



OFFICE OF THE
SECRETARY

2016 JUN 22 PM 12: 04

MURIEL BOWSER

MAYOR

JUN 22 2016

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 Asset Verification Program State Plan Amendment Approval Resolution of 2016." 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 27, 1967 (81 Stat. 744; D.C. Official Code § 1-307.02)(2012 Repl. & 2015 Supp.) and section 6(6) of the Department of Health Care Finance Establishment Act of 2007, effective February 27, 2008 (D.C. Law 17-109; D.C. Official Code § 7-771.05(6) (2012 Repl.)) to receive federal financial assistance under Title XIX of the Social Security Act for a medical assistance program, and for other purposes, the Mayor may submit a plan for medical assistance ("State Plan"), and modifications thereof, to the Secretary of Health and Human Services. Pursuant to Section 2205 of the Service Improvement and Fiscal Year 2000 Budget Support Act of 1999, effective October 20, 1999 (D.C. Law 13-38; D.C. Official Code § 1-307.02(a)), the State Plan, and any modification or waiver thereof, must be submitted to the Council for approval.


This resolution refers to the adoption of an amendment that establishes the District's Medicaid Asset Verification Program (AVP), which is a federal requirement pursuant to Section 1940(a) of the Social Security Act.

As the single state agency for the administration of the Medicaid program, DHCF is required to create an (AVP. This program will enable the District to use electronic data exchange to verify assets held by financial institutions that affect the Medicaid eligibility of aged, blind, disabled and long-term care applicants and recipients. The approval of this resolution will bring the District into compliance with the requirement of the Centers for Medicare and Medicaid Services to properly identify assets held by financial institutions when determining eligibility of aged, blind, disabled and long-term care applicants and recipients.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser".

Muriel Bowser


Chairman Phil Mendelson
at the request of the Mayor

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve an amendment to the District of Columbia State Plan for Medical Assistance creating the Asset Verification Program (AVP) for the purpose of verifying assets that affect Medicaid eligibility of certain applicants and recipients.

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that this resolution may be cited as the “Medicaid Asset Verification Program State Plan Amendment Approval Resolution of 2016.”

Sec. 2. Pursuant to 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 27, 1967 (8 Stat. 744; D.C. Official Code § 1-307.02(2012 Repl. & 2015 Supp.)), the Council of the District of Columbia approves the proposed amendment to the District of Columbia State Plan for Medical Assistance which, when implemented, will facilitate the creation of an Asset Verification Program (AVP) in accordance with 42 U.S.C. 1396w. The program shall enable the District to use electronic data exchange to verify assets held by financial institutions that affect the Medicaid eligibility of aged, blind, disabled and long-term care applicants and recipients.

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

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

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

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: District of Columbia

ASSET VERIFICATION SYSTEM

1940(a)
of the Act

1. The agency will provide for the verification of assets for purposes of determining or redetermining Medicaid eligibility for aged, blind and disabled Medicaid applicants and recipients using an Asset Verification System (AVS) that meets the following minimum requirements.
 - A. The request and response system must be electronic:
 - (1) Verification inquiries must be sent electronically via the internet or similar means from the agency to the financial institution (FI).
 - (2) The system cannot be based on mailing paper-based requests.
 - (3) The system must have the capability to accept responses electronically.
 - B. The system must be secure, based on a recognized industry standard of security (e.g., as defined by the U.S. Commerce Department's National Institute of Standards and Technology, or NIST).
 - C. The system must establish and maintain a database of FIs that participate in the agency's AVS.
 - D. Verification requests also must be sent to FIs other than those identified by applicants and recipients, based on some logic such as geographic proximity to the applicant's home address, or other reasonable factors whenever the agency determines that such requests are needed to determine or redetermine the individual's eligibility.
 - E. The verification requests must include a request for information on both open and closed accounts, going back up to 5 years as determined by the State.

TN No. _____

Approval Date _____

Effective Date _____

Supersedes

TN No. NEW

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: District of Columbia

ASSET VERIFICATION SYSTEM

2. System Development

A. The agency itself will develop an AVS.

In 3 below, provide any additional information the agency wants to include.

B. The agency will hire a contractor to develop an AVS.

In 3 below provide any additional information the agency wants to include.

C. The agency will be joining a consortium to develop an AVS.

In 3 below, identify the States participating in the consortium. Also, provide any other information the agency wants to include pertaining to how the consortium will implement the AVS requirements.

D. The agency already has a system in place that meets the requirements for an acceptable AVS.

In 3 below, describe how the existing system meets the requirements in Section 1.

E. Other alternative not included in A. – D. above.

In 3 below, describe this alternative approach and how it will meet the requirements in Section 1.

TN No. _____

Approval Date _____

Effective Date _____

Supersedes

TN No. NEW

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: District of Columbia

ASSET VERIFICATION SYSTEM

3. Provide the AVS implementation information requested for the implementation approach checked in Section 2, and any other information the agency may want to include.
 - A. The District, through the authority established in section 1940(g), will procure services through a contracted vendor by soliciting proposals.
 - B. The selected vendor will meet all requirements as delineated in Supplement 16 to Attachment 2.6-A, section 1.

TN No. _____

Approval Date _____

Effective Date _____

Supersedes

TN No. NEW

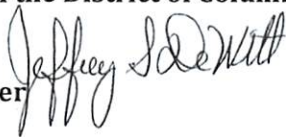
Government of the District of Columbia
Office of the Chief Financial Officer



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: June 10, 2016

SUBJECT: Fiscal Impact Statement – Medicaid Asset Verification Program State Plan Amendment Approval Resolution of 2016

REFERENCE: Draft Resolution sent to the Office of Revenue Analysis on June 7, 2016

Conclusion

Funds are sufficient in the fiscal year 2016 budget and the proposed fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the resolution.

Background

The resolution approves an amendment to the District's Medicaid State Plan that would require the District to verify assets of Medicaid applicants by sending electronic queries to financial institutions. Right now, the District, like most states, relies on self-reporting to make sure an applicant has income and assets below the Medicaid threshold. Electronic asset verification is now required by federal law¹.

The District will electronically verify assets of two populations eligible for Medicaid: the aged, blind, and disabled and people seeking long-term care. A person who is elderly, blind, or person with disabilities who applies for Medicaid must have less than \$5,000 in assets, and a person seeking long-term care must have less than \$4,000 if they're single, or less than \$6,000 if they're married. If the District finds that a Medicaid applicant exceeds the asset limits, or, in the case of long-term care applicants, has transferred money to reduce assets below the limit, the applicant will not receive benefits.

The District plans to start using the asset verification system in fiscal year 2017.

¹ 42 U.S.C. 1396w.

The Honorable Phil Mendelson

FIS: "Medicaid Asset Verification Program State Plan Amendment Approval Resolution of 2016," Draft Resolution sent to the Office of Revenue Analysis on June 7, 2016

Financial Plan Impact

Funds are sufficient in the fiscal year 2016 budget and the proposed fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the resolution.

The Department of Human Services (DHS), which screens applicants for Medicaid eligibility, will contract with a third-party vendor to do the asset verification. It will cost around \$200,000 a year for the vendor to do the electronic queries.² There will be an additional one-time cost of \$200,000 in fiscal year 2018 for the vendor to integrate the querying system with DHS's DC Access System (DCAS) database, which tracks Medicaid applicants.³ The District will be responsible for half of these costs, since the federal government pays for half of Medicaid administrative costs.

DHS will cover these costs with Medicaid funds from the federal government that DHS receives for administrative costs (unrelated to asset verification).

Cost of Implementing an Electronic Asset Verification System, FY 2017 to FY 2020					
	FY 2017	FY 2018	FY 2019	FY 2020	Four-year Total
Total Cost	\$188,000	\$392,000	\$197,000	\$202,000	\$979,000
Federal Cost	\$94,000	\$196,000	\$98,500	\$101,000	\$489,500
Local Cost	\$94,000	\$196,000	\$98,500	\$101,000	\$489,500

Notes

- The federal government pays for half of all Medicaid administrative costs in the District.
- Estimate assumes we will pay \$3.75 per electronic query and there will be 50,000 queries per year. Query costs will increase 2.5 percent a year.
- In FY 2018 there will be a one-time cost of \$200,000 to integrate the electronic querying system with DHS's DCAS database.

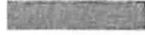
The asset verification system will save the District money if it finds that people who would have received benefits are not eligible since they don't meet the asset requirements. Other states with similar programs have denied benefits, but benefit denial rates vary enough by state⁴ that we cannot predict what the savings will be in the District.

² This cost is based on a fee of \$3.75 per query and 50,000 queries a year. Cost estimates are from the Public Consulting Group, which has set up asset verification systems in several states. Query estimates are from the Department of Human Services.

³ Cost estimate from the Public Consulting Group. Prior to integrating the querying system with DCAS, the vendor will receive data in batches from DHS.

⁴ In its budget for a similar asset verification system, Iowa assumed that only 0.05% of Medicaid applicants would be denied from not meeting asset requirements. In Maryland, though, 6.3% of applicants were denied, according to the Public Consulting Group.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



ATTORNEY GENERAL
KARL A. RACINE

Privileged and Confidential
Attorney Client Communication

Legal Counsel Division

MEMORANDUM

TO: Lolita S. Alston
Director
Office of Legislative Support

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

DATE: May 19, 2016

SUBJECT: Legal Sufficiency Review of "Medicaid Asset Verification Program State Plan Amendment Approval Resolution of 2016"
(AE-16-311B)

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.

A handwritten signature in cursive script, appearing to read "Janet M. Robins".

Janet M. Robins