons, DC Fiscal Policy Institute applauds DHCF for re-evaluating and considering changes to the requirement, as it could be an important factor in maintaining the health of this population and ensuring that the costs of the program remain sustainable. We hope the Executive Office of the Mayor and the DC Council will consider any recommendation from the Department that would ease the process for eligible residents.

Thank you for the opportunity to testify today, and I am happy to take any questions.