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OFFICE OF THE
SECRETARY

VINCENT C. GRAY
MAYOR

DEC 6 2012

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration and approval by the Council of the District of Columbia ("Council"), is the "Medicaid Supplemental Payment for Physician and Specialty Services State Plan Amendment Approval Resolution of 2012". In accordance with section 1(a) of An Act to enable the District of Columbia to receive Federal financial assistance under Title XIX of the Social Security Act for a medical assistance program, and for other purposes, approved December 17, 1967 (81 Stat. 744; D.C. Official Code § 1.307.02), the Mayor may submit a plan for medical assistance ("State Plan"), and modifications thereof, to the Secretary of the US Department of Health and Human Services. Pursuant to Section 2205 of the Service Improvement Act and Fiscal Year 2000 Budget Support Act of 1999, effective October 20, 1999 (D.C. Law 13-38), the State Plan, and any modification or waiver thereof, must be submitted to the Council for approval.

This resolution refers to the proposed State Plan amendment that will authorize a one-time, lump sum, supplemental payment for physician and specialty services for each such provider participating in the District's Medicaid program between January 1, 2011 and February 29, 2012. The total amount of the supplemental payment available for distribution shall be equal to and shall not exceed the difference between 100% of the Medicare rate and the Medicaid payment rate, in effect between January 1, 2011 and February 29, 2012. The Medicaid payment rate during this period was 80% of the then current Medicare rate. The purpose of the supplemental payment is to reduce the adverse impact of a retroactive 20% rate reduction on physician and specialty service providers during Fiscal Year 2012.

I urge you to take prompt and favorable action on the enclosed legislation.

Sincerely,

A handwritten signature in black ink that reads "Vincent C. Gray".
Vincent C. Gray

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3 Chairman Phil Mendelson
4 at the request of the Mayor
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6 A PROPOSED RESOLUTION
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10 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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15 To approve an amendment to the District of Columbia State Plan for Medical Assistance
16 to provide a one-time, supplemental payment for physician and specialty service
17 providers who participated in the District's Medicaid program between January 1,
18 2011 and February 29, 2012.
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20 RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that
21 this resolution may be cited as the "Medicaid Physician and Specialty Services
22 Supplemental Payment Approval Resolution of 2012".

23 Sec. 2. Pursuant to section 1(a) of An Act to Enable the District of Columbia to
24 receive federal financial assistance under Title XIX of the Social Security Act for a
25 medical assistance program, and for other purposes, approved December 27, 1967 (81
26 Stat. 744; D.C. Official Code § 1-307.02), the Council of the District of Columbia
27 approves the proposed amendment to the District of Columbia State Plan for Medical
28 Assistance which establishes a one time, supplemental payment for physician and
29 specialty service providers who participated in the District's Medicaid program between
30 January 1, 2011 and February 29, 2012.

31 Sec. 3. The Secretary of the Council of the District of Columbia shall transmit a
32 copy of this resolution, upon its adoption, each to the Director of the Department of
33 Health Care Finance and to the Mayor.

1 Sec. 4. The Council adopts the fiscal impact statement from the Chief Financial
2 Officer as the fiscal impact statement required by Section 602(c)(3) of the Home Rule
3 Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Codes §1-206.02 (c) (3)).

4 Sec. 5. This resolution shall take effect immediately.

- (d) Diabetic preparations (e.g., Insulin, syringes, etc.);
- (e) Pediatric, prenatal and geriatric vitamin formulations;
- (f) Family planning drugs and supplies; and
- (g) Senna extract, single dose preparations when required for diagnostic radiological procedures performed under the supervision of a physician.

6. Physician and Specialty Services

- (a) For services where the procedure code falls within the Medicare (Title XVIII) fee schedule, payment will be the lesser of the Medicare rate; the actual charges to the general public; or the rate listed in DHCF's fee schedule. Effective January 1, 2011, DHCF will use the Medicare rates to determine the Medicaid rates for services on or after that date. Beginning January 1, 2011, physician and specialty services rates will be reimbursed at eighty percent (80%) of the Medicare rate. All rates will be updated annually pursuant to the Medicare fee schedule. Except as otherwise noted in the Plan, the DHCF developed fee schedule rates are the same for both governmental and private.
- (b) Effective January 1, 2011, for services where the procedure code does not fall within the Medicare fee schedule, DHCF will apply the lowest of the following: (1) usual and customary charges; (2) rates paid by the surrounding states of Maryland or Virginia; or (3) rates set by national benchmark compendiums when available.
- (c) Effective October 1, 2012, DHCF shall provide a supplemental payment for physician and specialty services for each provider participating in the District's Medicaid program between January 1, 2011 and February 29, 2012. For each provider participating in the District's Medicaid program between January 1, 2011 and February 29, 2012, DHCF will establish a pool of funds that shall be equal to and shall not exceed the difference between 100% of the Medicare rate in effect for that period and 80% of the Medicare rate in effect for that period (the Medicaid payment rate) for all claims paid to that provider between January 1, 2011 and February 29, 2012. Each provider participating in the District's Medicaid program between January 1, 2011 and February 29, 2012 shall receive a provider-specific supplemental payment based on the claims submitted to DHCF during the three month period beginning with the effective date of this state plan provision (hereinafter the "payment period"). The supplemental payment will be calculated as to the total of each provider's pool, divided by the paid claims submitted for the payment period by each provider and added proportionally to the fee-for-service rate paid to that provider during the payment period. All payments shall be made as a lump sum adjustment at the end of the defined three month payment period.

7. Nursing Home Services
See attachment 4.19D.

TN No. _____
Supercedes
TN No. _____

Approval Date _____

Effective Date _____


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Philip H. Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: October 22, 2012

SUBJECT: Fiscal Impact Statement - "Medicaid Physician and Specialty Services Supplemental Payment Approval Resolution of 2012"

REFERENCE: Draft resolution, shared with the Office of Revenue Analysis on October 11, 2012

Conclusion

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the resolution.

Background

On March 4, 2011, the District approved an amendment to the District of Columbia State Plan for Medical Assistance ("State Plan") to reduce payments to certain Medicaid providers from 100 percent of the Medicare payment rate to 80 percent of the Medicare payment rate.¹ This rate reduction was scheduled to take effect on January 1, 2011, but was not approved for implementation by the federal Centers for Medicare and Medicaid Services (CMS) until March 1, 2012. The District was required to pay providers at the higher rate during this interim period (January 1, 2011 through March 1, 2012) while awaiting federal approval. So, as a result of the retroactive effective date, providers were faced with having to return 20 percent of their Medicaid payments from the previous 14-month period to the District.

This resolution would approve a proposed State Plan amendment, crafted jointly by the District and CMS, to provide a one-time payment for each physician and specialty services provider that

¹ The "Medicaid Physician and Specialty Services Rate Reduction Approval Resolution of 2011" was deemed approved without Council action on March 4, 2011. The Fiscal Impact Statement for that bill is available here: http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/Medicaid-Physician-and-Specialty-Services-Rate-Reduction-Approval-Resolution-of-2010.pdf

The Honorable Philip H. Mendelson

FIS: "Medicaid Physician and Specialty Services Supplemental Payment Approval Resolution of 2012," draft resolution, shared with the Office of Revenue Analysis on October 11, 2012

participated in the District's Medicaid program between January 1, 2011, and February 29, 2012. This payment to each provider would equal the difference between the 80 percent and the 100 percent payment levels for services they rendered during the applicable time period. This would prevent the providers from being harmed by the delay in implementation.

Financial Plan Impact

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the resolution.

To implement this resolution, the Department of Health Care Finance (DHCF) will take back all of the Medicaid claims processed at the 100 percent rate during the applicable time period. On the same day, it will reprocess all of those claims at the 80 percent payment rate. The District will then use the remaining funds to pay out the supplemental payments for providers, which will be paid out on the same day as well. Since these transactions will all happen simultaneously, there will be no net financial impact to the District (or to the providers).²

² CMS's delay in approving the policy change created a \$3 million budget shortfall for the District in 2011, because DHCF had budgeted expecting the savings that would be generated by the change. This budget gap was filled in FY 2012 with funds reprogrammed from other uses, and is thus no longer a component of the fiscal impact of this bill.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



Legal Counsel Division

MEMORANDUM

TO: Lolita S. Alston
Director
Office of Legislative Support

FROM: Janet M. Robins
Deputy Attorney General
Legal Counsel Division

DATE: November 6, 2012

SUBJECT: Legal Sufficiency Review of a Resolution, the "Medicaid Physician and Specialty Services Supplemental Payment Approval Resolution of 2012"
(AE-12-851(B))

This is to Certify that this Office has reviewed the above-referenced Resolution and that we have found it to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at 724-5524.


Janet M. Robins