
Department of Health Care Finance

<http://dhcf.dc.gov>

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Description	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	% Change from FY 2013
Operating Budget	\$2,268,449,445	\$2,488,995,840	\$2,748,503,495	10.4
FTEs	158.0	181.0	198.0	9.4

The mission of the Department of Health Care Finance (DHCF) is to improve health outcomes by providing access to comprehensive, cost-effective, and quality health care services for residents of the District of Columbia.

Summary of Services

The Department of Health Care Finance, an agency that was established in FY 2010, provides health care services to low-income children, adults, elderly, and persons with disabilities. Over 200,000 District of Columbia residents (one-third of all residents) receive health care services through DHCF's Medicaid and Alliance programs. DHCF strives to provide these services in the most appropriate and cost-effective settings possible.

The agency's FY 2014 proposed budget is presented in the following tables:

FY 2014 Proposed Gross Funds Operating Budget, by Revenue Type

Table HT0-1 contains the proposed FY 2014 agency budget compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table HT0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change*
General Fund						
Local Funds	557,237	667,761	689,034	715,131	26,098	3.8
Dedicated Taxes	50,579	51,939	62,940	86,307	23,366	37.1
Special Purpose Revenue Funds	1,060	734	4,441	3,634	-808	-18.2
Total for General Fund	608,876	720,433	756,415	805,071	48,656	6.4
Federal Resources						
Federal Grant Funds	4,800	9,314	65,547	28,161	-37,386	-57.0
Federal Medicaid Payments	1,602,113	1,523,821	1,648,342	1,893,770	245,428	14.9
Total for Federal Resources	1,606,913	1,533,135	1,713,889	1,921,931	208,042	12.1
Intra-District Funds						
Intra-District Funds	14,700	14,881	18,691	21,501	2,810	15.0
Total for Intra-District Funds	14,700	14,881	18,691	21,501	2,810	15.0
Gross Funds	2,230,489	2,268,449	2,488,996	2,748,503	259,508	10.4

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the FY 2014 Operating Appendices located on the Office of the Chief Financial Officer's website

FY 2014 Proposed Full-Time Equivalents, by Revenue Type

Table HT0-2 contains the proposed FY 2014 FTE level compared to the FY 2013 approved FTE level by revenue type. It also provides FY 2011 and FY 2012 actual data.

Table HT0-2

Appropriated Fund	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change
General Fund						
Local Funds	59.5	61.3	74.1	82.2	8.1	11.0
Dedicated Taxes	0.0	3.3	2.8	3.8	1.1	40.0
Special Purpose Revenue Funds	2.3	2.9	7.8	7.6	-0.2	-2.0
Total for General Fund	61.8	67.6	84.6	93.7	9.1	10.7
Federal Resources						
Federal Grant Funds	23.9	4.0	10.4	9.0	-1.4	-13.4
Federal Medicaid Payments	69.3	86.4	86.0	95.3	9.3	10.9
Total for Federal Resources	93.2	90.4	96.4	104.3	8.0	8.3
Total Proposed FTEs	154.9	158.0	181.0	198.0	17.0	9.4

FY 2014 Proposed Operating Budget, by Comptroller Source Group

Table HT0-3 contains the proposed FY 2014 budget at the Comptroller Source Group (object class) level compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table HT0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change*
11 - Regular Pay - Continuing Full Time	9,290	11,901	13,991	15,473	1,482	10.6
12 - Regular Pay - Other	448	691	751	1,082	332	44.2
13 - Additional Gross Pay	231	156	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	1,790	2,325	3,273	3,814	541	16.5
15 - Overtime Pay	7	9	0	0	0	N/A
Subtotal Personal Services (PS)	11,766	15,082	18,014	20,369	2,355	13.1
20 - Supplies and Materials	67	106	1,042	201	-841	-80.7
30 - Energy, Comm. and Building Rentals	0	0	167	268	101	60.5
31 - Telephone, Telegraph, Telegram, Etc.	89	107	121	127	6	5.0
32 - Rentals - Land and Structures	1,321	1,772	728	0	-728	-100.0
34 - Security Services	521	0	83	160	77	92.9
35 - Occupancy Fixed Costs	0	0	182	381	198	108.8
40 - Other Services and Charges	290	1,022	3,268	1,389	-1,879	-57.5
41 - Contractual Services - Other	40,003	40,706	78,694	68,716	-9,978	-12.7
50 - Subsidies and Transfers	2,174,659	2,209,476	2,355,850	2,656,649	300,799	12.8
70 - Equipment and Equipment Rental	57	179	30,847	244	-30,603	-99.2
91 - Expense Not Budgeted Others	1,715	0	0	0	0	N/A
Subtotal Nonpersonal Services (NPS)	2,218,723	2,253,367	2,470,982	2,728,134	257,153	10.4
Gross Funds	2,230,489	2,268,449	2,488,996	2,748,503	259,508	10.4

*Percent change is based on whole dollars.

Division Description

The Department of Health Care Finance operates through the following 7 divisions:

Health Care Delivery Management (HCDM) – ensures that quality services and practices pervade all activities that affect the delivery of health care to beneficiaries served by the District’s Medicaid, Children’s Health Insurance Program (CHIP) and Alliance programs. HCDM accomplishes this through informed benefit design; use of prospective, concurrent and retrospective utilization management; ongoing program evaluation; and the application of continuous quality measurement and improvement practices in furnishing preventive, acute, and chronic/long-term care services to children and adults through DHCF’s managed care contractors and institutional and ambulatory fee-for-service providers.

This division contains the following 6 activities:

- **Chronic and Long Term Care** – develops, implements and oversees the programming for elders and for persons with physical and developmental disabilities, and handles other special projects aimed at improving service delivery for vulnerable populations;
- **Managed Care Management** – provides oversight, evaluation, and enforcement of contracts with organizations managing the care and service delivery of Medicaid and Alliance beneficiaries, along with providing oversight and enrollment of eligible beneficiaries;
- **Preventive and Acute Care (Children’s Health Services)** – develops, implements, and monitors policies, benefits and practices for children’s health care services, including HealthCheck/EPSTD, CHIP, and the Immigrant Children’s Program;
- **Division of Quality and Health Outcomes** – continuously improves the quality (safe, effective, patient-centered, timely, efficient and equitable services) of health care delivered by programs administered by the DHCF; and ensures that quality and performance improvement principles and practices pervade all the components and activities that impact the delivery and outcomes of health care services to patients served by the District’s Medicaid, CHIP, and Alliance programs;
- **Division of Clinician, Pharmacy and Acute Provider Services** – develops, implements, and oversees the programming for primary and specialty providers, hospitals, and other acute and preventive care services; and manages the non-emergency transportation contract; and
- **Health Care Delivery Management Support Services** – provides administrative support functions to the Health Care Delivery Management division.

Healthcare Policy and Planning – maintains the Medicaid and CHIP state plans that govern eligibility, scope of benefits, and reimbursement policies for the District’s Medicaid and CHIP programs; develops policy for the Health Care Alliance program and other publicly funded health care programs that are administered or monitored by DHCF based on sound analysis of local and national health care and reimbursement policies and strategies; and ensures coordination and consistency among health care and reimbursement policies developed by the various divisions within DHCF. The division also designs and conducts research and evaluations of health care programs.

This division contains the following 4 activities:

- **Policy Unit Management (Regulation and Policy Management)** – maintains the Medicaid State Plan, which governs the eligibility, scope of benefits, and reimbursement policies of the Medicaid and CHIP programs; creates State Plan Amendments, waivers, and regulations that form the foundation of Medicaid policy and program administered or monitored by DHCF; and ensures the coordination and consistency of health care and reimbursement policies developed by various divisions within DHCF;

- **Data Analysis - (Rate Setting and Data Analysis)** – gathers information, analyzes data, and evaluates all activities related to multiple District-wide components of Medicaid, CHIP, the Alliance, and future healthcare delivery systems, including data collection systems; responsible for setting rates and developing payment methodologies for various provider types; and designs and conducts research and evaluation of health care programs, studying their impacts on beneficiaries, providers, plans, and other partners and customers, designing and assessing potential improvements, and developing new measurement tools;
- **Member Management – (Eligibility Policy)** – serves as liaison to District and federal agencies regarding eligibility-related matters; ensures collaboration and coordination between the agencies and facilitates ESA compliance with DHCF eligibility policy; interprets federal and state eligibility rules and regulation; establishes eligibility policies and criteria for the Medicaid and CHIP programs, as well as the DC Health Care Alliance and the Immigrant Children’s Program; interprets and helps draft legislative changes, rules and regulations for the District regarding eligibility requirements; and manages the Optional State Supplement Payment Program for eligible District of Columbia residents residing in an adult foster care home; and
- **Health Care Policy and Planning Support (Health Care Policy and Research Support)** – provides administrative support functions to the Health Care Policy and Planning Administration.

Health Care Finance – provides provider payments for the following provider types: Medicaid providers, public providers, and Health Care Alliance providers.

This division contains the following 3 activities:

- **Medicaid Provider Payment** – provides payment to Medicaid providers;
- **Medicaid Public Provider Payment** – provides payment to Medicaid public providers; and
- **Alliance Provider Payment** – provides payment to Alliance providers.

Health Care Operations – ensures the division of programs that pertain to the payment of claims; manages the fiscal agent contract, the administrative contracts, systems and provider enrollment and requirements. The office provides contract management of the Pharmacy Benefits Manager, the Quality Improvement Organization contract, and the MMIS Fiscal Intermediary contract as well as additional administrative contracts.

This division contains the following 4 activities:

- **Medicaid Information System (Claims Management)** – oversees the Medicaid Management Information System operations; systems requests; member services, including member out-of-pocket reimbursements; COBRA payments; third-party liability processing; and processing financial transactions. The Division also manages all internal and external data requests and data involving agency audits (local and federal) as well as MMIS training for all DHCF employees and system security;
- **Division of Program Integrity (PI/UM/FRAUD)** – prevents, detects and eliminates fraud, abuse and waste by persons who provide and receive DHCF services; identifies and applies any third party resources available for the cost of health care provided to beneficiaries; monitors utilization, including appropriateness of health care services, to ensure that appropriate care is provided to publicly funded enrollees; identifies and investigates suspected abuse by both enrollees and providers in the publicly funded programs; and ensures that DHCF funds are appropriately utilized;

- **Division of Public and Private Provider Services** – manages the Administrative Services Organization contract, provider enrollment and recruitment, and internal and external provider services and inquires. The office also maintains positive ongoing coordination and continuity with all Public Provider agencies of the District of Columbia Government to enhance each agency’s understanding of Medicaid reimbursement policies; is the accountable office within DHCF for implementation of policy that directly impacts other District agencies that serve as Medicaid providers; identifies opportunities to improve the reimbursement procedures of each agency; and works closely with these agencies to review federal policy to ensure that federal reimbursement is being maximized and compliance assured through claims processing and through program development; and
- **Health Care Operations Support (Health Care Operations Support Services)** – provides administrative support functions to the Health Care Operations division.

Health Care Innovation and Reform – identifies, validates, and disseminates information about new health care models and payment approaches to serve Medicaid beneficiaries seeking to enhance the quality of health and health care and reduce cost through improvement. The division creates and tests new models in clinical care, integrated care and community health, and creates and tests innovative payment and service delivery models, building collaborative learning networks to facilitate the collection and analysis of innovation, as well as the implementation of effective practices, and developing necessary technology to support this activity.

This division contains the following 2 activities:

- **Affordable Care Reform and Grants Development** – develops, implements, and monitors the provisions of the Affordable Care Act and is responsible for the development of demonstration projects and submission of grant proposals for various reform-related activities; and
- **Health Care Reform and Innovative Support Services** – is responsible for the creation of a health insurance exchange, which is a new entity intended to create a more organized and competitive market for health insurance by offering a choice of plans, establishing common rules regarding the offering and pricing of insurance, and providing information to help consumers better understand the options available to them. An exchange is part of the plan aiming for universal coverage.

Agency Management – provides for administrative support and the required tools to achieve operational and programmatic results. This division is standard for all agencies using performance-based budgeting. The Office of Health Care Bill of Rights - Ombudsman was realigned to the Customer Service Activity from the Health Care Delivery Management Division.

Agency Financial Operations – provides comprehensive and efficient financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained. This division is standard for all agencies using performance-based budgeting.

Division Structure Change

The Department of Health Care Finance has no division structure changes in the FY 2014 proposed budget.

FY 2014 Proposed Operating Budget and FTEs, by Division and Activity

Table HT0-4 contains the proposed FY 2014 budget by division and activity compared to the FY 2013 approved budget. It also provides the FY 2012 actual data.

Table HT0-4

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013
(1000) Agency Management Program								
(1010) Personnel	298	449	429	-19	4.6	5.3	3.0	-2.3
(1015) Training and Development	4	0	29	29	0.0	0.0	0.0	0.0
(1020) Contracting and Procurement	289	309	888	579	2.8	3.0	5.0	2.0
(1030) Property Management	2,257	1,747	1,491	-256	2.8	4.0	4.0	0.0
(1040) Information Technology	734	6,580	742	-5,837	6.6	9.0	5.0	-4.0
(1055) Risk Management	0	0	0	0	0.0	0.0	0.0	0.0
(1060) Legal	402	547	589	42	0.0	0.0	0.0	0.0
(1070) Fleet Management	148	67	13	-54	0.9	1.0	0.0	-1.0
(1080) Communications	172	335	452	117	0.9	2.0	2.0	0.0
(1085) Customer Service	767	1,015	1,143	128	1.8	6.8	9.0	2.2
(1087) Language Access	32	90	5	-85	0.0	0.0	0.0	0.0
(1090) Performance Management	4,818	2,321	2,714	393	6.6	17.0	13.0	-4.0
Subtotal (1000) Agency Management Program	9,920	13,459	8,497	-4,962	27.0	48.0	41.0	-7.0
(100F) Agency Financial Operations								
(110F) Budgeting Operations	364	410	403	-7	2.8	4.0	4.0	0.0
(120F) Accounting Operations	1,926	3,870	4,330	461	9.3	9.0	9.0	0.0
(140F) Agency Fiscal Officer	254	250	257	7	1.4	2.0	2.0	0.0
Subtotal (100F) Agency Financial Operations	2,544	4,530	4,991	461	13.5	15.0	15.0	0.0
(2000) Healthcare Delivery Management								
(2001) Chronic and Long Term Care	8,731	17,737	17,173	-563	21.5	28.0	34.0	6.0
(2002) Managed Care Management	4,140	5,113	3,998	-1,115	8.0	7.0	10.0	3.0
(2003) Preventive and Acute Care	801	1,680	1,081	-599	4.6	4.0	4.5	0.5
(2004) Division of Quality and Health Outcomes	410	4,894	1,152	-3,742	0.0	4.0	4.0	0.0
(2005) Health Care Bill of Rights Ombudsman	12	0	0	0	7.5	0.0	0.0	0.0
(2007) Division of Clinicians, Rx and Acute Provider Services	546	865	6,730	5,865	0.0	6.0	5.5	-0.5
(2010) Health Care Delivery Management Support Services	2,759	293	301	9	0.9	2.0	2.0	0.0
Subtotal (2000) Healthcare Delivery Management	17,399	30,582	30,435	-146	42.5	51.0	60.0	9.0

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Table HT0-4 (Continued)

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013
(3000) Healthcare Policy and Planning								
(3001) Policy Unit Management	311	417	535	118	3.4	4.0	6.0	2.0
(3002) Public Provider Liaison Management	0	0	0	0	5.5	0.0	0.0	0.0
(3003) Data Analysis	431	588	493	-94	4.6	6.0	5.0	-1.0
(3004) Member Management	300	387	395	7	3.7	4.0	4.0	0.0
(3010) Health Care Policy and Planning Support	1,068	713	500	-213	3.7	3.0	3.0	0.0
Subtotal (3000) Healthcare Policy and Planning	2,111	2,105	1,923	-182	20.9	17.0	18.0	1.0
(4000) Healthcare Accountability								
(4002) Quality Management	4,617	0	0	0	4.6	0.0	0.0	0.0
(4003) Utilization Management	0	0	0	0	8.6	0.0	0.0	0.0
(4004) Program Integrity	103	0	0	0	12.0	0.0	0.0	0.0
(4006) Pharmacy Management	1,258	0	0	0	2.0	0.0	0.0	0.0
(4010) Health Care Accountability Support Services	864	0	0	0	2.9	0.0	0.0	0.0
Subtotal (4000) Healthcare Accountability	6,843	0	0	0	30.1	0.0	0.0	0.0
(5000) Health Care Finance								
(5001) Medicaid Provider Payment	2,134,866	2,281,915	2,530,519	248,604	0.0	0.0	2.0	2.0
(5002) Medicaid Public Provider Payments	18,082	26,335	22,867	-3,468	0.0	0.0	0.0	0.0
(5003) Alliance Provider Payments	46,414	41,431	39,894	-1,537	0.0	0.0	0.0	0.0
No Activity	0	0	42,611	42,611	0.0	0.0	8.0	8.0
Subtotal (5000) Health Care Finance	2,199,362	2,349,681	2,635,891	286,210	0.0	0.0	10.0	10.0
(6000) Health Care Operations								
(6001) Medicaid Information Systems	15,932	25,327	34,742	9,415	0.0	17.0	17.0	0.0
(6003) Systems Operations	99	0	0	0	6.7	0.0	0.0	0.0
(6004) Administrative Contract Management	1,731	0	0	0	1.8	0.0	0.0	0.0
(6005) Division of Program Integrity (PI/UM/Fraud)	1,403	2,705	2,508	-197	0.0	16.0	16.0	0.0
(6006) Division of Public and Private Provider Services	790	917	1,847	929	0.0	9.0	9.0	0.0
(6010) Health Care Operations Support	7,057	5,563	409	-5,154	10.1	3.0	3.0	0.0
Subtotal (6000) Health Care Operations	27,013	34,513	39,507	4,994	18.7	45.0	45.0	0.0
(7000) Employer and Private Market Initiatives								
(7001) Healthy DC Management	0	0	0	0	5.2	0.0	0.0	0.0
Subtotal (7000) Employer and Private Market Initiatives	0	0	0	0	5.2	0.0	0.0	0.0
(8000) Health Care Reform and Innovation								
(8001) Health Insurance Exchange	352	0	21,299	21,299	0.0	0.0	2.0	2.0
(8002) Affordable Care Reform and Grants Development	2,505	53,427	108	-53,319	0.0	0.0	1.0	1.0
(8010) HC Reform and Innovative Support Services	400	699	5,852	5,153	0.0	5.0	6.0	1.0
Subtotal (8000) Health Care Reform and Innovation	3,257	54,126	27,260	-26,866	0.0	5.0	9.0	4.0
Total Proposed Operating Budget	2,268,449	2,488,996	2,748,503	259,508	158.0	181.0	198.0	17.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's divisions, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2014 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Budget Changes

The Department of Health Care Finance's (DHCF) proposed FY 2014 gross budget is \$2,748,503,495, which represents a 10.4 percent increase over its FY 2013 approved gross budget of \$2,488,995,840. The budget is comprised of \$715,131,066 in Local funds, \$86,306,503 in Dedicated Taxes, \$28,161,464 in Federal Grant funds, \$1,893,769,742 in Federal Medicaid Payments, \$3,633,512 in Special Purpose Revenue funds, and \$21,501,209 in Intra-District funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2013 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The initial adjustments in the budget proposal represent changes that should be compared to the FY 2014 CSFL budget and not necessarily changes made to the FY 2013 Local funds budget. The FY 2014 CSFL adjustments to the FY 2013 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

DHCF's FY 2014 CSFL budget is \$723,539,713, which represents a \$34,506,171, or 5.0 percent, increase over the FY 2013 approved Local funds budget of \$689,033,542.

Major CSFL Cost Drivers

The FY 2014 CSFL calculated for DHCF included an adjustment entry that is not described in detail on table 5. This adjustment was made for an increase of \$56,030 in personal services to account for the Fringe Benefit growth rate adjustment of 4.2 percent year-over-year growth, and \$34,450,142 in nonpersonal services, which is comprised of \$398,947 based on the Consumer Price Index factor of 2.4 percent, \$33,882,955 in funding for Medicaid Growth factor to account for a growth rate of 5.1 percent based on prevailing conditions of the economy and changes in the federal government's Medicaid policy, and \$168,240 for a Fixed Cost inflation adjustment derived from cost estimates provided by the Department of General Services (DGS). DHCF's Medicaid growth is mainly driven by enrollment forecasts for fee-for-service, and managed care. During the development of the CSFL, some adjustments such as these were categorized as "other adjustments".

Agency Budget Submission

The Department of Health Care Finance's FY 2014 budget proposal continues to strive toward providing affordable, quality health care services to District residents. As in the prior fiscal year, DHCF's FY 2014 budget proposal integrates various elements of a strategic plan to continue to guide the District through the implementation of the Patient Protection and Affordable Care Act (ACA) of 2010.

Like most states, the District's Medicaid program covers both federally mandated populations and other categories of beneficiaries as a state option. Included among the optional groups are persons in home and community based waiver programs, persons who are aged, blind, or disable but not on SSI, and persons whose medical expenses reduce their income to a certain poverty threshold (Medically Needy). In preparation for health care reform, the District opted for the "Early Option" of the implementation of health reform by expanding coverage to childless adults up to 133 percent of Federal Poverty Level (FPL) through a State Plan Amendment in July 2010. The District later obtained a waiver to expand coverage to childless adults from 134 to 200 percent of FPL. This waiver expires December 31, 2013.

Increase: In order to sustain and possibly improve the current level of access to affordable healthcare in the District, DHCF proposes additional funding in certain areas of the District's Medicaid program. In Local funds, the budget proposal includes an increase of \$3,777,000 for Contractual Services that will ensure compliance with updates required for the Medicaid Management Information System (MMIS) by the Centers for Medicare and Medicaid Services (CMS). Funding for personal services was adjusted for an increase of \$311,000 and 4.8 FTEs

to cover projected step and Fringe Benefit costs, as well as to support additional staffing needs. An additional \$76,781 was also proposed to support the purchase of equipment and machinery. Other adjustments proposed for the Local funds budget include increases of \$73,000 for maintenance repairs, postage and office support, \$42,000 for Fixed Costs to support occupancy and energy costs associated with DHCF's move to 441 4th Street, and \$36,000 to support projected costs for office supplies.

A proposal to increase the budget in Dedicated Taxes by \$10,019,433 is based on FY 2014 revenue projections for the Healthy DC, Nursing Home Quality of Care (NHQC), and Stevie Sellows programs. Other adjustments in the proposal for Dedicated Taxes includes increases of \$413,405 to align the budget with projected miscellaneous contractual services costs, and \$85,430 and 1.0 FTEs for personal services in support of projected steps, Fringe Benefit costs and staffing needs.

In Federal Grant funds, the budget proposal includes an increase of \$2,594,000 for the Health Insurance Exchange grant in anticipation of federal funding providing support for the new D.C. Health Benefit Exchange Authority agency. The budget was also adjusted by an additional \$331,000 and 2.0 FTEs to reflect funding from anticipated grant awards and align staff with grant responsibility.

In Federal Medicaid Payments, DHCF's budget proposal reflects projections of Medicaid revenues based on federal matching reimbursements for local expenses on eligible Medicaid services in accordance with the prevailing Federal Medical Assistance Percentages (FMAP) for the District of Columbia. In FY 2014, DHCF projects an increase of \$209,482,737 in Federal Medicaid Payments in anticipation of Federal Medicaid match payments to support the District's Medicaid provider services including managed care, fee-for-service, and related medical vendor services for federally mandated and waiver populations. The FMAP in the current fiscal year remains 70 percent federal-to-30 percent local ratio for most direct provider services, and 50 percent federal-to-50 percent local ratio for administrative services.

Another proposal to increase the budget in Federal Medicaid Payments by \$4,740,545 is based on anticipated federal match for projected costs attributed to the MMIS updates required by CMS. The personal services budget was adjusted by \$744,110 and 6.6 FTEs to cover projected salary step, Fringe Benefit costs, and additional staffing needs. Other proposed adjustments in Federal Medicaid Payments include increases of \$172,100 for Fixed Costs to support projected occupancy and energy cost associated with the agency's relocation to 441 4th Street, N.W. \$78,716 for equipment and machinery purchases as well as Information Technology (IT) hardware and software acquisitions, \$63,327 for postage needs and machinery maintenance repairs, and \$23,400 for purchasing office supplies.

In Special Purpose Revenue funds, the budget proposal includes an increase of \$13,321 in PS to cover projected steps and Fringe Benefit costs. In Intra-District funds, DHCF proposes an increase of \$2,810,000 to the budget based on projected funding from an Memorandum of Understanding (MOU) with the Department of Behavioral Health in support of the Mental Rehabilitation Option program.

Decrease: Adjustments in funding for Medicaid provider payments to align the budget with DHCF's strategic plans of sustaining adequate access to affordable healthcare for District residents in FY 2014 accounts for a proposal to reduce the budget in Local funds by \$3,916,000. Furthermore, DHCF proposes a reduction of \$400,245 for Fixed Costs to reflect the agency's planned move from North Capitol Street to the District-owned property at 441 4th Street.

A proposal to reduce the Federal Grant funds budget by \$30,000,000 is due to a plan to move the Health Insurance Exchange Grants support of District of Columbia Access System (DCAS) to Capital funding. DHCF proposes reductions in Federal Grant funds based on the expiration, reduction, and liquidation of miscellaneous grant awards. Consequently, a proposed reduction of \$5,175,450 is a result of grants that have been completed and grants that were not implemented. Another proposed reduction of \$4,132,300 is due to a shift in the cost of initiating Money Follows the Person (MFP) transition services cost and grant responsibility within the agency. In view of DHCF's anticipation of the February 2014 expiration of the Health Information Exchange grants – representing about 4.5 months of anticipated expenditures related to these grants in FY 2014 – and with the consequent transfer of FTEs to contractual services for the remaining portion of the fiscal year, the agency

In Federal Medicaid Payments, the budget proposal includes a reduction of \$327,473 in Fixed Costs reflecting DHCF's move from North Capitol Street to the District-owned property at 441 4th Street. In order to fulfill a requirement of federal health care reform, DHCF established budget authority in the prior fiscal year for a Medicaid Recovery Audit Contractor (RAC) revenue account. Due to a lag in revenue collection into the RAC account, the agency proposes a reduction of \$702,070 in Special Purpose Revenue funds. Other proposed adjustments in the Special Purpose Revenue funds budget include reductions of \$84,303 to align Contractual Services and IT consultant services with projected costs, and \$65,333 to align the advertising budget with programmatic needs.

Mayor's Proposed Budget

Enhance: A budget proposal in Local funds of \$495,472 and 4.4 FTEs was added to support the expansion of the Office of the Director of Finance and the Chief Operating Officer. In Dedicated Taxes, a Hospital Provider Tax was calculated to fund Outpatient Supplemental Payments and Administrative costs. The budget proposal to fund the Local portion of the Hospital Provider Tax is \$12,835,492. In Federal Medicaid Payments, the budget proposal includes \$29,722,209 to support the Federal match portion associated with the Hospital Provider Tax. Other adjustments include a Federal match of \$409,626 and 3.6 FTEs to support the expansion of the Office of the Director and the Chief Operating Officer.

Cost of Living Adjustment: This agency received a proposed cost of living adjustment (COLA) in both Local and non-Local funds. This adjustment includes \$12,337 in Dedicated Taxes, \$32,767 in Federal Grant funds, \$348,323 in Federal Medicaid Payments, \$30,402 in Special Purpose Revenue funds, and Intra-District funds may be impacted. For more information about the Local funds portion of the COLA, please see the Workforce Investments chapter contained in Volume 3 (Agency Budget Chapters – Part II) of the FY 2014 Proposed Budget and Financial Plan.

Decrease: Due to new recertification policies, enrollment for the Alliance program continues to decline. In Local funds, a reduction of \$8,867,994 was made to the Alliance enrollment and estimates to align them with forecast estimates. Other reductions made to ensure efficient operations were \$36,126 and 1.1 FTEs to Local funds, and \$29,558 and 0.9 FTEs to Federal Medicaid Payments.

FY 2013 Approved Budget to FY 2014 Proposed Budget, by Revenue Type

Table HT0-5 itemizes the changes by revenue type between the FY 2013 approved budget and the FY 2014 proposed budget.

Table HT0-5

(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2013 Approved Budget and FTE		689,034	74.1
Other CSFL Adjustments	Multiple Programs	34,506	0.0
LOCAL FUNDS: FY 2014 Current Services Funding Level Budget (CSFL)		723,540	74.1
Increase: Funding for projected contractual services increase mainly attributed to required MMIS updates per CMS	Multiple Programs	3,777	0.0
Increase: Personal services to cover step increases and fringe benefits and to support additional personnel	Multiple Programs	311	4.8
Increase: Funding primarily to cover purchases of equipment and machinery	Multiple Programs	77	0.0
Increase: Cover cost for maintenance repairs, postage, and office support	Multiple Programs	73	0.0
Increase: Fixed Cost to primarily support occupancy and energy cost associated with relocation to 441 4th Street, N.W.	Agency Management Program	42	0.0
Increase: Cover additional cost for office supplies	Multiple Programs	36	0.0
Decrease: Align provider budget with projected costs for provider payments	Multiple Programs	-3,916	0.0
Decrease: Fixed Cost to reflect agency's move from North Capitol location to District-owned 441 4th Street, N.W.	Agency Management Program	-400	0.0
LOCAL FUNDS: FY 2014 Agency Budget Submission		723,540	78.9
Enhance: Funding to support the expansion of the Office of the Director of Finance and the Chief Operating Officer	Health Care Finance	495	4.4
Decrease: Revise Alliance enrollment estimates to align with forecast	Health Care Finance	-8,868	0.0
Decrease: Staff to support efficient operations	Agency Management Program	-36	-1.1
LOCAL FUNDS: FY 2014 Mayor's Proposed Budget		715,131	82.2
DEDICATED TAXES: FY 2013 Approved Budget and FTE		62,940	2.8
Increase: Subsidies and Transfers budget to support anticipated costs utilizing projected revenues	Health Care Finance	10,019	0.0
Increase: Contractual services budget per projected cost	Multiple Programs	413	0.0
Increase: Personal services to cover salary step increases and Fringe Benefits and support staffing needs	Multiple Programs	85	1.0
DEDICATED TAXES: FY 2014 Agency Budget Submission		73,459	3.8
Enhance: Fund Local portion of Outpatient Supplemental Payments and Administrative costs associated with the Hospital Provider Tax	Health Care Finance	12,835	0.0

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Table HT0-5 (Continued)
(dollars in thousands)

	PROGRAM	BUDGET	FTE
DEDICATED TAXES (Cont.)			
Cost of Living Adjustment: FY 2014 proposed adjustment	Multiple Programs	12	0.0
Decrease: Reduce budget to align with certified revenues (less than \$500)	Health Care Finance	0	0.0
DEDICATED TAXES: FY 2014 Mayor's Proposed Budget		86,307	3.8
FEDERAL GRANT FUNDS: FY 2013 Approved Budget and FTE		65,547	10.4
Increase: Health Insurance Exchange grant to continue support of the new agency D.C. Health Benefit Exchange Authority and Innovation	Health Care Reform	2,594	0.0
Increase: Budget to anticipated FY 2014 Expenditure level and staff with grant responsibility within the agency	Multiple Programs	331	2.0
Decrease: Health Insurance Exchange grant support of DCAS moved to Capital funding	Health Care Reform and Innovation	-30,000	0.0
Decrease: Budget for grants that will not be implemented in FY 2014 as a result of grant completion or grant not being needed	Multiple Programs	-5,175	0.0
Decrease: Shift in cost as a result of initiating MFP transition service cost and grant responsibility within the agency Management	Healthcare Delivery	-4,132	0.0
Decrease: The Health Information Exchange grant expires February 2014; FY 2014 portion represents 4.5 months of anticipated expenditures and FTE support	Multiple Programs	-1,036	-3.4
FEDERAL GRANT FUNDS: FY 2014 Agency Budget Submission		28,129	9.0
Cost of Living Adjustment: FY 2014 proposed adjustment	Multiple Programs	33	0.0
FEDERAL GRANT FUNDS: FY 2014 Mayor's Proposed Budget		28,161	9.0
FEDERAL MEDICAID PAYMENTS: FY 2013 Approved Budget and FTE		1,648,342	86.0
Increase: Align Medicaid payments federal match to support Medicaid provider services	Health Care Finance	209,483	0.0
Increase: Contractual Services budget for projected costs attributed to required MMIS updates per CMS	Multiple Programs	4,741	0.0
Increase: Personal services to cover salary step increases and Fringe Benefits and to support additional personnel	Multiple Programs	744	6.6
Increase: Fixed cost to primarily support occupancy and energy cost associated with relocation to 441 4th Street, N.W.	Agency Management Program	172	0.0
Increase: Budget to cover additional equipment and machinery purchases as well as IT Hardware and Software acquisitions	Multiple Programs	79	0.0
Increase: Other Services and Charges budget to primarily support postage needs and machinery maintenance and repairs	Multiple Programs	63	0.0
Increase: Cover additional cost for office supplies	Multiple Programs	23	0.0
Decrease: Align fixed cost to reflect agency's move from North Capitol location to District owned 441 4th Street, N.W.	Agency Management Program	-327	0.0

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Table HT0-5 (Continued)
(dollars in thousands)

	PROGRAM	BUDGET	FTE
FEDERAL MEDICAID PAYMENTS (cont.)			
Enhance: Fund Medicaid portion of Outpatient Supplemental Payments and Administrative costs associated with the Hospital Provider Tax	Health Care Finance	29,722	0.0
Enhance: Federal match supporting the expansion of the Office of the Director of Finance	Health Care Finance	410	3.6
Cost of Living Adjustment: FY 2014 proposed adjustment	Multiple Programs	348	0.0
Decrease: Staff to support efficient operations	Agency Management Program	-30	-0.9
FEDERAL MEDICAID PAYMENTS: FY 2014 Mayor's Proposed Budget		1,893,770	95.3
SPECIAL PURPOSE REVENUE FUNDS: FY 2013 Approved Budget and FTE		4,441	7.8
Increase: Personal services to cover salary step increases and Fringe Benefits	Multiple Programs	13	0.0
Decrease: Subsidies and Transfers budget with projected costs and align with anticipated revenues	Health Care Finance	-702	0.0
Decrease: Contractual Services and IT consultant services budget with projected cost	Multiple Programs	-84	0.0
Decrease: Advertising budget with projected expenditures	Agency Management Program	-65	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Agency Budget Submission		3,603	7.8
Cost of Living Adjustment: FY 2014 proposed adjustment	Multiple Programs	30	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Mayor's Proposed Budget		3,634	7.8
INTRA-DISTRICT FUNDS: FY 2013 Approved Budget and FTE		18,691	0.0
Increase: MOU with the Department of Mental Health to support the Rehabilitation Option program	Health Care Finance	2,810	0.0
INTRA-DISTRICT FUNDS: FY 2014 Agency Budget Submission		21,501	0.0
No Changes		0	0.0
INTRA-DISTRICT FUNDS: FY 2014 Mayor's Proposed Budget		21,501	0.0
Gross for HT0 - Department of Health Care Finance		2,748,503	198.0

Agency Performance Plan

The agency's performance plan has the following objectives for FY 2014:

Office of the Director

Objective 1: Increase access to care for District residents.

Objective 2: Decrease commercial appeal cases upheld.

KEY PERFORMANCE INDICATORS

Office of the Director

Measure	FY 2011 Actual	FY 2012 Target	FY 2012 Actual	FY 2013 Projection	FY 2014 Projection	FY 2015 Projection
Number of consumers served by Ombudsman	3,313	3,500	3,960	3,600	3,700	3,700
Percentage of closed/resolved cases among Office of the Health Care Ombudsman Bill of Rights' consumers	98%	92%	95%	90%	90%	90%
Percentage of commercial cases overturned	Not Available	50%	77%	78%	80%	80%

Health Care Policy and Research Administration

Objective 1: Develop policies, plans and data to enable effective program administration and utilization of resources.

KEY PERFORMANCE INDICATORS

Health Care Policy and Research Administration

Measure	FY 2011 Actual	FY 2012 Target	FY 2012 Actual	FY 2013 Projection	FY 2014 Projection ¹	FY 2015 Projection
Number of adults in 1115 Childless Adults Waiver	3,102	3,698	3,725	4,716	5,453	6,190

Health Care Delivery Management Administration

Objective 1: Improve access to high quality services and improve resource management.

Objective 2: Improve health outcomes for District residents.

KEY PERFORMANCE INDICATORS

Health Care Delivery Management

Measure	FY 2011 Actual	FY 2012 Target	FY 2012 Actual	FY 2013 Projection	FY 2014 Projection	FY 2015 Projection
Percentage of Medicaid beneficiaries satisfied with their health plan	72.6%	79%	TBD	80%	81%	82%
Percentage of children (age 3+) receiving preventive dental services	52%	50%	TBD	58%	60%	62%
Reported complaints on transportation broker services per 1,000 trips (incl. missed/late trips)	1.9	2	2.1	1.7	1.6	1.5
Number of individuals moved from institutions into the community (Money Follows the Person Program)	24	60	24	60	60	60
(Quality Improvement Initiative) Adverse Perinatal Outcomes per 1,000 pregnancies and infants	148	<210	TBD	<200	<195	<190
(Quality Improvement Initiative) Adverse Chronic Disease Outcomes per 1,000 people with asthma, diabetes, hypertension, congestive heart failure	458	<342	TBD	<342	<340	<335
Healthcare Effectiveness Data and Information Set measures for childhood immunization	95%	87%	TBD	87%	88%	89%
Healthcare Effectiveness Data and Information Set measures for timeliness of prenatal care	72.6%	80%	TBD	82%	83%	84%
Adult access to preventive, ambulatory care services (adults 20-44, enrolled in health plans)	73.1%	85%	TBD	88%	89%	90%

Health Care Operations Administration

Objective 1: Improve the efficiency of program operations.

Objective 2: Strengthen program integrity.

KEY PERFORMANCE INDICATORS

Health Care Operations Administration

Measure	FY 2011 Actual	FY 2012 Target	FY 2012 Actual	FY 2013 Projection	FY 2014 Projection	FY 2015 Projection
Percentage of providers paid electronically	34%	45%	37%	45%	60%	80%
Average time to process Medicaid provider application (days)	35	35	40	35	30	30
Number of referrals to the Medicaid Fraud Control Unit	22	25	5	20	20	20
Total dollars recovered from Third Party Liability	\$7.1M	\$6M	\$6.13M	\$6M	\$4M	\$3M

Health Care Reform and Innovation Administration

Objective 1: Develop and implement a comprehensive health information technology (HIT) plan.

Objective 2: Implement health care reform and increase the number of District residents with health insurance (One City Indicator 3G).

KEY PERFORMANCE INDICATORS

Health Care Operations Administration

Measure	FY 2011 Actual	FY 2012 Target	FY 2012 Actual	FY 2013 Projection	FY 2014 Projection	FY 2015 Projection
Number of users enrolled in Direct	Not Available	Not Available	Not Available	150	300	350
Number of active Direct users	Not Available	Not Available	Not Available	50	70	90
Number of Medicaid providers receiving incentive payments	Not Available	Not Available	Not Available	400	450	500
Percent of District residents insured (One City Indicator 3G) ²	Not Available	94%	93.8%	Not Available	Not Available	Not Available

Performance Plan Endnotes:

¹1115 Childless Adults Waiver ends December 31, 2013

²<http://mayor.dc.gov/page/one-city-action-plan>