



2017 NOV -3 AM 9:15

OFFICE OF THE
SECRETARY

MURIEL BOWSER
MAYOR

NOV 3 2017

The Honorable Phil Mendelson, Chairman
Council of the District of Columbia
1350 Pennsylvania Ave., N.W., Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

Please find attached the "Community Health Investment Act of 2017" for enactment by the Council of the District of Columbia. If enacted, the proposed legislation would amend the Health Services Planning Program Re-establishment Act of 1996 by requiring health care facilities to add community benefits as a requirement for obtaining or maintaining a certificate of need. The legislation would also require health care facilities to direct the community benefits to District residents, as a condition of holding or receiving a certificate of need.

The proposed legislation would add and amend definitions for the terms charity care, community benefits and uncompensated care and make conforming amendments throughout the law where those terms are used.

The investments that can be made in community benefit and the associate categories can support a number of critical issues of importance to the District. For example, investments can be made in programs and initiatives that:

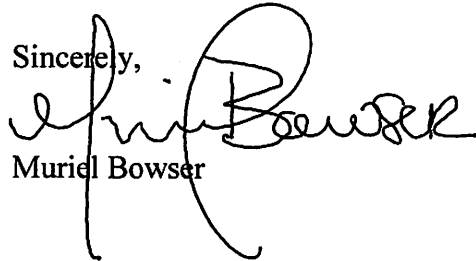
- Reduce geographic, financial, or cultural barriers to accessing health services;
- Address local public health priorities that eliminate disparities in access to health services or health status;
- Strengthen community health resilience by improving the ability of a community to withstand and recover from a public health emergency;
- Advance increased general knowledge through education or research that benefits the public; and
- Community support such as child care and mentoring programs for vulnerable populations, violence prevention programs, disaster readiness, etc.

By aligning the community benefit criteria of the District to the types of investments above,


which are examples derived from the Department of the Treasury Internal Revenue Service (“2015 Instructions for Schedule H (Form 990)”), District hospitals will be meeting criteria that allows them to maintain their federal tax-exempt status.

I urge the Council to take prompt and favorable action on the “Community Health Investment Act of 2017.”

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is written in a cursive style with a large, prominent initial "M".

Muriel Bowser


Chairman Phil Mendelson
at the request of the Mayor

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6 A BILL
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10 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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14 To amend the Health Services Planning Program Re-establishment Act of 1996 to add
15 and amend definitions, remove obsolete references to the Commission on Public
16 Health or Commission of Public Health, revise the authority of the State Health
17 Planning and Development Agency to include establishing the requirements and
18 standards for health care providers to provide uncompensated care, charity care
19 and community benefits, add a requirement for existing health care facilities to
20 provide community benefits, add a requirement for the acquisition of health care
21 facilities to provide a projection of community benefits, and to add a requirement
22 for prospective certificate of need applicants to provide community benefits.
23

24 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

25 That this act may be cited as the "Community Health Investment Amendment Act of
26 2017".

27 Sec. 2. The Health Services Planning Program Re-establishment Act of 1996,
28 effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-413, is amended as
29 follows:

30 (a) Section 2 (D.C. Official Code § 44-401) is amended as follows:

31 (1) Paragraph (3A) is amended to read as follows:

32 "(3A) (A) "Charity care" means health services provided to District residents who
33 are: (i) Unable to pay for the services; and (ii) Not expected to pay the cost of services.

34 (B) This term excludes "bad debt".

1 (2) A new paragraph (3B) is added to read as follows:

2 “(3B) “Community benefits” mean health improvement services and benefits that
3 are provided without charge to District residents.”

4 (3) Paragraph (19) is amended by striking the phrase “Commission of
5 Public Health” and inserting the phrase “Department of Health” in its place.

6 (4) Paragraph (20) is amended to read as follows:

7 “(20) “Uncompensated care” means the cost of health care services rendered to
8 District residents for which the facility does not receive payment. This term includes
9 “bad debt” and “charity care”, but does not include contractual allowances.”

10 (b) Section 3 (D.C. Official Code § 44-402) is amended as follows:

11 (1) Paragraph (a)(1) is amended by striking the phrase “Commission on
12 Public Health” and inserting the phrase “Department of Health” in its place.

13 (2) Subsection (b) (D.C. Official Code § 44-402(b)) is amended to read as
14 follows:

15 “(b) The SHPDA shall be responsible for health systems development in the
16 District. The SHPDA’s responsibilities for health systems development shall include:

17 “(1) Establishing and administering a health systems plan development
18 and implementation program under section 5 of the Health Services Planning Program
19 Re-Establishment Act of 1996;

20 “(2) Establishing a health data and information program under section 6 of
21 the Health Services Planning Program Re-Establishment Act of 1996;

22 “(3) Administering, operating, and enforcing the certificate of need
23 program;

1 “(4) Monitoring the compliance of health care facilities with the
2 requirements of the Health Services Planning Program Re-Establishment Act of 1996;
3 and

4 “(5) Establishing the requirements and standards for health care facilities
5 to provide uncompensated care, charity care, and community benefits to District residents
6 including a mechanism for monitoring the provision of uncompensated care, charity care,
7 and community benefits.”.

8 (c) Section 6(a) (D.C. Official Code § 44-405(a)) is amended to read as follows:

9 “(a) The SHPDA shall develop and maintain the Health Planning Data System
10 (“HPDS”). To implement the HPDS, as necessary for the development of the HSP, the
11 SHPDA shall require each health care facility to submit, in writing or other uniform
12 media, data related to the utilization, management, and financing of health services,
13 including data on utilization of health services, cost of services, charges of services,
14 patient demographic and characteristic information, and assurances of its provision of a
15 reasonable volume of uncompensated care, charity care, and community benefits. For the
16 purposes of this section, a reasonable volume shall be a minimum of 3% of a health care
17 facility’s operating costs (total operating expenses as set forth in an audited financial
18 statement, or its equivalent, minus the amount of reimbursement, if any, under Titles
19 XVIII and XIX of the Social Security Act).”.

20 (d) Section 7(b) (D.C. Official Code § 44-406(b)) is amended as follows:

21 (1) Subparagraph (1)(H) is amended to read as follows:

22 “(H) A reasonable projection of charity care, uncompensated care (bad debt and
23 charity care), and community benefits to District residents and the nature of any proposed

1 changes to admission policies and hours of operations over the two-year period following
2 the Transaction.”.

3 (2) Subparagraph (2)(A) is amended to read as follows:

4 “(A) For the five-year period following the Transaction, the percentage of charity
5 care, uncompensated care (charity care and bad debt), and community benefits provided
6 each year to the District residents the HCF served will be equal to or exceed the average
7 of the percentage of charity care, uncompensated care (charity care and bad debt), and
8 community benefits the HCF provided for the two fiscal years immediately preceding the
9 acquisition;”.

10 (e) Section 10(k) (D.C. Official Code § 44-409(k)) is amended to read as follows:

11 “(k) SHPDA shall require that all prospective certificate of need applicants certify,
12 in writing, that, for the five-year period following the award of the certificate of need, the
13 percentage of charity care, uncompensated care (charity care and bad debt), and
14 community benefits provided each year to District residents the HCF serves will be equal
15 to or exceed the average of the percentage of charity care, uncompensated care (charity
16 care and bad debt), and community benefits provided by the HCF for the 2 fiscal years
17 immediately preceding the review of an application for a certificate of need pursuant to
18 this section.”.

19 Sec. 3. Fiscal impact.

20 The Council adopts the fiscal impact statement of the Chief Financial Officer as
21 the fiscal impact statement required by section 602(c)(3) of the District of Columbia
22 Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
23 206(c)(3)).

1 Sec. 4. Effective date.

2 This act shall take effect following approval by the Mayor (or in the event of veto
3 by the Mayor, action by the Council to override the veto), a 30-day period of
4 Congressional review as provided in section 602(c)(1) of the District of Columbia Home
5 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
6 206.02(c)(1)).

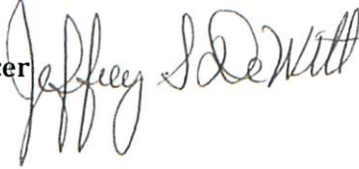
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: August 31, 2017

SUBJECT: Fiscal Impact Statement – Community Health Investment Act of 2017

REFERENCE: Draft introduction as shared with the Office of Revenue Analysis on August 28, 2017.

Conclusion

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill.

Background

The bill requires¹ health care facilities to add community benefits as a condition of holding or receiving a certificate of need.² The legislation further requires health care facilities to specify the community benefits available to District residents, rather than the community at large. The bill also updates definitions of charity care, community benefits, and uncompensated care.

Financial Plan Impact

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The Department of Health can absorb the costs associated with establishing community benefit standards as part of the certificate of need review process.

¹ By amending The Health Services Planning Program Re-establishment Act of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-401 et seq.).

² All proposals to offer or develop new institutional health service, or to obligate a capital expenditure to obtain an asset must obtain a certificate of need from the State Health Planning and Development Agency (SHPDA) that demonstrates a public need for the new service or expenditure.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



ATTORNEY GENERAL
KARL A. RACINE

Legal Counsel Division

MEMORANDUM

TO: Lolita S. Alston
Director
Office of Legislative Support

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

DATE: August 25, 2017

SUBJECT: Legal Sufficiency Review of the "Community Health Investment Act of 2017"
(AE-17-495)

This is to Certify that this Office has reviewed the above-referenced legislation 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.

A handwritten signature in blue ink, appearing to read "Janet M. Robins".

Janet M. Robins