# FY 2026 Medicaid Advisory Committee (MAC) Meeting

April 22, 2026| 5:30 PM – 7:30 PM ET

Virtual Meeting

# Housekeeping

- **Introduce yourself in the chat:**
  - Name
  - Organization (if applicable)
  - MAC member or non-member
- **Keep yourself muted unless speaking**
- **You can add questions to the chat or use the “Raise Hand” function**
- **This meeting will be recorded**
  - DHCF will post a recording of the meeting on the MAC webpage after the meeting

# Agenda

- Welcome
- DHCF Budget Update
- Public Announcements
- Next Meeting

# DHCF Budget Update

# Department of Health Care Finance

## FY 2027 Proposed Budget

Medicaid Advisory Committee
April 22, 2026

RUN THROUGH THE TAPE!

# Outline

- ❑ FY 2027 Budget Picture for the District
- ❑ DHCF Budget Overview
- ❑ Eligibility and Benefits
- ❑ Payment Rates and Methods
- ❑ Wrap-Up


RUN THROUGH THE TAPE!

WE ARE WASHINGTON DC
GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

# FY 2027 Budget Picture for the District

RUN THROUGH THE TAPE!

# PRIORITIES IN THIS BUDGET

## ENHANCE EDUCATION & PUBLIC SAFETY

- **2.55% increase** in per-student funding for DCPS and Public Charter Schools
- **Advanced Technical Center** expanded operations
- **Increase funding** for hiring more MPD officers

## PRESERVE CORE SERVICES

**No major changes to:**

- Parks & Recreation
- Libraries
- Public Works
- DMV services
- Transportation
- Maintain infrastructure in state-of-good repair

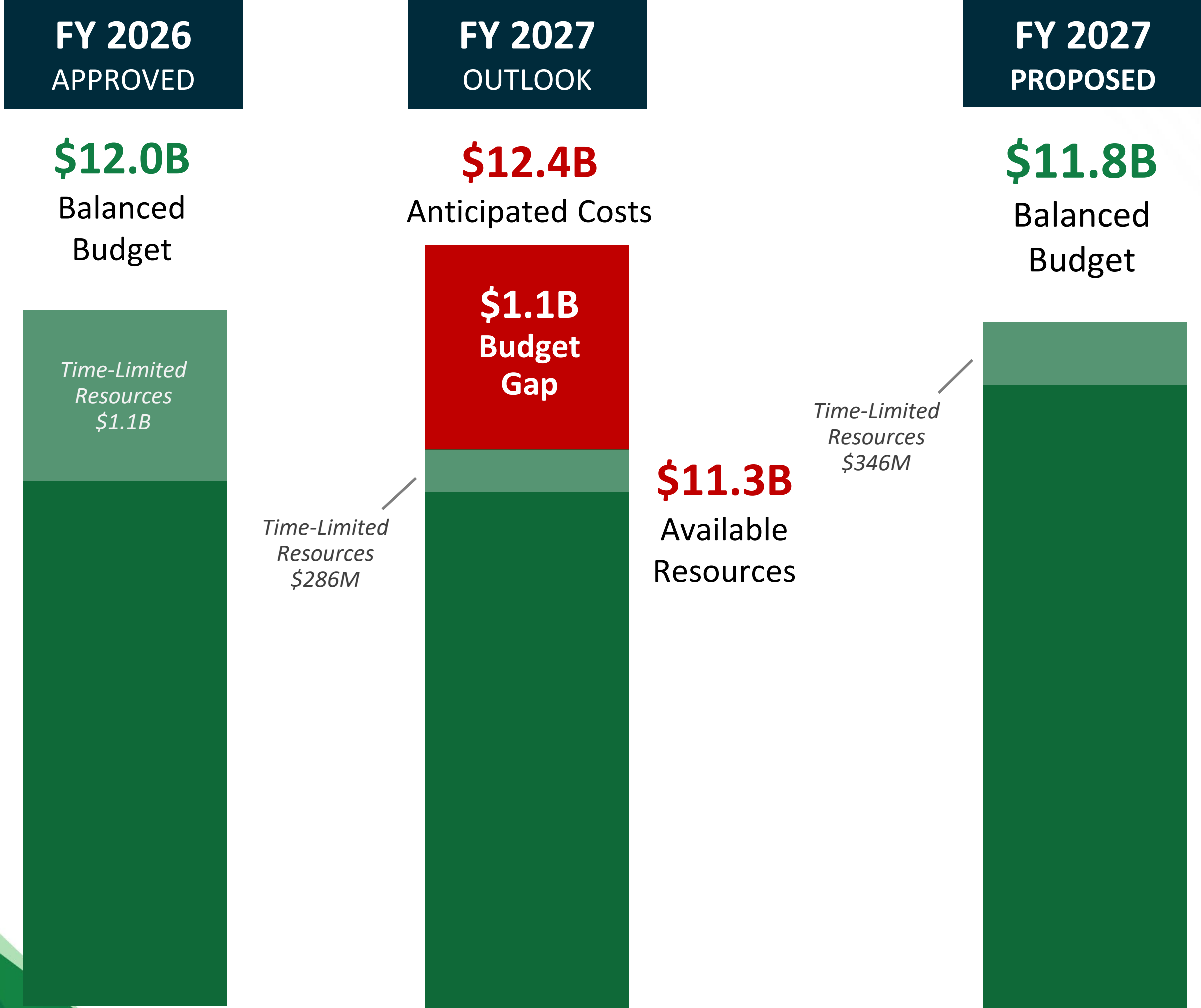
## PROTECT HEALTHCARE ECOSYSTEM

- **Medicaid:** Continue for all current participants
- **Alliance:** Continue for all current participants
- **Dental & Vision:** Add for all Basic Health Plan & Alliance participants

## GROW OUR ECONOMY

- **Deliver catalytic projects**
- **Business fee** reductions and eliminations
- **Solutions** for redeveloping areas with underutilized federal properties
- **Enhanced marketing and business attraction**

# FY 2027 BUDGET CHALLENGE




## We faced a $1.1 billion budget gap due to…

| Fewer Resources ⬇$700M | New or Rising Costs ⬆$450M+ |
|---|---|
| Smaller Surpluses | Medicaid Costs |
| Slower Revenue Growth | Overtime |
| Federal Workforce Reductions | SNAP Admin Costs |
| | Retirement Costs |
| | Utilities & Rent |

## We addressed the $1.1 billion gap through…

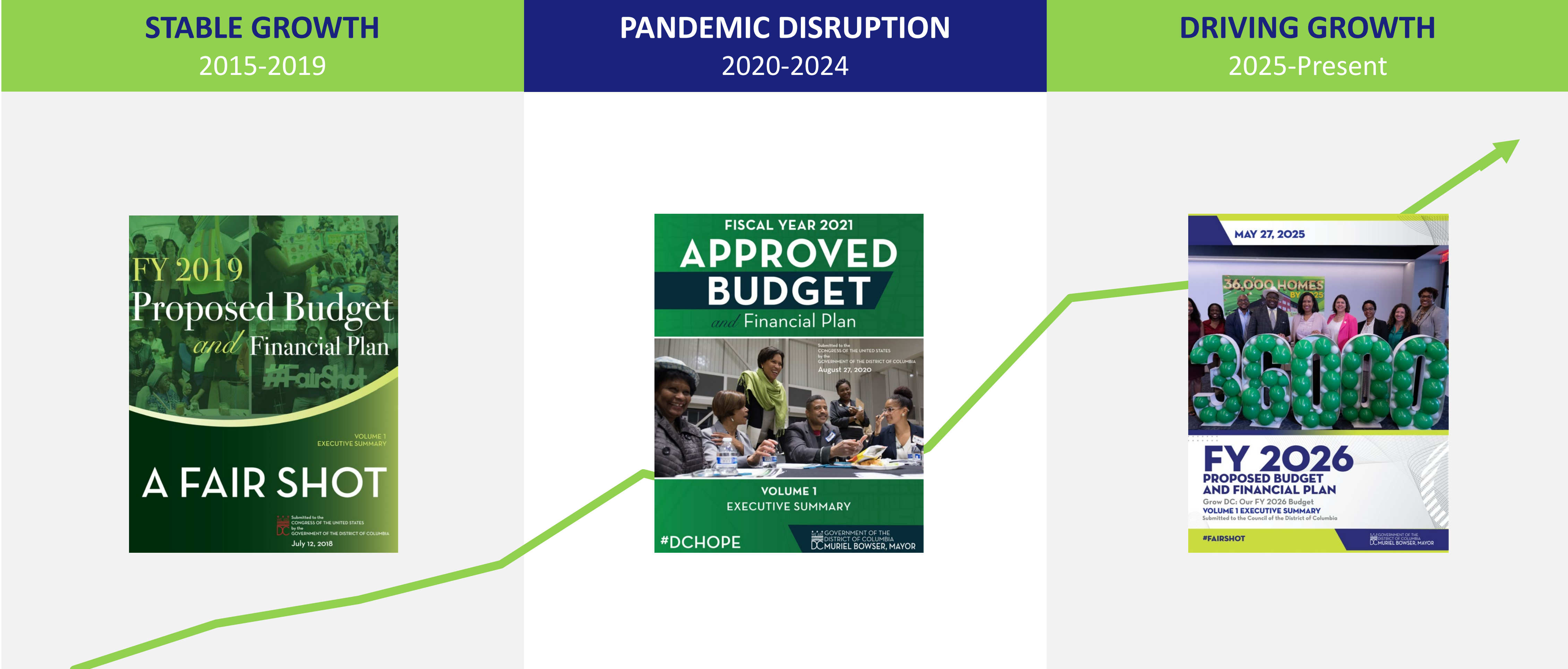
| | |
|---|---|
| ⬇ $340M | Current-Year Savings |
| ⬇ $469M | FY27 Program Reductions & Savings |
| ⬆ $250M | Revised Revenue Estimates |
| ⬆ $192M | Surplus & Adjustments |
| ⬆ $19M | Tax & Fee Changes |

# KEY COST INCREASES

- **Medicaid costs ⬆$172M**
  Driven by growth in special populations, provider rate costs, and overall enrollment
- **Overtime ⬆$92M**
  Increased funding for overtime costs at MPD, FEMS, DOC, DYRS, OUC, DPW, and other agencies
- **SNAP administrative costs ⬆$36M**
  Increased required share of administrative costs for SNAP due to federal law changes
- **Retirement contributions ⬆$26M**
  Increased contribution costs for Teachers, Police, and Firefighters to maintain fully funded pensions
- **Fixed costs for DC Government facilities ⬆$26M**
  Increases in energy, leasing, and telecom costs for public facilities

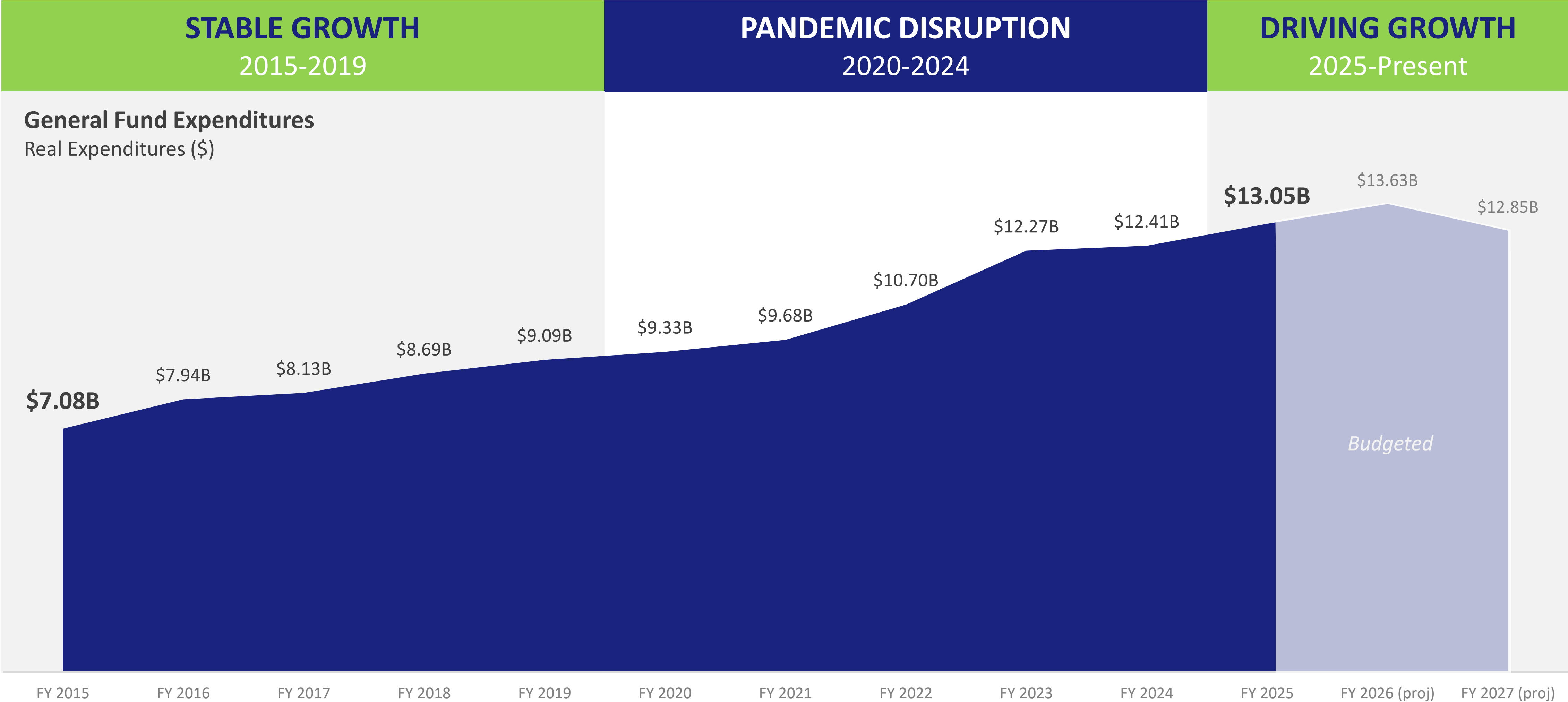
# We’ve Grown and We’re Still Growing

DC’s resources and investments have grown since 2015—against a backdrop of **three distinct economic periods**.



# Overall Spending

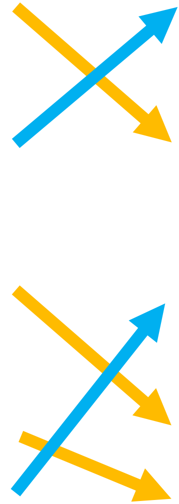
We have made **continual strategic investments in DC's future**, in good times and bad.



# Top 10 Agencies by Spending

Since 2015, spending at these 10 agencies has consistently accounted for **more than 60% of total spending**.

| | FY 2015 | |
|---|---|---|
| 1 | Department of Health Care Finance | $805M |
| 2 | District of Columbia Public Schools | $715M |
| 3 | Public Charter Schools | $661M |
| 4 | Repayment of Loans and Interest | $568M |
| 5 | Metropolitan Police Department | $484M |
| 6 | WMATA Subsidy | $336M |
| 7 | Department of General Services | $292M |
| 8 | Department of Human Services | $233M |
| 9 | Department of Behavioral Health | $231M |
| 10 | Fire and Emergency Medical Services | $217M |
| | **64%** of General Fund Spending | |



| FY 2025 | |
|---|---|
| Public Charter Schools | $1.39B |
| District of Columbia Public Schools | $1.37B |
| Department of Health Care Finance | $1.29B |
| Repayment of Loans and Interest | $1.06B |
| Department of Human Services | $733M |
| WMATA Subsidy | $721M |
| Metropolitan Police Department | $645M |
| Department of General Services | $455M |
| Department of Behavioral Health | $344M |
| Fire and Emergency Medical Services | $300M |
| **64%** of General Fund Spending | |



WE ARE WASHINGTON DC GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

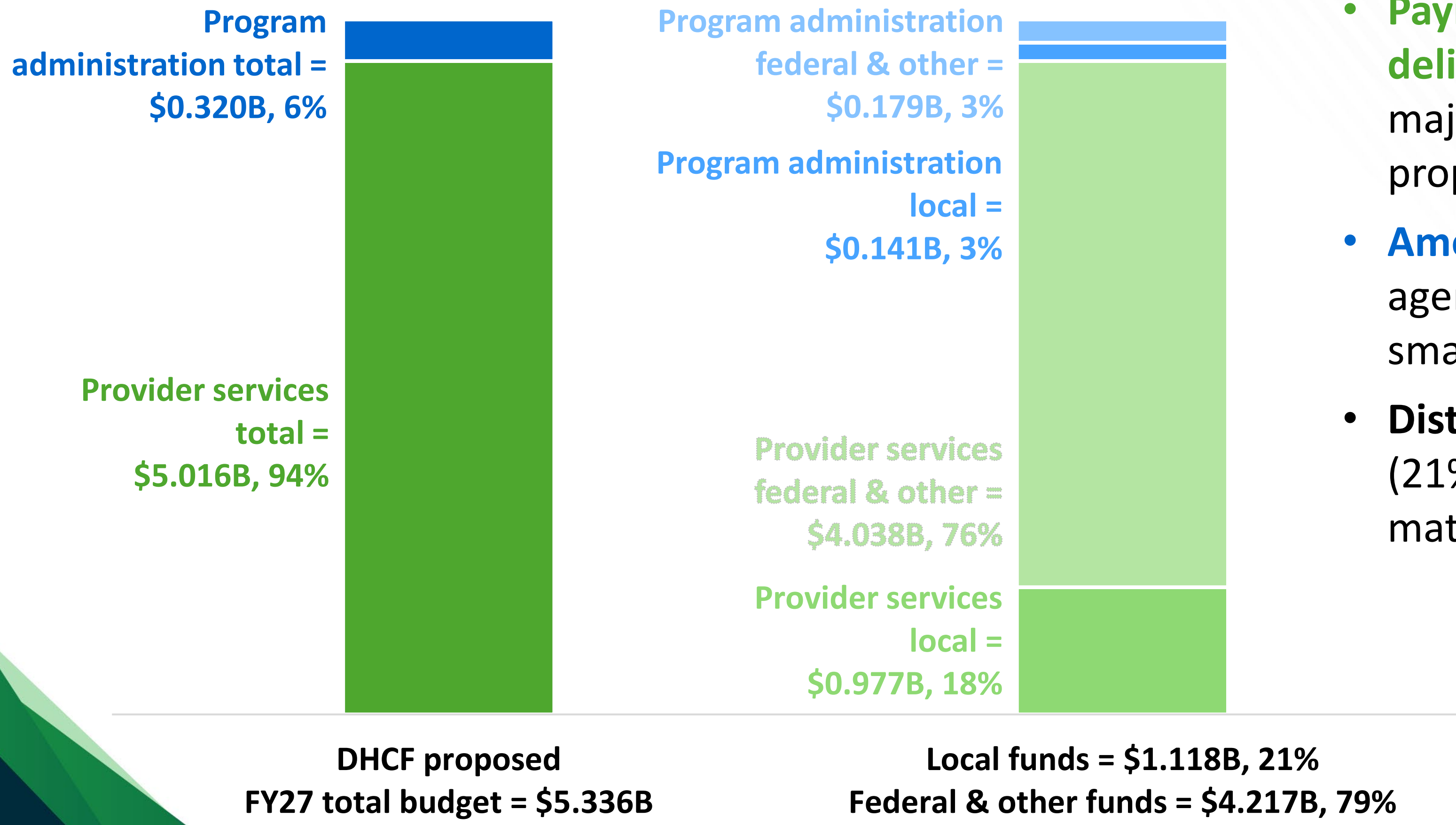
# DHCF Budget Overview

RUN THROUGH THE TAPE!

# DHCF’s Proposed FY27 Budget Protects Eligibility and Benefits

| Issue | Proposed for FY27 |
|---|---|
| Overall DHCF budget | • DHCF’s proposed FY27 budget maintains existing coverage that reflects an aging population, increasing number of services delivered per person, and higher underlying costs of care (e.g., employee wages paid by providers)<br>• Continues to pursue efficiencies, federal grants, and other efforts that help preserve District local funds |
| Program administration | • Reflects higher costs for existing agency staff along with savings from keeping vacant positions unfilled<br>• Includes DCAS IT savings, as well as funding for DCAS to offset lower federal contributions and higher vendor costs<br>• Includes funding for HBX to add Healthy DC Plan adult dental/vision and for Cedar Hill Regional Medical Center support |
| Eligibility and benefits | • Maintains FY26 Medicaid and Alliance eligibility levels in FY27<br>• Adds Alliance adult dental/vision (Healthy DC Plan dental/vision noted above will fund HBX-administered benefits)<br>• Implements a single preferred drug list (SPDL) for Medicaid fee-for-service and managed care plan coverage that simplifies the pharmacy benefit structure and achieves savings |
| Provider payment rates and methods | • Eliminates Medicaid payments to teaching hospitals for direct medical education (DME), which is a component of graduate medical education (GME) that helps fund administrative costs such as resident salaries; maintains indirect medical education (IME) to cover higher costs from, for example, more tests or other services ordered by residents in training<br>• Limits Medicaid bed hold payments to 18 days in a fiscal year for intermediate care facilities (ICFs) to align them with an existing policy for nursing facilities (NFs) |

# Provider Services Account for the Largest Share of DHCF's Budget




- **Payments to providers for health care services delivered to DC residents** account for the vast majority of DCHF's budget each year (94% in the proposed FY27 budget)
- **Amounts for program administration**, including agency staff and contracts, account for a much smaller share (6%)
- **District local funds supply about 1 in 5 dollars** (21%) and most of the remainder is federal match from the Medicaid program

# DHCF's Proposed FY27 Budget Includes $64M in Additional Local Funds

**DHCF Proposed FY 2027 vs Approved FY 2026 Budget by Category and Funding Source (millions)**

| Budget category and funding source | Proposed FY27 | Approved FY26 | FY27 change |
|---|---|---|---|
| **DHCF total** | $5,336 | $5,505 | **-$169** |
| **Local** | $1,118 | $1,055 | **$64** |
| **Federal & other** | $4,217 | $4,450 | **-$233** |
| **Provider services** | $5,016 | $5,220 | **-$205** |
| **Local** | $977 | $942 | **$36** |
| **Federal & other** | $4,038 | $4,279 | **-$240** |
| **Program administration*** | $320 | $285 | **$36** |
| **Local** | $141 | $113 | **$28** |
| **Federal & other** | $179 | $171 | **$8** |

* Includes amounts for HBX to add Healthy DC Plan adult dental/vision benefits and for Cedar Hill Regional Medical Center support.

- DHCF's proposed **FY27 local budget growth** supports, for example:
  - Adding dental and vision benefits for adults in the Health Care Alliance and Healthy DC Plan
  - Maintaining existing coverage that reflects an aging population, increasing number of services delivered per person, and higher underlying costs of care (e.g., employee wages paid by providers)
  - Increased local spending due to lower federal contributions for the DCAS eligibility system
- DHCF's proposed **FY27 total budget for provider services is lower** than FY26 for reasons that include:
  - Fewer childless adults and parents with Medicaid in FY27 due to the shift of those above 138% FPL to Healthy DC Plan or other HBX eligibility as of 1/1/2026 (second quarter of FY26)
  - New savings assumed from certain Medicaid provider payment and pharmacy benefit changes
  - Federal changes limiting the average commercial rate (ACR) payment to hospitals


RUN THROUGH THE TAPE!

WE ARE WASHINGTON DC GOVERNMENT OF THE DISTRICT OF COLUMBIA MURIEL BOWSER, MAYOR

# DHCF's FY27 Program Administration Budget

## DHCF Proposed FY 2027 vs Approved FY 2026 Budget for Program Administration by Account Group (millions)

| Budget account group | Proposed FY27 total | Approved FY26 total | FY27 total change | FY27 local change* | Context and key factors driving FY27 change |
|---|---|---|---|---|---|
| **Program administration total** | $320.1 | $284.5 | **$35.6** | **$27.8** | As indicated below, reflects a variety of factors |
| **Contracts** | $218.8 | $191.9 | **$26.9** | **$15.5** | Includes funds for DCAS to offset lower federal contributions and meet vendor cost of living obligations |
| **Salaries & fringe** | $55.3 | $53.8 | **$1.5** | **$0.0** | Reflects higher costs for existing agency staff along with savings from keeping vacant positions unfilled |
| **Grants** | $26.1 | $18.8 | **$7.3** | **$10.8** | Adds $5.7M local for Healthy DC Plan adult dental/vision and $5.0M local for Cedar Hill Regional Medical Center |
| **Equipment purchases** | $15.2 | $12.9 | **$2.3** | **$2.4** | Includes funds for DCAS to offset lower federal contributions |
| **Building, utility, etc. costs** | $2.7 | $2.6 | **$0.0** | **$0.1** | Reflects rental, occupancy, electricity, and similar costs |
| **Other** | $2.1 | $4.5 | **-$2.4** | **-$1.1** | Includes IT hardware and software maintenance savings |

* Reflects difference between proposed FY27 local and approved FY26 local amounts, which are not shown in the table.

# DHCF's FY27 Provider Services Budget Shows a Decrease, But Underlying Costs Are Still Growing

**DHCF Proposed FY 2027 vs Approved FY 2026 Budget for Provider Services by Program (millions)**

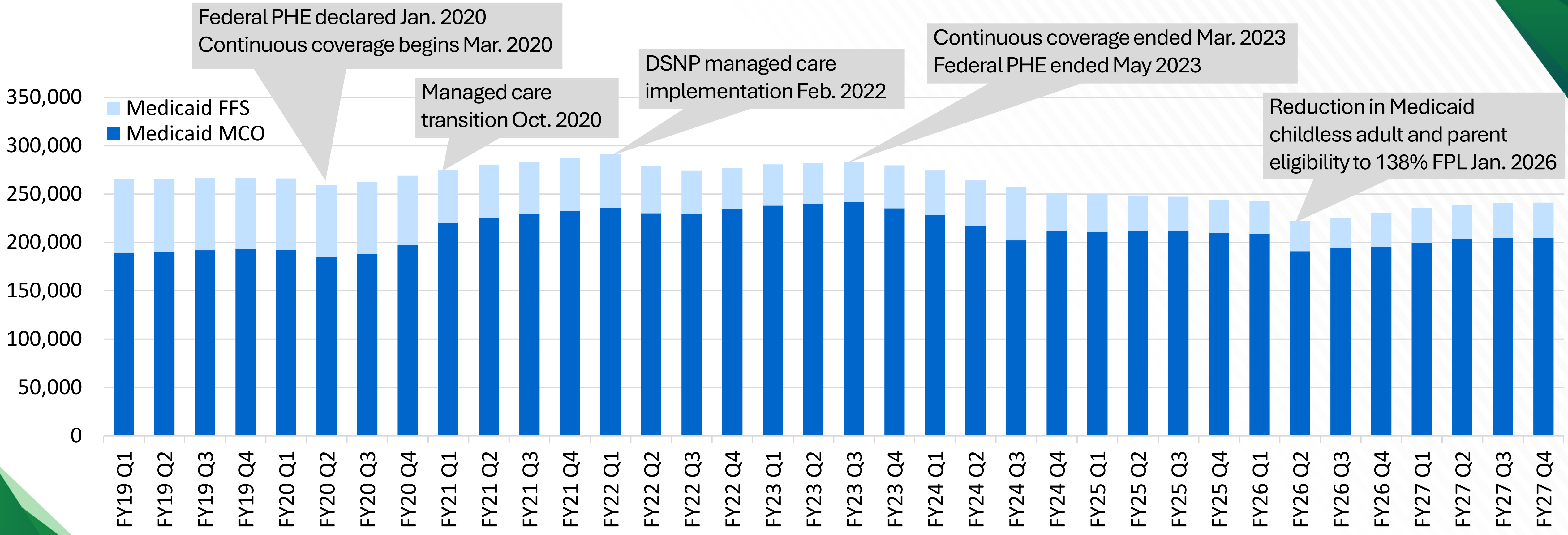
| Program | Proposed FY27 total | Approved FY26 total | FY27 total change | FY27 local change* | Context and key factors driving FY27 change |
|---|---|---|---|---|---|
| **Provider services total** | $5,016 | $5,220 | **-$205** | **$36** | • Even with a decrease in the FY27 total budget for reasons indicated below, factors such as an aging population, increasing number of services delivered per person, and higher underlying costs of care (e.g., employee wages paid by providers) continue to drive increases in spending for certain groups |
| **Medicaid program** (local and federal funding) | $4,923 | $5,099 | **-$175** | **$65** | • Fewer childless adults and parents in FY27; those above 138% FPL shifted to Healthy DC Plan or other HBX eligibility 1/1/2026<br>• Savings from certain Medicaid provider payment (hospital graduate medical education) and pharmacy benefit (single preferred drug list) changes are proposed for FY27<br>• Federal limits on the average commercial rate (ACR) payment to hospitals |
| **Alliance program** (local funding only) | $92 | $121 | **-$29** | **-$29** | • FY26 income eligibility levels are maintained, but fewer individuals covered in FY27 due to moratorium on new adult enrollment and lower renewal rates among current enrollees<br>• Adult dental and vision benefits are added in FY27 |

* Reflects difference between proposed FY27 local and approved FY26 local amounts, which are not shown in the table.



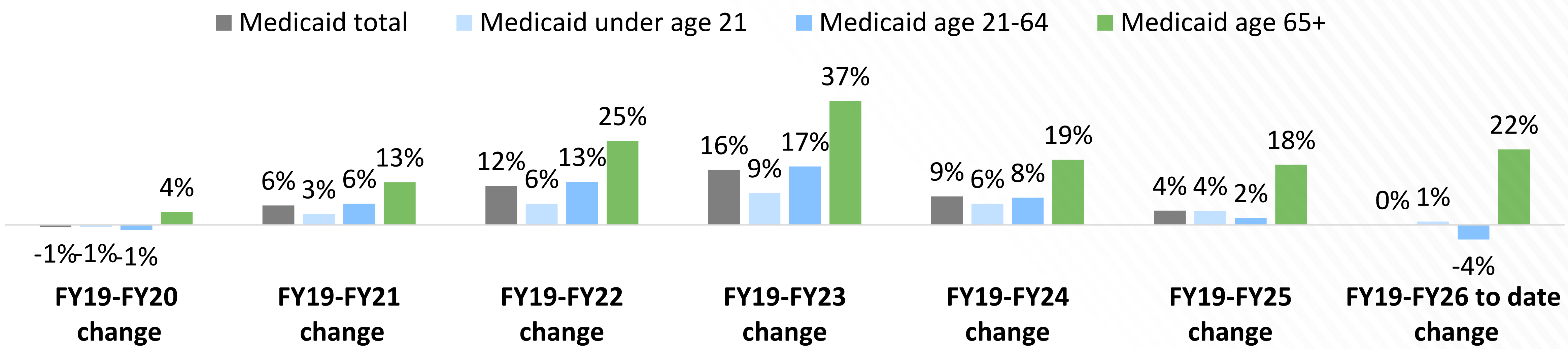
RUN THROUGH THE TAPE!

# Lower Medicaid Enrollment Is a Key Factor in DHCF's FY27 Provider Services Budget




**Note:** FFS is fee-for-service; MCO is managed care organization; DSNP is Medicare-Medicaid dual eligible special needs plan.

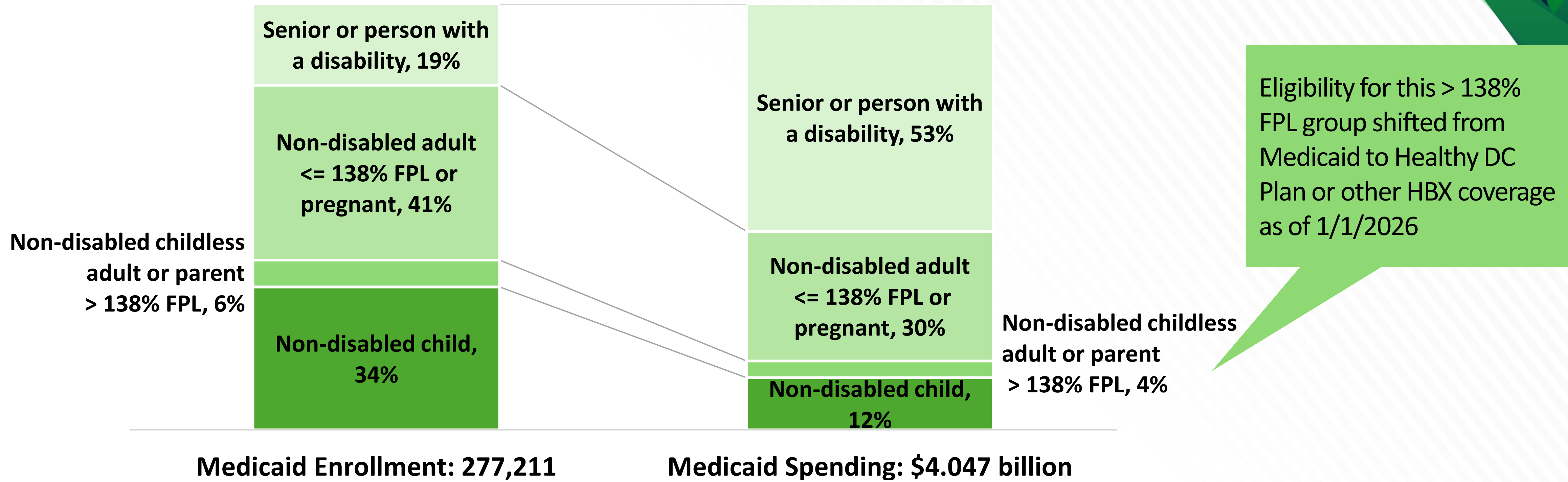
# FY26 Medicaid Eligibility Changes Led to Lower Nonelderly Adult Enrollment, But Seniors Are a High-Cost Group That Continues to Grow




- **Medicaid enrollment overall** grew substantially during the COVID public health emergency, but in FY 2025 had returned to a level that was 4% above its FY 2019 value
- **Growth has been highest among people age 65+**, with enrollment 22% higher in FY 2026 compared to FY 2019
- **Child and nonelderly adult enrollment** has grown more slowly
  - Enrollment for these groups remained above pre-PHE levels in FY 2025
  - Enrollment decreased among people under age 65 in FY 2026, largely reflecting the shift of childless adults and parents above 138% FPL from Medicaid to Healthy DC Plan or other HBX eligibility as of January 2026

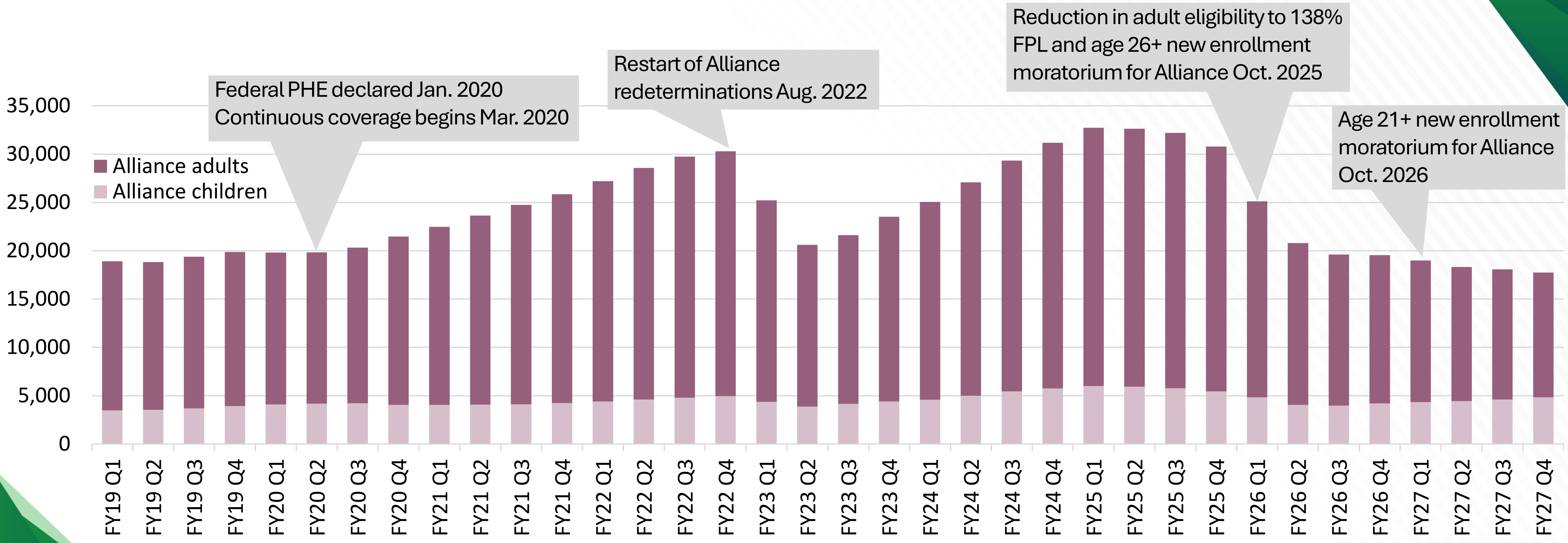
**Source:** DHCF Medicaid Management System (MMIS) data extracted in February 2026.

# Seniors and Persons with Disabilities Account for the Largest Share of Medicaid Spending




**Source:** DHCF Medicaid Management Information System (MMIS) data as of February 2026 for average monthly enrollment and claims with dates of service in FY 2025. Figures may differ from those presented elsewhere depending on the data and methods used. Enrollment reflects average monthly. Spending here reflects DHCF payments for managed care capitation and any fee-for-service utilization. Excludes financial transaction expenditures not attributable to individual beneficiaries (e.g., supplemental payments made to certain providers for a variety of purposes). Income as a percent of the federal poverty level (FPL) reflects a beneficiary's most recent eligibility determination; as a result, it will not necessarily reflect changes in their FPL during or after FY 2025. "Senior or person with a disability" includes a variety of groups, ranging from individuals who qualify through a long-term care eligibility pathway to those who only qualify for Medicaid payment of Medicare premiums and cost sharing.

# Decreasing Alliance Adult Enrollment Also Factors Into DHCF's FY27 Provider Services Budget




**Note:** Alliance children were enrolled in the Immigrant Children's Program (ICP) prior to FY 2026.



RUN THROUGH THE TAPE!
WE ARE WASHINGTON DC GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

# DHCF Continues to Pursue Efforts That Focus on Efficient Use of Resources and Help Preserve District Local Funds

LTC reform

**Long-Term Care (LTC) Reform**
Quality-based payment structure focused on quality not quantity; ensuring correct services are offered in the right place at the right time.
**$2M local savings in proposed FY27 budget**

MCO avoidable costs

**Managed Care Organization (MCO) Targeted Efficiency Levels (TEL)**
Quality effort that reduces MCO capitation rate for avoidable costs, including: inpatient readmissions; low acuity non-emergent (LANE) emergency department visits; and potentially preventable inpatient admissions (PPA).
**$5M local savings in proposed FY27 budget**

**Public Assistance Reporting Information System (PARIS)**
A computer matching service for public assistance recipient data provided to states free of charge from the Department of Treasury.

**Issue Request For Information (RFI) notices to beneficiaries who appear on the PARIS Interstate Match for receiving benefits in another state (Medicaid-Only)**

4,993 issued RFI notices from 10/1/2025-present

**Either terminate or continue coverage for beneficiaries depending on if they provide proof of District residency within 30 days of the issued notice date.**

3,739 beneficiaries with terminated coverage from 10/1/2025-present

1,194 beneficiaries continued coverage from 10/1/2025-present

**Ensures the District pays only for individuals who are eligible for and enrolled in a single state's Medicaid program**

# DHCF Continues to Maximize Federal Grants to Establish Models That Drive Quality and Cost of Care Improvements

**Maternal Health**

- A 100% federal grant totaling $17 million over 10 years to implement the Transforming Maternal Health (TMaH) model to develop and implement payment and care delivery initiatives that support whole-person maternal health over the perinatal care period, up to 1 year past birth.
- Funding will support provider incentive payments for infrastructure, provider technical assistance, public awareness, and new staff at DHCF.

**Justice-Involved Re-Entry**

- A 100% federal grant totaling $2.8 million over 4 years to support a new federal requirement to provide targeted case management (TCM) and screening and diagnostic services to post-adjudicated juveniles prior to release from detention and TCM for at least 30 days post-release.
- The funding supports providers with technical assistance, technology, and FTEs for DHCF, DYRS, and DOC.

**Sickle Cell Disease**

- A 100% federal grant totaling $7 million to support the implementation of a new CMS model to address challenges of CGTs for sickle cell disease, including negotiating outcome-based arrangements.
- Funding will support public awareness, care coordination, data dashboard, and a new FTE at DHCF.

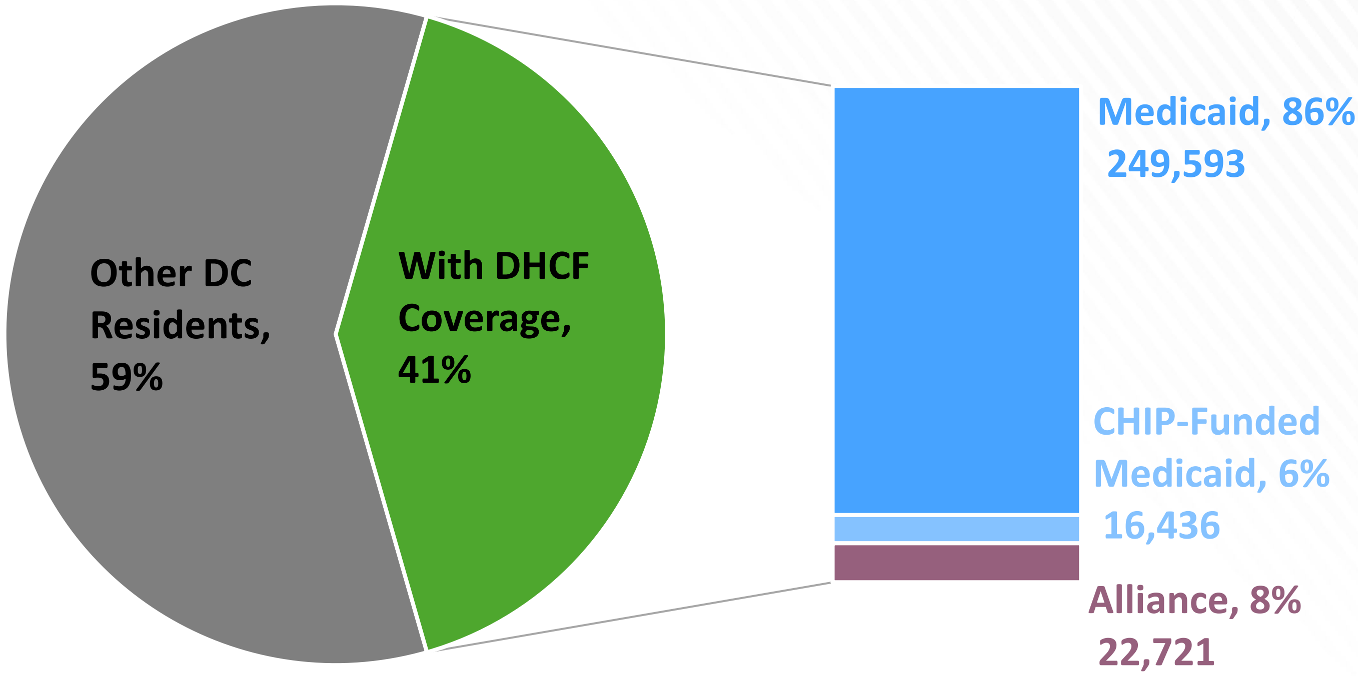
**Behavioral Health**

- A 100% federal grant award totaling $509,724 to enhance behavioral health data quality and interoperability to support more coordinated, outcome-focused care.
- Funding will support health technology efforts by establishing a standardized, electronic data exchange framework that enables behavioral health providers to capture and transmit structured clinical data aligned with substance use disorder (SUD) quality measures.

# DHCF Eligibility and Benefits

RUN THROUGH THE TAPE!

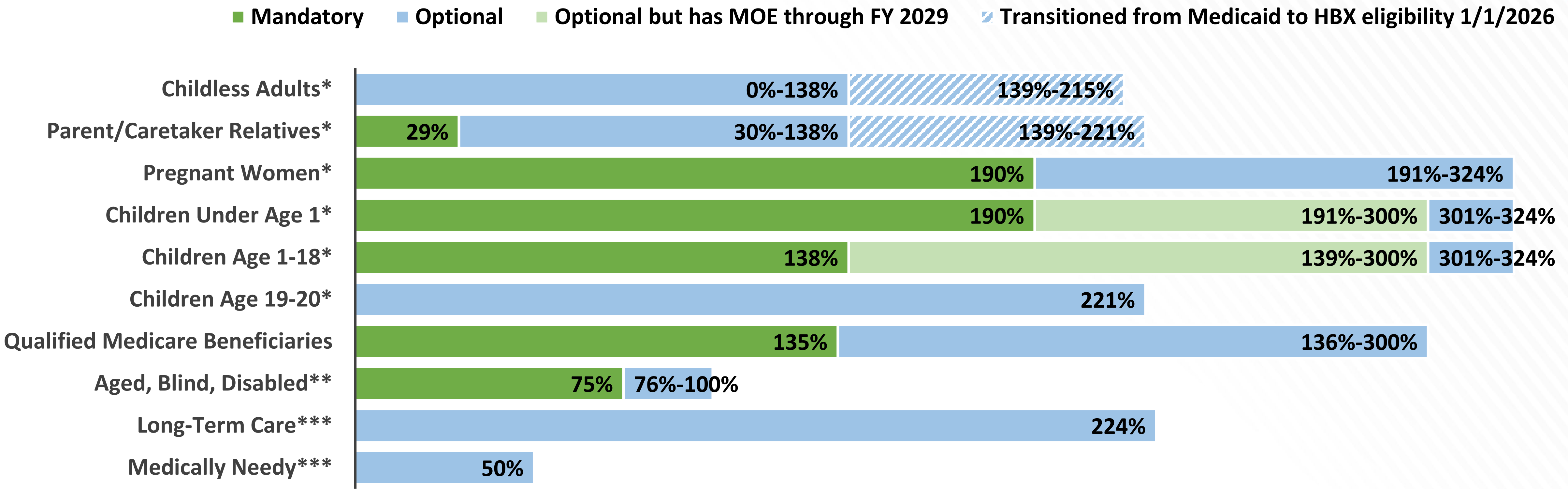
# More than 40% of District Residents Rely on DHCF-Funded Health Coverage, with Most in Medicaid




**Source:** District population estimate reflects the U.S. Census Bureau's 2024 ACS 1-Year Data Tables. DHCF data reflect FY 2026 average monthly enrollment as of February 2026 from DHCF's Medicaid Management Information System.

**Note:** Sum of components may not equal total due to rounding. Enrollment in FY 2026 is lower than previous years due in part to adult eligibility reductions. Medicaid childless adult and parent/caretaker eligibility was reduced to 138% FPL as of January 2026. Alliance adult eligibility was reduced to 138% FPL as of October 2025, and there is a moratorium on enrollment of new adults age 26+.

# Even With the Recent Shift to 138% FPL for Childless Adults and Parents, DC Medicaid Eligibility Levels Are Among The Highest In The Nation




**Note:** 200% FPL is $31,920 for an individual or $66,000 for a family of four in 2026. MOE is maintenance of effort.

* Medicaid eligibility for these groups includes a 5% income disregard when calculating the effective upper FPL limit. The effective limit, inclusive of the disregard, is shown here.

** Must be receiving Supplemental Security Income (SSI) cash assistance to qualify for mandatory coverage; the 75% FPL shown is for an individual and the limit for a couple is 83% FPL.

*** Long-term care eligibility is limited to individuals who require an institutional level of care and the upper limit is 300% of the SSI federal benefit rate, which translates to 224% FPL for an individual. The medically needy level (MNIL) in 2026 is 50% of the FPL for a household of 2 or more and 64% FPL for an individual.

# DHCF’s Proposed FY27 Budget Maintains FY26 Medicaid and Alliance Eligibility Levels, Incorporates Changes in Federal Law, and Bolsters Benefits

## Medicaid

- **Maintains** FY26 income eligibility levels in FY27 (see previous slide)
- **Incorporates** federal changes that include:
  - Narrows full-benefit Medicaid eligibility for certain legal immigrants effective 10/1/2026, but this group retains Medicaid coverage for the treatment of emergency medical conditions
  - Work requirements for childless adults effective 1/1/2027
  - Shift from 90-day retroactive eligibility to 30 days for childless adults and 60 days for all others effective 1/1/2027
  - Requires renewals every six months for childless adults effective 1/1/2027
- **Implements** a single preferred drug list (SPDL) for Medicaid fee-for-service and managed care plan coverage effective 4/1/2027
  - Will improve and streamline beneficiary, provider, and pharmacy experiences, while creating a more transparent and cost-effective benefit structure
  - Achieves **$1.6M local savings** in FY27

## Alliance

- **Maintains** FY26 income eligibility levels in FY27 (138% FPL for age 21 and older; 221% FPL for age 19-20; 324% FPL for age 0-18)
- **Continues** the current law moratorium on new enrollment in Alliance adult coverage
  - Moratorium applies to individuals age 21+ who seek to newly enroll in FY27, as well as those who age out of Alliance child coverage at 21 in FY27
  - Individuals subject to the Alliance adult enrollment moratorium remain eligible for coverage of emergency medical conditions under Medicaid
- **Adds** dental and vision benefits for adults

# DHCF Payment Rates and Methods

RUN THROUGH THE TAPE!

# DHCF's Proposed FY27 Budget Reflects a Mix of Provider Payment Rate/Methodology Savings and Routine Updates

## Provider payment context

- Payments to health care providers for services delivered to DHCF beneficiaries are made under fee-for-service (FFS) and managed care organization (MCO) arrangements
  - FFS payment rates and methods are determined by DHCF
  - Under managed care, DHCF pays MCOs a capitated per member per month (PMPM) rate to administer covered benefits; in turn, MCO payments to providers can vary

## Approved FY26 budget

- Increased rates for dental services and maintained rates that reflected enhanced wages for direct support professional (DSP) workers serving people with disabilities, while limiting inflation and delaying rate rebasing for certain other providers

## Proposed FY27 budget

- Eliminates Medicaid payments to teaching hospitals for direct medical education (DME), which is a component of graduate medical education (GME) that helps fund administrative costs such as resident salaries; maintains indirect medical education (IME) to cover higher costs from, for example, more tests or other services ordered by residents in training
- Limits Medicaid bed hold payments to 18 days in a fiscal year for intermediate care facilities (ICFs) serving individuals with intellectual disabilities to align them with an existing policy for nursing facilities (NFs)
- Pauses adjustments to dental, behavioral health, and enhanced DSP rates
- Rebases federally qualified health center (FQHC) rates; reflects scheduled updates for other providers

# While DHCF's Managed Care Capitation Rates for DCHFP and CASSIP Plans Show Modest Increases, DSNP and PACE Plans That Include Substantial Long-Term Care Populations Have the Highest Growth

## DHCF Managed Care Plan Capitation Per Member Per Month, FY 2024-FY 2027

| Program | FY24 | FY25 | FY26 YTD | Proposed FY27 budget | FY25 % change | FY26 % change | FY27 % change |
|---|---|---|---|---|---|---|---|
| **Medicaid** | | | | | | | |
| DCHFP | $561 | $572 | $568 | $609 | 1.9% | -0.7% | 7.2% |
| CASSIP | $3,066 | $3,224 | $3,383 | $3,511 | 5.1% | 4.9% | 3.8% |
| DSNP | $1,437 | $1,546 | $1,783 | $2,023 | 7.6% | 15.3% | 13.5% |
| PACE | $7,994 | $7,968 | $8,638 | $10,132 | -0.3% | 8.4% | 17.3% |
| **Alliance** | | | | | | | |
| Adults | $453 | $501 | NA^ | NA^ | 10.6% | NA^ | NA^ |
| Children | $258 | $255 | NA^ | NA^ | -1.2% | NA^ | NA^ |

**Note:** DCHFP is DC Healthy Families Program; CASSIP is Child and Adolescent Supplemental Security Income Program; DSNP is Dual Eligible Special Needs Plan; PACE is Program of All-Inclusive Care for the Elderly. DSNP and PACE are relatively new and rate changes may stabilize as DHCF gains more experience with these programs.

- FY 2024 through FY 2026 year to date (YTD) reflect actual capitation payments through 2/20/2026.
- DCHFP FY 2027 budget reflects an almost 8% increase in base data and incorporates 80% Targeted Efficiency Levels (TEL) for avoidable costs.
- DSNP budgeted CY 2027 rates are 8% higher than CY 2026, after adjusting for DSP rate enhancement. This is in addition to the 16% increase in CY 2026 over CY2027, which the chart above does not fully capture as the rating period is different than the fiscal year.

^ Alliance in FY 2026 and beyond reflects fee-for-service coverage with the limited exception of locally funded postpartum managed care for individuals transitioning out of CHIP-funded prenatal coverage, known as From Conception To End of Pregnancy (FCEP).

# Notable Rate Issues for Non-Hospital Providers in FY 2027

## Adjust

- FQHC rebasing will be completed in FY2027
- Bed-hold days for ICF/IDD will be reduced from 60 days to 18 days but reimbursed at full per diem rate

## Pause

No adjustments for:

- Behavioral health rates
- Dental rates
- DSP wage enhancement will be funded at current level



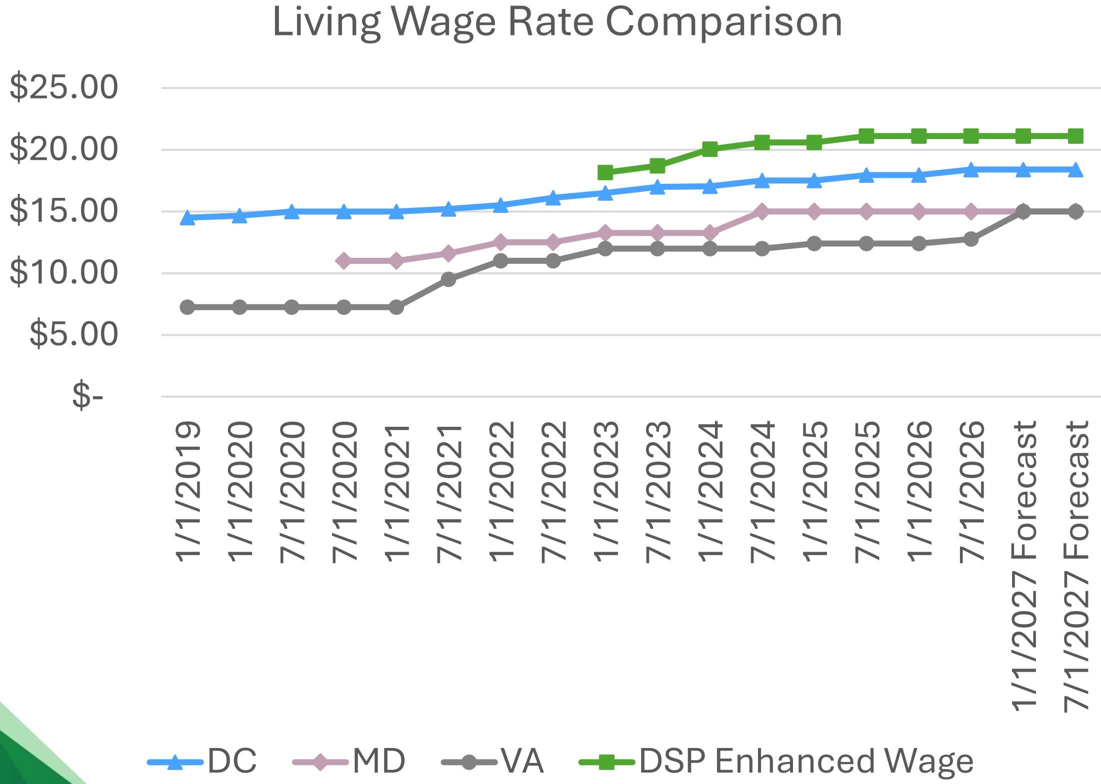
RUN THROUGH THE TAPE!

# Even with a Limit on Medicaid Payment for ICF Bed Hold Days to Align with NFs, the District's Policy Still Provides More Support Than Neighboring States

| Leave Category | State | Hospital/Medical Bed-Hold | Therapeutic Leave Bed-Hold | Reference |
|---|---|---|---|---|
| SNF | Maryland | No paid days. Facility must provide written notice of right to return to next available bed. | 18 days/year. Rate excludes direct care / nursing costs. | COMAR 10.09.11.09 |
| SNF | Virginia | No paid days. Facility must readmit to first available bed. | 18 days/year. Reimbursed at Medicaid rate but may not be the full per diem rate. | 12VAC30-90-10 |
| SNF | DC | 18 days/year, if there is a reasonable expectation of return, reimbursed at full per-diem rate. | | 29 DCMR Section 950 |
| ICF/IDD | Maryland | No paid days. Similar to the SNF, focuses on the right to return only. | 18 days/year. Daily rate reduced to exclude nursing and active treatment components. | COMAR 10.09.26.11 |
| ICF/IDD | Virginia | No paid days. Facility must readmit to first available bed. | 18 days/year. Reimbursed at Medicaid rate but may not be the full per diem rate. | DMAS Manual Ch. IV |
| ICF/IDD | DC | 18 days/year. If there is a reasonable expectation of return, reimbursed at full per-diem rate. | | 29 DCMR Section 950 |

# Living Wage Rate Comparison

## DC living wage comparison to neighboring states is higher, even with the pause in the enhanced wages at $21.11

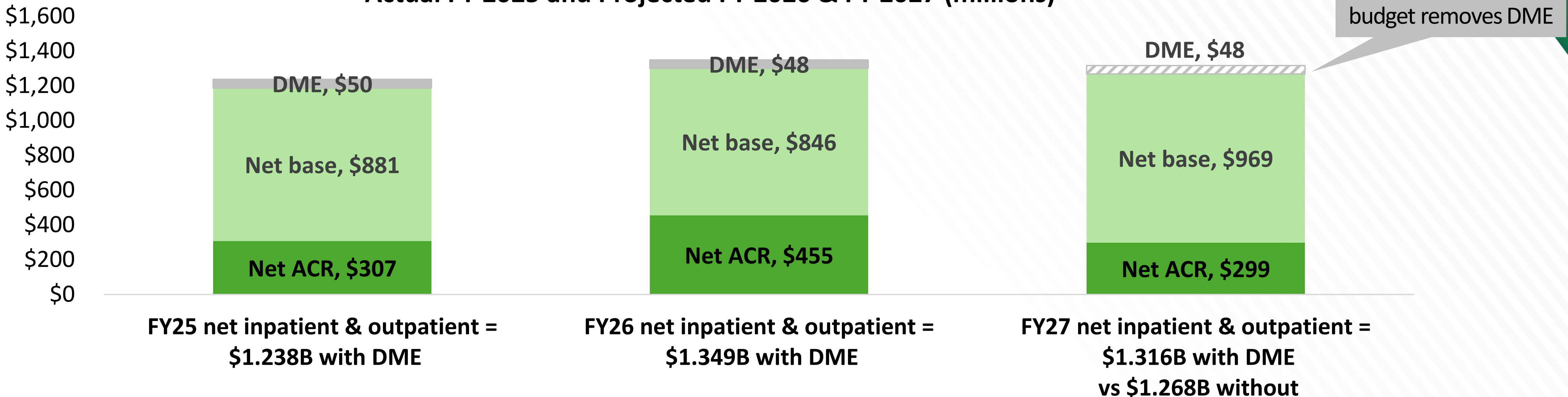



| Living Wage Rate Comparison | | | | |
|---|---|---|---|---|
| Effective Date | DC | MD | VA | DSP Enhanced Wage |
| 1/1/2019 | $ 14.50 | | $ 7.25 | |
| 1/1/2020 | $ 14.65 | | $ 7.25 | |
| 7/1/2020 | $ 15.00 | | $ 7.25 | |
| 7/1/2020 | $ 15.00 | $ 11.00 | $ 7.25 | |
| 1/1/2021 | $ 15.00 | $ 11.00 | $ 7.25 | |
| 7/1/2021 | $ 15.20 | $ 11.60 | $ 9.50 | |
| 1/1/2022 | $ 15.50 | $ 12.50 | $ 11.00 | |
| 7/1/2022 | $ 16.10 | $ 12.50 | $ 11.00 | |
| 1/1/2023 | $ 16.50 | $ 13.25 | $ 12.00 | $18.15 |
| 7/1/2023 | $ 17.00 | $ 13.25 | $ 12.00 | $18.70 |
| 1/1/2024 | $ 17.05 | $ 13.25 | $ 12.00 | $20.05 |
| 7/1/2024 | $ 17.50 | $ 15.00 | $ 12.00 | $20.58 |
| 1/1/2025 | $ 17.50 | $ 15.00 | $ 12.41 | $20.58 |
| 7/1/2025 | $ 17.95 | $ 15.00 | $ 12.41 | $21.11 |
| 1/1/2026 | $ 17.95 | $ 15.00 | $ 12.41 | $21.11 |
| 7/1/2026 | $ 18.40 | $ 15.00 | $ 12.77 | $21.11 |
| 1/1/2027 forecast | $ 18.40 | $ 15.00 | $ 15 .00 | $21.11 |
| 7/1/2027 forecast (for rate forecast purpose only) | $18.85 -$18.90 | $ 15.00 | $ 12.77 | $21.11 |



RUN THROUGH THE TAPE!

# Hospital Total Net Revenue in FY27 Reflects Lower DHCF Program Enrollment, Federal Changes Limiting the Average Commercial Rate (ACR), and the Removal of Direct Medical Education (DME)




**Overall, hospital total net revenue in FY 2027 reflects:**

- Lower DHCF program enrollment, due in part to the shift of parents and childless adults > 138% FPL to Healthy DC Plan or other HBX coverage.
- Federal changes limiting the ACR. In FY26, DHCF is permitted to collect a higher tax amount from hospitals, which supports a higher ACR payment. In FY27, the allowable tax amount is reduced.
- Eliminates Medicaid payments to teaching hospitals for direct medical education, which is a component of graduate medical education (GME) that helps fund administrative costs such as resident salaries. Maintains indirect medical education to cover higher costs from, for example, more tests or other services ordered by residents in training.

**Note:** Reflects net payment for DHCF beneficiaries (FFS and MCO payments received minus taxes paid). FY 2025 includes DSNP hospital volume but is excluded in projections for FY 2026 & FY 2027.

# Summary of ACR Changes Between FY 2025-FY 2027

## FY 2025

- CMS approved tax waiver June 27, 2025 and state directed payment (SDP) was approved September 9, 2025.
- DHCF made 2 payments in October 2025 and January 2026 totaling $442.8M out of $485.2M approved by CMS.
- DHCF anticipates making one final payment in May/June 2026 to close out FY 2025.

## FY 2026

- DHCF submitted renewal of SDP and new tax waiver June 30, 2025.
- DHCF was timely in responding to multiple rounds of CMS questions in July, September, and December 2025.
- In lieu of making payments at the FY 2025 level, DHCF believes federal approval is forthcoming.
- SDP is projected to increase to $658.7M.

## FY 2027

- Changes to Medicaid SDP and Taxes in the One Big Beautiful Bill Act (OBBBA) passed July 4, 2025 start to impact the District's SDP program in FY 2027.
- Starting 10/1/2026, states can only collect taxes that were imposed as of 7/4/2025. Thus, the Directed Payment Provider Fee Funds revert to the FY 2025 level that supposed a lower SDP.
- The District's SDP will need to reduced by 10% each year starting in FY 2028 until it reaches 100% of Medicare as D.C. is a Medicaid expansion state.

# Wrap-Up

RUN THROUGH THE TAPE!

# Wrap-Up

- **DHCF budget hearing dates**
  - Public testimony 4/27/2026
  - Agency testimony 4/29/2026
- **Questions?**


WE ARE WASHINGTON DC GOVERNMENT OF THE DISTRICT OF COLUMBIA MURIEL BOWSER, MAYOR

# Public Announcements

DHCF Department of Health Care Finance

# Get Involved and Make Sure You're Getting Updates

- **The next MAC meeting will be Wednesday, June 24 from 5:30 – 7:30 PM.**
- If you (or other community members and partners) are not already receiving MAC meeting invites, you can email dhcfMACandBAC@dc.gov and we will add you to the list.
- **If you are already receiving MAC invites and emails, no action is needed.**

**Other upcoming meetings**

- **Health System Redesign (HSR) Subcommittee:** Thursday, May 14, 2:00 – 3:30 PM
- **Beneficiary Advisory Council (BAC):** Thursday, May 21, 6:00 – 7:30 PM (*closed meeting*)
- **Long-Term Care (LTC) Subcommittee:** Wednesday, May 27, 2:00 – 3:30 PM
- **Children's Health Subcommittee:** Launching in FY 2027!