

**Testimony of Andrew Patterson
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**Committee on Health
Council of the District of Columbia**

**Hearing on Proposed Budget of Department of Health Care Finance
May 3, 2010**

I would like to begin by saying we are very pleased Health Care Finance has proposed a budget for FY 2011 that does not cap enrollment for the District's medical assistance programs. The Department's proposed budget for FY 2011 also continues coverage of important optional Medicaid services – such as dental care, mental health, and substance abuse services for adults – while continuing to provide access to the Alliance program as a crucial safety-net for DC residents without access to other health coverage.

Establishing these services, and protecting them during difficult budget years, demonstrates the District's commitment to providing quality health care services to low-income residents. Yet the passage of health care reform means the District must now decide how to best plan for and implement important changes to our health care structure.

I. Cutting provider rates will make it more difficult to recruit new Medicaid physicians when the number of Medicaid enrollees will be growing.

One proposed cut we urge the Council to examine closely is the reduction in payments to Medicaid physicians and dentists. The District's commitment to cover all residents up to 200% of poverty through the Health Care Alliance means we are in a position to save money, rather than spend more, by transitioning many in this group to full Medicaid coverage. The increase in the number of Medicaid recipients, however, will mean more demand for Medicaid physicians and dentists. And the Department projects recession-driven enrollment in the District's medical assistance programs to grow by 5.8% between now and September 2011. But the budget proposed by Health Care Finance will reduce reimbursement rates to Medicaid physicians and dentists. This reduction will make it more difficult to recruit additional providers to the Medicaid network just as demand will be increasing.

II. Smart investments in Language Access will allow the District to bring in even more Federal dollars.

Another important change is the 2009 CHIPRA legislation, which allows states to lift the 5-year waiting period for CHIP coverage for many immigrants lawfully residing in the U.S. As this new policy is implemented in the District, it will be important to ensure that all affected persons – many of whom are less than proficient in English – are aware of the change, properly transitioned, and able to fully utilize their new health benefits. Yet proposed budget reduces funds for language access, which were already below the equivalent of one full-time employee.

We appreciate Dr. Hudman's attention to these issues, such as the Department's efforts to increase Federal dollars by working to include language access as a covered service under Medicaid. Language access activities are widely dispersed in the city, and include the efforts of DHCF, IMA, providers, and other community-based organizations. As such, we encourage the Council to invest sufficient funds to coordinate these efforts, which will ultimately mean a more efficient use of our medical assistance funds as a whole.

III. Under the difficult budget circumstances, the Council should generate additional revenue to off-set some of the proposed cuts.

We realize the District must make some difficult choices given the fiscal challenges we face. But the Council and the Mayor have the opportunity to implement new policies that would allow for at least partial, if not full, restoration of these cuts. Several council members have proposed adjusting the District's income tax for high income earners in the District, and I would urge the council adopt these proposals. The Council could also generate additional revenue by ending the tax break for DC residents who invest in out-of-state bonds. Ending this tax break could generate up to \$10 million of additional revenue, revenue which could help bridge the gap between needed services and the current budget shortfall.

IV. Conclusion

We appreciate the openness and inclusivity demonstrated by you and your staff, as well as Director Hudman, John McCarthy, and others at Health Care Finance. The issues I discussed today are only some of those that will come up in the months and years ahead. Health reform will impact multiple agencies and many District residents in a variety of different ways. In conclusion, I would urge the Council and DHCF, to bring together the major stakeholders or their representatives to flesh out the many issues involved, and how to best address them.