

Presentation to the Committee On Health

FY2024

BUDGET OVERVIEW

#FAIRSHOT

March 27, 2023

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

Presentation Outline

Introduction

DHCF's FY2024 Funded Eligibility Levels And Program Structure

Overview of DHCF's FY2024 Budget Proposal

How DHCF's Budget Was Built

Budget Assumptions for Hospitals

Updated Budget for New Hospital

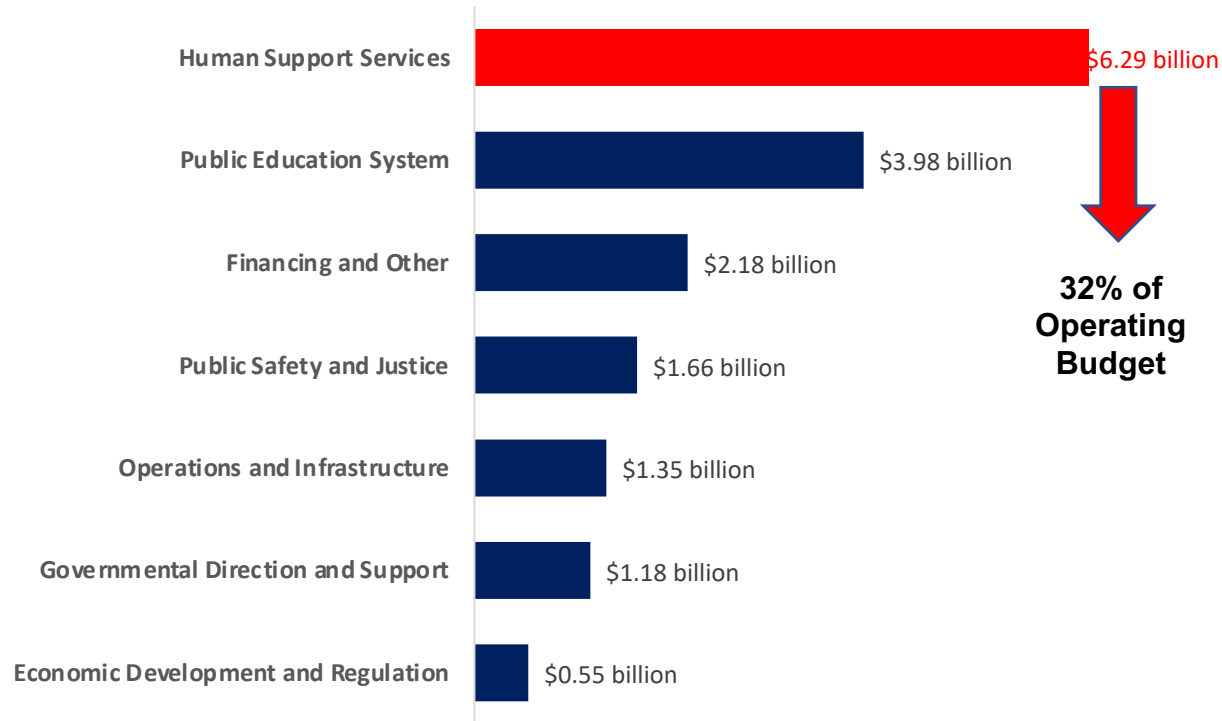
Introduction

- ❑ Good morning, Chairwoman Henderson, and members of the Committee on Health. It is my pleasure to report on Mayor Muriel Bowser's Fiscal Year 2024 Fair Shot Budget and Financial Plan for DHCF.
- ❑ I am joined today by much of my Executive Management Team and our AFO, along with key members of my senior staff – all instrumental in developing a responsible proposal for the Mayor's consideration in these challenging times.
- ❑ Despite difficult financial times, the Mayor's commitment to funding critical health care services through DHCF's Medicaid and Alliance programs is evident in this budget.

FY 2024 Budget Overview Illustrates Mayor's Commitment To Health And Human Services

OPERATING BUDGET

FY 2024 OPERATING BUDGET



DHCF 10% of Local Fund Operating Budget at \$986.6 M

- \$19.7B gross funds budget
- \$10.6B Local Funds budget
- Local Fund resources decrease by \$110M or -1% compared to the FY 2023 Approved Budget

MOST SIGNIFICANT INCREASED INVESTMENT

Collective Bargaining Agreements, Retirement Accounts, Schools, Medicaid, Fixed Costs and Facilities Maintenance, plus Debt Service to support planned capital investments

Introduction

- ❑ I have submitted my detailed testimony for the record and will quickly discuss the highlights so that you and the Committee can get directly to your questions.

- ❑ The slides before you discuss -
 - The funded policy and budget structure of the agency

 - A high-level overview of the Mayor's FY2024 budget proposal for DHCF

 - A brief discussion of the hospital budget

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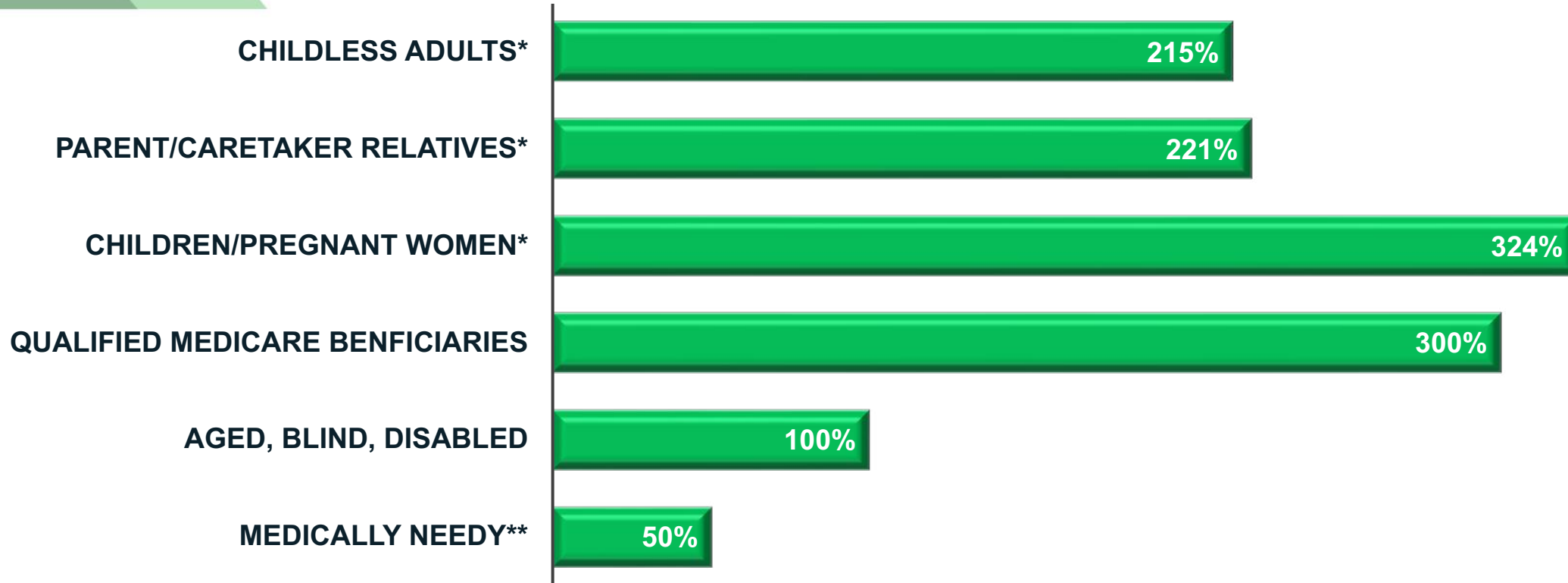
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District Eligibility Levels For The Medicaid Program Are Among The Highest In The Nation

DC Medicaid Income Eligibility by Federal Poverty Level (FPL)



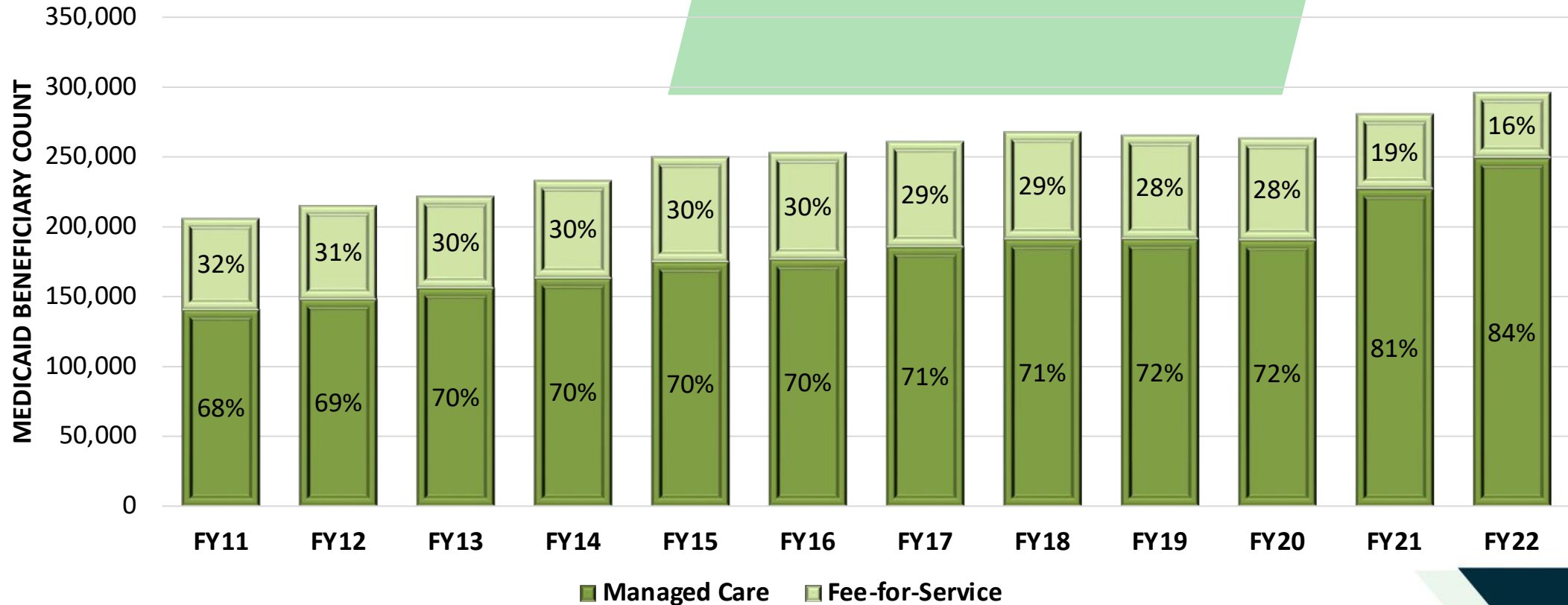
Note: Low-income is 200% FPL, which is \$29,160 for an individual or \$60,000 for a family of four in 2023.

* Includes a 5% income disregard.

** The Medically Needy Income Level (MNIL) in 2022 is 50% of the FPL for a household of 2 or more and 64% of the FPL for a household of 1.

Nearly 85 Percent Of The District's Medicaid Enrollees Are In Managed Care

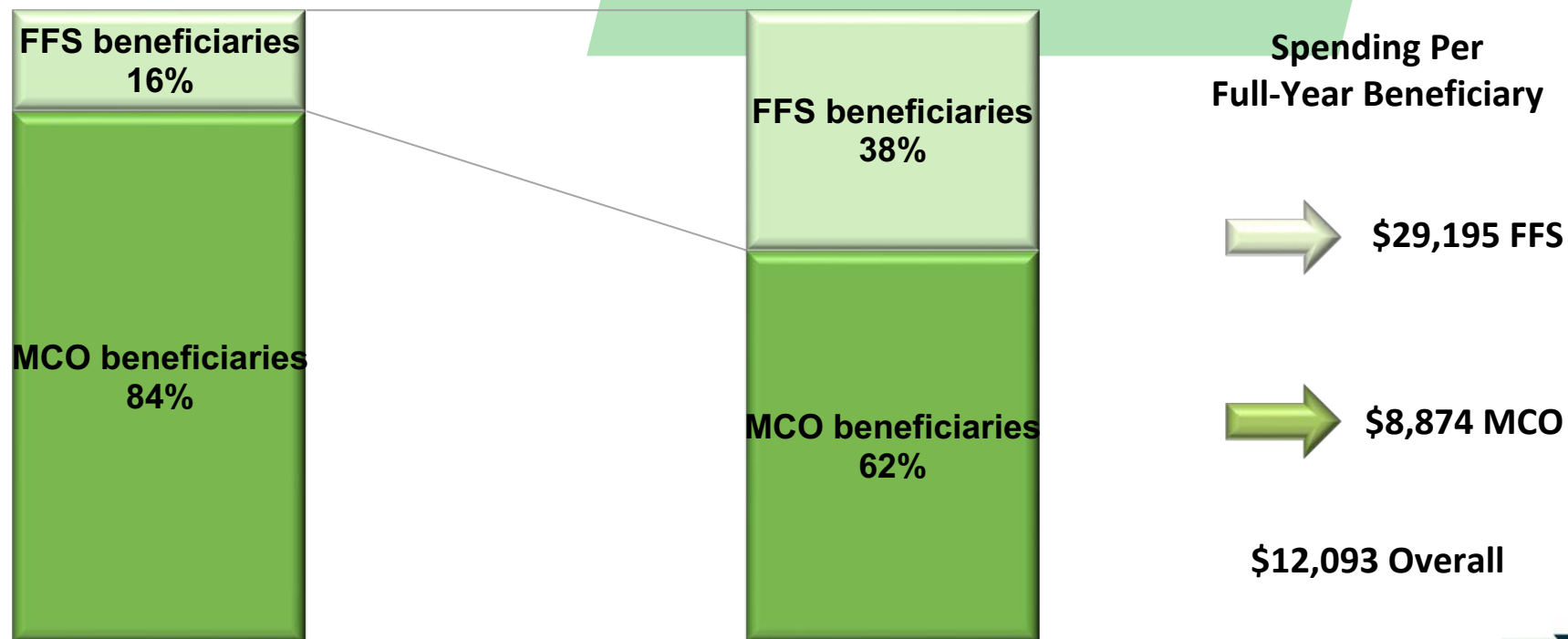
Medicaid Enrollment by Service Delivery Type, FY 2011 to FY 2022



Note: MCO figures on this chart exclude Medicare dual eligible special needs plan (D-SNP) coverage.

Though Smaller In Number, The Per-Beneficiary Annual Cost For Fee-For-Service (FFS) Enrollees Is More Than Three Times Higher Than Those In Managed Care

Medicaid Enrollment and Spending by Service Delivery Type, FY 2022



Medicaid Enrollment = 295,795

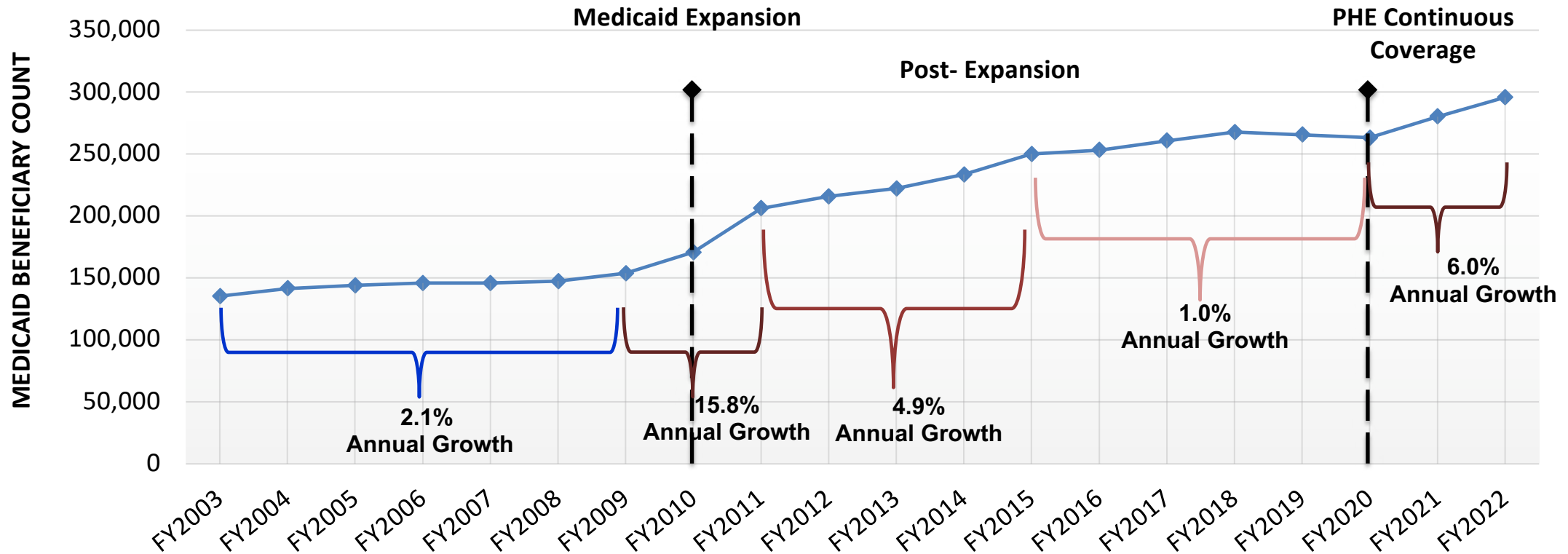
Medicaid Spending = \$3.576 billion

Source: DHCf Medicaid Management Information System (MMIS) data extracted in March 2023 for eligibility in FY 2022 and claims with dates of service in FY 2022.

Note: Enrollment is average monthly and spending per full-year beneficiary is the average cost over 12 months. Spending reflects DHCf payments for both capitation and any fee-for-service utilization. Excludes expenditures not attributable to individual beneficiaries (e.g., disproportionate share hospital payments).

Medicaid Enrollment Growth Spiked During The Pandemic

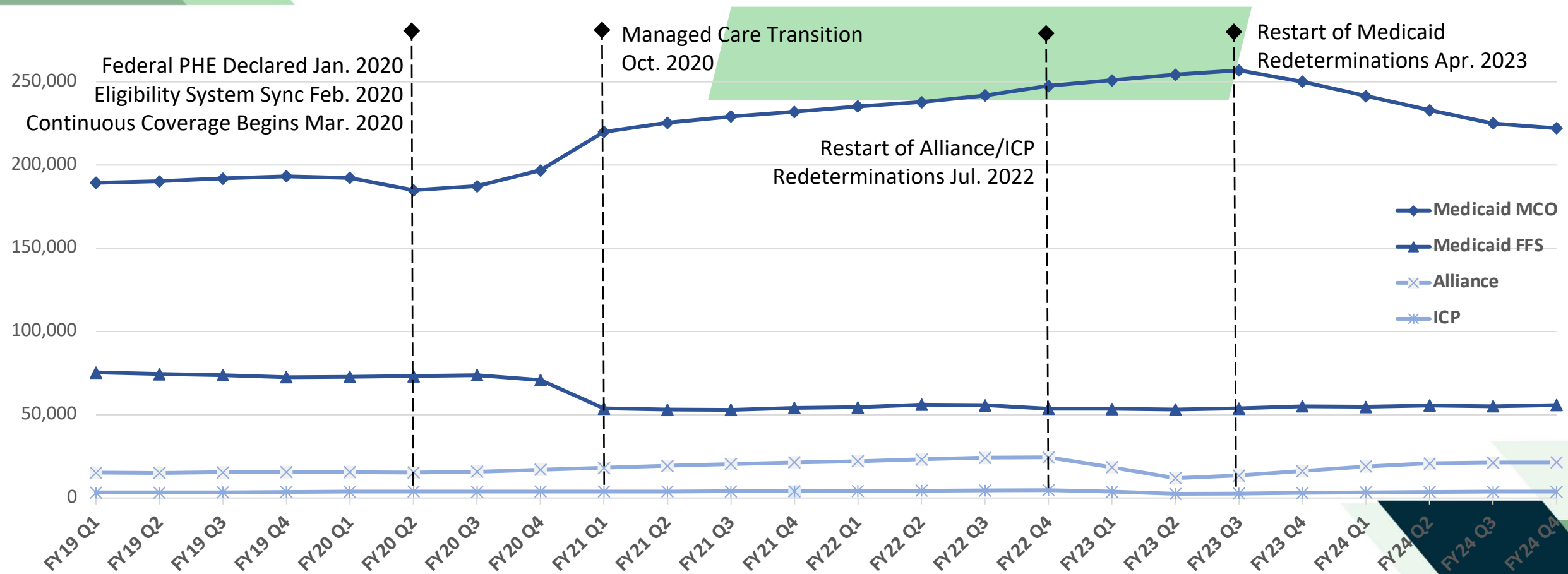
Medicaid Enrollment Trends, FY 2003 to FY 2022



Source: Data for FYs 2000-2009 extracted by Xerox from tape back-ups in January 2010. Data for FYs 2010-2022 from DHCF's Medicaid Management Information System as of March 2023. Figures are average monthly.

... But With The Restart Of Recertifications, Enrollments Will Soon Normalize

DHCF Average Monthly Enrollment by Quarter, FY 2019 to FY 2024



Note: MCO figures on this chart exclude Medicare dual eligible special needs plan (D-SNP) coverage.

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Key DHCF Savings Initiatives

Policy For MCO Hospital Rates

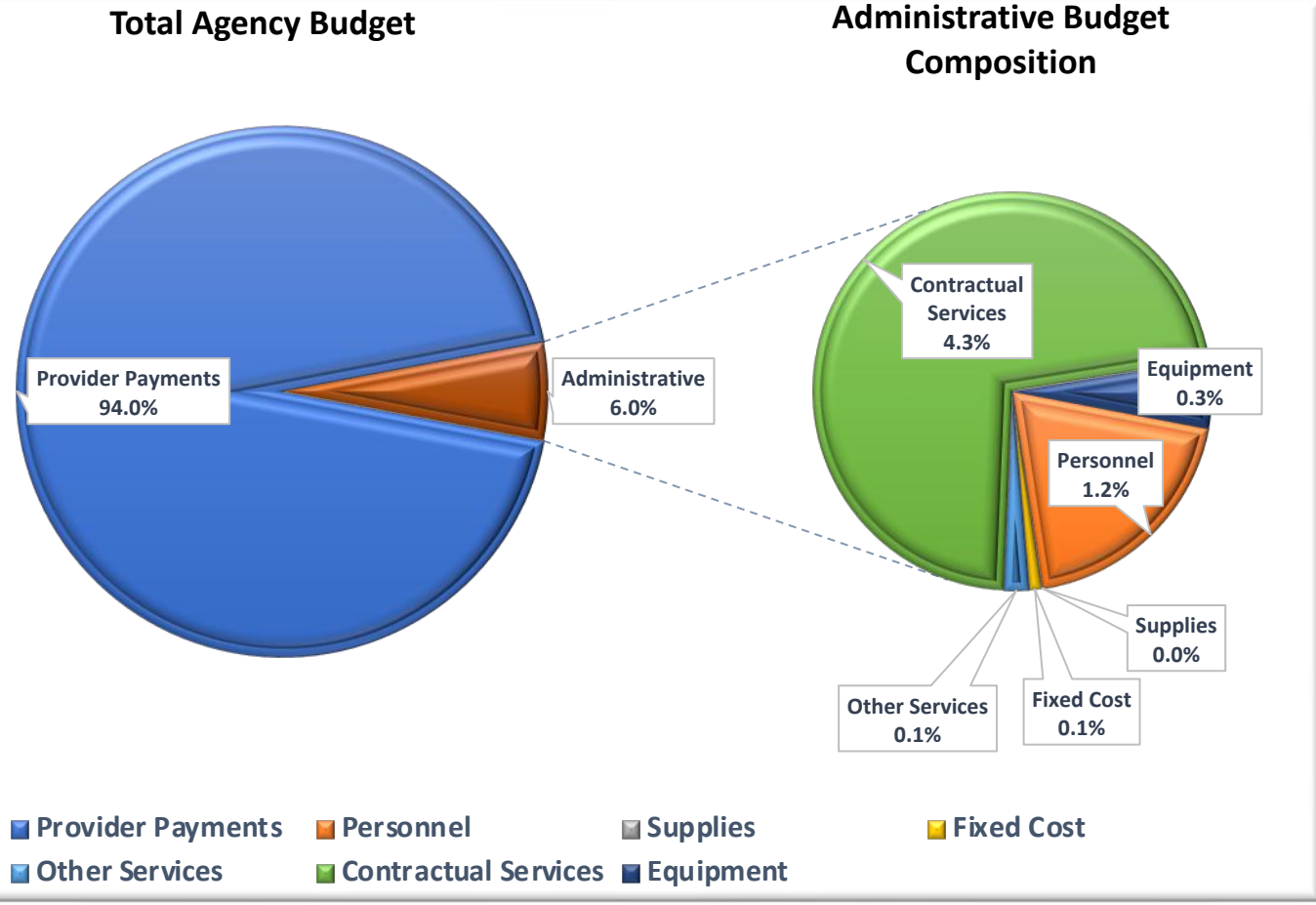
Updated Budget for New Hospital

During An Economic Slowdown, DHCF FY2024 Mayor's Proposed Local Budget Is Almost \$1 Billion

Agency FY2023 Approved Budget	\$954,955,220
Less One Time Funding:	(62,885,420)
Revised FY2024 Baseline Budget	\$ 892,069,800
Budget Adjustments:	
Savings Initiatives	(73,500,390)
Restoration of Budget Reductions and Increases	166,570,677
Adjustments to FY2024 Local Budget	\$ 93,070,287
Mayor's Enhancements	1,773,088
DHCF FY2024 Mayor's Proposed Local Budget	\$986,913,175

More Than Nine of Every 10 Dollars In DHCF's Budget, Funds Provider Payments For The Health Care Delivered To Program Enrollees

FY2024 Budget Allocation



Spending Category	FY24 Budget	FY23 Budget
Provider Payments	\$4,039,070,874	\$3,488,160,569
Administrative	255,890,640	248,366,174
Total Budget	\$4,294,961,514	\$3,736,526,743

Administrative Spending Category	FY24 Budget	FY23 Budget
Personnel	\$50,097,392	\$49,137,849
Supplies	346,478	326,945
Fixed Cost	2,562,999	2,691,226
Other Services	5,063,983	2,275,598
Contractual Service	183,632,944	181,464,487
Equipment	14,186,845	12,470,069
Total Administrative Cost	\$255,890,640	\$248,366,174

Additional DHCF Cost Savings Strategies

Maximizing Revenue

- **\$10.1M** Shift Provider Spending to Healthy DC Dedicated Tax Fund Balance (available due to EFMAP savings)
- **\$3.1M** Shift Physician Spending to Third Party Liability Special Purpose Revenue
- **\$2.8M** Shift BH Rate Inflation & Cost of Redesign for Childless Adults to HCBS ARPA funding
- **\$2.9M** Shift Home Health inflation to HCBS ARPA funding

Administrative Savings

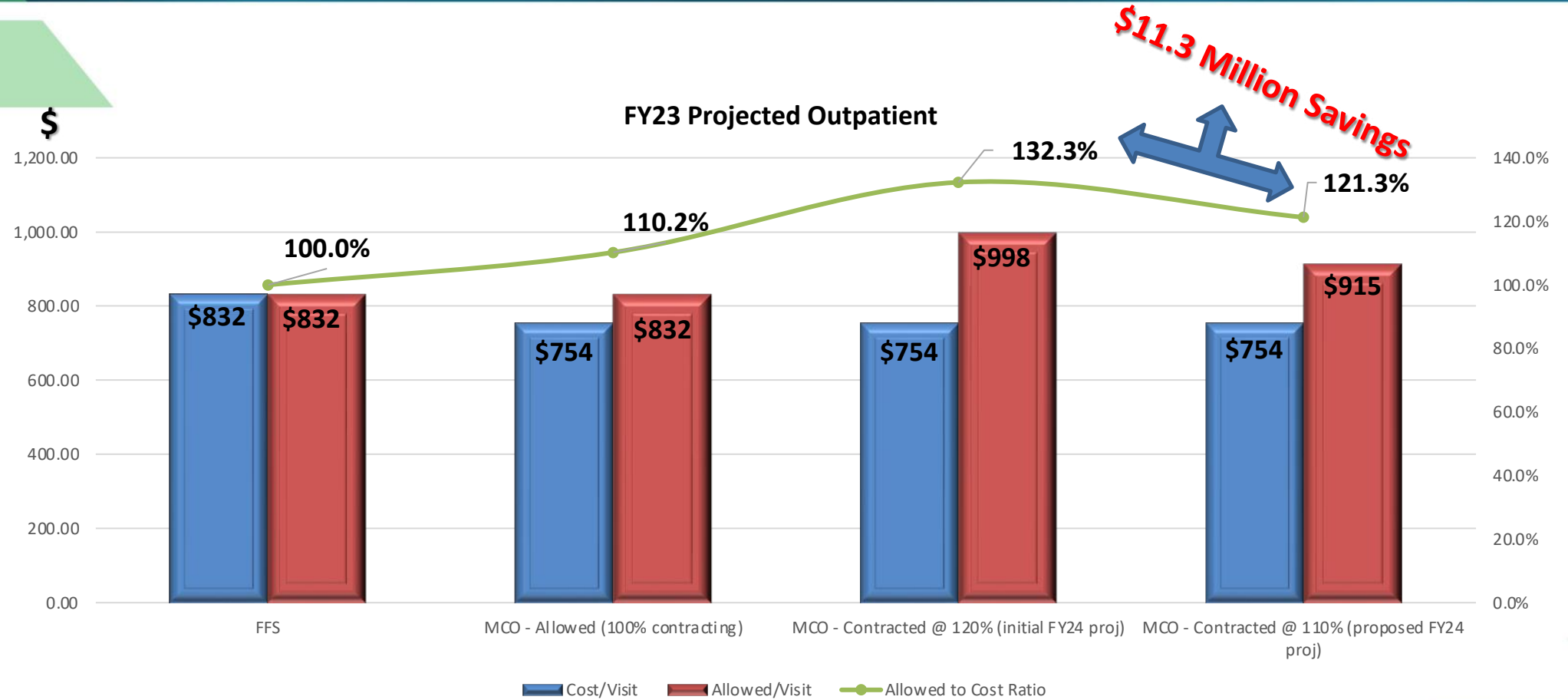
- **\$2.3M** Reduction of 16 Local FTE's (31 total) and Vacancy Savings
- **\$583K** Contracts
- **\$387K** Supplies, Training and Professional Services
- **\$11K** IT Assessment Adjustment

Note: All local reductions represent ~55% of the total Impact; the remaining ~45% is reduced in Medicaid Payments

Program Efficiency Savings

- **\$11.3M** Establish payment ceiling for MCO hospital rates based on cost data
- **\$9.7M** Net Impact of Omnibus Act & sunset of the PHE
- **\$2M** Sunset of District ARPA funding; absorbed within DHCF budget
- **\$461k** Alignment of Specialty Hospital rates

DHCF's MCO Hospital Rate Cap Saves \$11.3 Million In Local Funds – Nearly \$38 Million In Total Funds



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 - Policy For MCO Hospital Rates*
- Updated Budget for New Hospital**

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GW Medical Faculty
Associates



**FY24 Proposed Budget and
Construction Update**

<https://newhospitals.dc.gov/>

New Hospital Is On Schedule And Construction Costs Are Being Controlled

- To date, the construction team has held inflationary costs to 2.5%, while nationally we see 20+%.
- There is a comprehensive state and federal regulatory process between when a hospital is structurally complete and when it can begin treating patients.
- The new hospital is scheduled to open in early 2025.



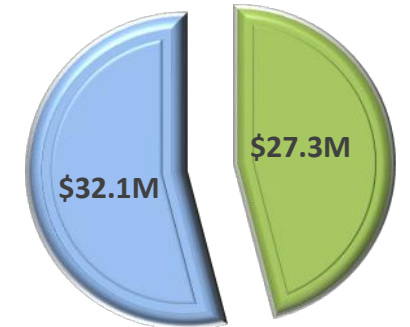
Breakdown of Hospital Budget In Mayor's Proposal

Funding by Source Over Time	January 2020	FY23 Increase (\$36.8M)	Proposed FY24	Totals
District	\$375.0	\$15.0	\$22.6	\$412.6
UHS	-	\$17.1	-	\$17.1
Federal	-	\$4.7	-	\$4.7
Total	\$375.0	\$36.8	\$22.6	\$434.4

\$59.4 Million Added To The Project Since January 2020

■ Bigger Building

■ Inflation, Material and Labor Shortages and Site Conditions





The End