Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Ave, NW
Washington, DC 20004

September 1, 2021

The Honorable Karl Racine
Attorney General, District of Columbia
400 6th Street NW
Washington, DC 20001

Dear Attorney General Racine:

MedStar Health System's announcement that it will stop providing health services to the city's Medicaid insurers and their patients raises concerns that MedStar is using its dominant market share in the District to unfairly influence Medicaid contracting. The timing of this announcement, after several failed attempts to get the D.C. Council to move emergency legislation that would include MedStar in the city's current Medicaid contract, again raises concerns that this move is designed to force the city to take actions that would benefit MedStar. In light of this, we write to request that your office determine whether these actions by MedStar violate the D.C. Antitrust Act of 1980[1] and commence legal action if appropriate to protect the District and its residents, especially the 230,000 low-income beneficiaries of the Medicaid and Alliance programs.

This letter provides background and then describes the specific action at the heart of our request: Whether MedStar's decision to terminate agreements to provide healthcare services to the District's Medicaid and Alliance beneficiaries is an anti-competitive practice designed to harm the District and coerce District government to include MedStar as a Medicaid insurer. Given MedStar's large number of providers and hospitals, we ask you to determine whether the termination should be viewed as an unreasonable restraint of trade on an essential service to District residents.

The MedStar Health System

The MedStar Health System (the "System") comprises a host of for-profit and not-for-profit entities doing business in the District, Maryland, and northern Virginia. The parent company is MedStar Health, Inc., a 501(c)(3) organization that operates the System through dozens of controlled subsidiaries and other affiliated entities.[2]

[1] D.C. Law 3-169; D.C. Official Code § 28-4501 *et seq*.

[2] See Consolidated Financial Statements of MedStar Health, Inc. for the years ended June 30, 2020 and 2019, available from the Municipal Securities Rulemaking Board at https://emma.msrb.org/P11417594-P11100914-P11510132.pdf.

In the District, MedStar's controlled subsidiaries operate three hospitals: MedStar Georgetown University Hospital, MedStar Washington Hospital Center, and MedStar National Rehabilitation Hospital.[3] Each hospital subsidiary has been recognized as a 501(c)(3) organization.

Another controlled subsidiary, MedStar Medical Group LLC, is the provider organization for the System. MedStar Medical Group boasts of being the largest provider network in the Washington, DC region and "one of the largest medical groups in the country" with 3,638 employed providers (doctors and advance practice clinicians) practicing at 300 different locations.[4] A patient who receives healthcare at a MedStar hospital or clinic will likely be treated by a provider who works for MedStar Medical Group (or one of its subsidiaries).

If the patient has health insurance, MedStar Medical Group bills the patient's insurance at rates that have been negotiated with the insurer. These negotiated rates are "discounted" compared to the rates that are charged to uninsured or self-pay patients, who pay the highest rates.

Among the System's many other subsidiaries is MedStar Family Choice, Inc., a for-profit managed care organization operating in the District and Maryland. As a managed care organization, MedStar Family Choice contracts with providers to establish rates for healthcare services that are accessed by beneficiaries.

The Managed Care Procurement

The District contracts with managed care organizations to provide health coverage and services to Medicaid and Alliance beneficiaries. In 2020, the District issued a request for proposals seeking up to three managed care organizations to administer healthcare and pharmacy services to Medicaid and Alliance beneficiaries. A key part of the rationale for rebidding the contract was to introduce "universal contracting": The District now requires each managed care organization to cover beneficiaries' access to all acute care hospitals and clinics designated as federally qualified health centers. Universal contracting was intended to address disparities resulting from MedStar's decision to contract with only a single one of the District's managed care organizations.

The District initially awarded the Medicaid contract to three managed care organizations: MedStar Family Choice and affiliates of AmeriHealth and CareFirst. The award was protested, and the District's Contract Appeals Board ruled that the District violated procurement law and regulation, as well as the terms of the solicitation in making this award. In short, the Board held that the District acted unreasonably when evaluating the proposals and ordered the District to re-evaluate them. Further, if any of the existing awardees is not among the three most highly rated

[3] Trade names are used for Washington Hospital Center Corporation and National Rehabilitation Hospital.

[4] https://www.medstarhealth.org/mhs/about-medstar/medstar-medical-group/

offerors after the re-evaluation, the District cannot exercise its option to extend the existing awardee's contract after the base year concludes on September 30, 2021.[5] But procurement law, as interpreted by the Contract Appeals Board in a different case, requires disqualification of MedStar Family Choice's proposal in the re-evaluation process because it failed to timely comply with minority subcontracting rules.[6] As a result, the existing contract between the District and MedStar Family Choice is expected to end on September 30, 2021.

The administration, through Deputy Mayor Wayne Turnage, has urged the Council to retroactively change minority subcontracting rules so that MedStar Family Choice can keep a portion of the managed care contract. The Council has repeatedly declined, leaving the District to re-evaluate the proposals under current procurement law.

MedStar's Decision to Terminate Services to D.C. Medicaid and Alliance Beneficiaries

MedStar has dramatically escalated this procurement dispute by terminating the rate agreements between MedStar healthcare providers and the District's remaining managed care organizations. This action seems intended to harm the District by weakening the health care provider network for the remaining two Medicaid managed care organizations and thereby depriving the District's Medicaid and Alliance beneficiaries of access to health care services. This strikes us as anticompetitive, given MedStar's influence and dominance in the District's health care market.

According to Deputy Mayor Turnage, the MedStar Health System (apparently meaning the MedStar hospitals and the MedStar Medical Group) has delivered notice of its intent to terminate negotiated rate agreements with the District's remaining managed care organizations, AmeriHealth and CareFirst. Without rate agreements in place, all Medicaid and Alliance beneficiaries will lose access to all MedStar Health System services, except for hospital emergency department services that must be provided under federal law.[7] Given MedStar Health System's large share of the District health care market, Deputy Mayor Turnage writes that "residents [whether publicly or privately insured] will almost certainly face interminable waiting periods in crowded hospital emergency rooms, difficulty securing primary care visits, and lengthy 3- or 4-month delays for specialty care appointments."[8]

Deputy Mayor Turnage unmistakably links MedStar's decision to terminate with the pending exclusion of MedStar Family Choice from the managed care contract. He explains,

[5] *Amerigroup D.C., Inc.*, CAB No. P-1128 (Dec. 1, 2020).

[6] See *Conduent State Healthcare, LLC*, CAB No. P-1220 (August 20, 2020).

[7] See the Emergency Medical Treatment and Labor Act, codified at 42 U.S.C. § 1395dd.

[8] See attached emails from Deputy Mayor Wayne Turnage to Councilmembers.

> though MedStar Health System has clearly indicated a desire to remain a provider in DHCF's managed care and Medicaid fee-for-service programs, their discounted pricing scheme for its health care services has essentially been invalidated under the operating model it now faces following the procurement. As of today, without access to these discounted prices, the two health plans in the program -- AmeriHealth and Carefirst -- continue to report that a contract with the MedStar Health System would push their respective programs under water financially.

In other words, MedStar seeks to leverage its market power as a provider of medical services to punish its rivals, solely because MedStar Family Choice failed to secure a portion of the District's managed care contract. Again, this punitive approach strikes us as an anti-competitive behavior, designed to harm the District and its Medicaid program unless MedStar is included.

The termination of rate agreements by MedStar Family Choice (a for-profit entity) will frustrate and undermine the charitable purposes that qualify MedStar's nonprofit hospitals for their federal tax-exempt status. Every tax-exempt hospital is required to perform a periodic community health needs assessment including an implementation strategy.[9] As one might expect, MedStar's 2021 community health needs assessment identifies "access to health care and services" as a top priority, particularly for the areas served by MedStar Washington Hospital Center and MedStar Georgetown University Hospital.[10] Yet health care access will clearly suffer if the MedStar Medical Group shuts out Medicaid and Alliance beneficiaries to promote the business interests of MedStar Family Choice. We think it is unfair for a health system to use the resources of its tax-exempt charitable entities for the benefit of its taxable business affiliates in a manner that defeats the charitable purposes.

It appears that the Department of Health Care Finance has caved to MedStar's pressure. On August 27, 2021, the Department announced that it will re-bid the managed care contracts, giving MedStar Family Choice another opportunity to participate in the Medicaid program. Though Deputy Mayor Turnage and the Department did not acknowledge MedStar's notice of termination, there is no other obvious reason why the contract process would be re-bid at this time.

Request for Antitrust Investigation

With all that background, we respectfully request that you investigate whether the MedStar Health System is restraining trade in violation of the Antitrust Act and to the detriment of the District, by abusing the market power of its nonprofit hospitals and health providers to promote the business interests of its for-profit managed care organization, MedStar Family Choice.

[9] 26 U.S.C. § 501(r).

[10] https://ct1.medstarhealth.org/content/uploads/sites/16/2021/06/MedStar_Health_2021_CHNA_Report.pdf

In making this request, we acknowledge that the Antitrust Act generally does not apply to tax-exempt 501(c)(3) organizations. The Antitrust Act exempts "the activity of any non-profit corporation, trust, or organization established exclusively for religious, charitable, literary, or educational purposes *to the extent that the activity is religious, charitable, literary, or educational*."[11]

But we fail to see anything religious, charitable, literary, or educational in MedStar's bullying of its managed care competitors and the Department of Health Care Finance, to the detriment of 230,000 District residents who stand to lose meaningful access to health care. Further, the Antitrust Act's exemption seems unavailable to MedStar Family Choice, which is *not* a nonprofit organization. Instead, it is a for-profit Maryland stock corporation that is wholly owned by Parkway Ventures, Inc., which is another Maryland stock corporation that is wholly owned by HH MedStar Health, Inc., a nonprofit corporation and a 501(c)(3) organization that is controlled by MedStar Health, Inc.

Thank you for your consideration of this matter. We are happy to discuss at any time.

Sincerely,

Elissa Silverman
Councilmember At-Large

Kenyan McDuffie
Councilmember, Ward 5

Attachments

cc: Kathy Patterson, District of Columbia Auditor
Daniel W. Lucas, District of Columbia Inspector General

[11] D.C. Official Code § 28-4504(b)(1) (emphasis added).

Singer, Will (Council)

From: Silverman, Elissa (Council)
Sent: Tuesday, August 24, 2021 1:23 PM
To: Singer, Will (Council); Rosen-Amy, Samuel (Council)
Subject: FW: Troubling Developments In The MCO Program

From: "Turnage, Wayne (DHCF)" <wayne.turnage@dc.gov>
Date: Friday, August 20, 2021 at 3:11 PM
To: "Gray, Vincent (Council)" <vgray@DCCOUNCIL.US>
Cc: "Cheh, Mary (COUNCIL)" <MCheh@DCCOUNCIL.US>, "Henderson, Christina (Council)" <chenderson@DCCOUNCIL.US>, "Nadeau, Brianne K. (Council)" <BNadeau@DCCOUNCIL.US>, "Allen, Charles (Council)" <CAllen@DCCOUNCIL.US>, "Goulet, Eric (Council)" <EGoulet@DCCOUNCIL.US>, "Gulstone, Ronan (EOM)" <ronan.gulstone@dc.gov>
Subject: Troubling Developments In The MCO Program

CM Gray:

The purpose of this email is to inform you of a significant development in the Medicaid program that threatens access to care for many of the 230,000 District residents who receive their health services through DHCF's managed care program - a program which serves both Medicaid and Alliance enrollees. This morning, Karen Dale, the CEO for AmeriHealth, informed me that the MedStar Health System (MedStar) sent her organization a notice of termination for all medical services that the health plan currently purchases from MedStar. This notice had an effective date of November 2021. Subsequently, I contacted a MedStar official to determine the veracity of that information, and it was confirmed. In addition, the MedStar official informed me that CareFirst will receive the same notice but with an earlier effective date, based on the scheduled expiration of their current contract with this managed care plan.

What this means is that if the current contracts between the health plans and MedStar expire without renewal, no enrollee in DHCF's managed care program will have access to any MedStar hospital, clinic, rehabilitation facility, or their expansive specialty care suite of physicians. The only services that will be available through MedStar will be qualifying emergencies that are handled through the Emergency Department.

So that all might appreciate the gravity of this problem, the table below shows the muscular position that MedStar maintains in just the District's Medicaid hospital program alone. Specifically, MedStar provides for more than 38 percent of the utilization in the system, and accounts for more than a third of the $304 million we spent on hospital services in 2018. These numbers are virtually unchanged for fiscal years 2019 through 2020.

Provider	Medicaid Reimbursement Distribution	Medicaid Visits/ Days/Trips Distribution
All Providers	$304,325,262.82	117,927
Washington Hosp Ctr	28.03%	30.20%
George Washington Univ Hosp	16.76%	16.52%
Howard Univ Hosp	15.52%	9.60%
Providence Hosp	10.16%	10.99%
Children's Natl Medical	7.87%	4.55%
United Medical Ctr	6.61%	8.16%
Georgetown Univ Hosp	6.60%	6.05%
HSC Pediatric Ctr	2.24%	1.75%
Natl Rehabilitation Hosp	1.99%	2.68%
Bridgepoint Capitol Hill	1.84%	4.04%
Bridgepoint National Harbor (Hadley)	1.31%	3.76%
Sibley Mem Hosp	0.81%	0.92%
Psychiatric Inst of Washington	**0.25%**	**0.80%**

The reverberations from the loss of MedStar from the managed care program will undoubtedly echo through the city's entire health care system with a significant and pernicious impact. The remaining providers will face the unwelcomed and unplanned challenge of absorbing 30 percent of the Medicaid market share with no time to increase capacity. This will occur precisely at a time when all medical facilities are struggling with staff shortages. Worse that witnessed with the closure of Providence Hospital, residents will almost certainly face interminable waiting periods in crowded hospital emergency rooms, difficulty securing primary care visits, and lengthy 3- or 4-month delays for specialty care appointments.

During the deliberations for the vote on Mayor Bowser's Budget Support Act Amendment, which would have provided MedStar the opportunity to simply complete the procurement process, one councilmember characterized the very genuine concern you expressed about just this specific potential outcome as a "red herring" – a contrivance on your part to secure support for the amendment you moved. Clearly, this myopic and short-sighted view -- shared by this

councilmember and the six others who similarly dismissed your concern -- was void of the necessary prescience to foresee the very serious quandary we now face.

If MedStar executes the contract terminations that were proffered today, as Director of DHCF, I have the discretionary authority to rescind the health system's entire Medicaid agreement and terminate the contract of both health plans with whom they could not reach a new agreement. Obviously, this would be unwise, irresponsible, and destructive, for it would leave the District of Columbia without a Medicaid managed care program in the middle of the worse pandemic this country has seen in a century, while also separating our very medically fragile fee-for-service population from the health care services they desperately need and receive through the MedStar Health System.

Accordingly, I will be meeting with my executive team at DHCF and our Medicaid actuary later today, to bring potential solutions to the Mayor for her consideration over the next few days. We know, for example, that for FY2022, MedStar provided significant provider rate discounts to the other two Medicaid health plans because they had a health plan in the Medicaid program as well. I fully anticipate those discounts -- which are worth millions of dollars given the high utilization of the system by the city's Medicaid enrollees -- will quickly vaporize as the starting point in any negotiation between MedStar providers and the health plans. Unfortunately, the MCO rates in the approved FY2022 budget did not contemplate the loss of these discounts. Consequently, the health plans will not have the revenue to absorb higher hospital, clinic, and specialty care cost from MedStar providers without experiencing ruinous financial losses.

So, at this point, I cannot say precisely how DHCF and the Administration will proceed. However, absent the potential exercise of some executive authority that abates this problem, DHCF must move with considerable rapidity as the new contract year starts in roughly six weeks, and over 61,000 members must be established in new plans. This absolutely mandates that we decide on a course of action by no later than August 27, 2021.

As I learn more about the Executive's next steps, I will be certain to keep you and the Committee on Health informed. As always, I am especially grateful for your unwavering support of the Medicaid and Alliance programs and the more than 300,000 total city residents we serve.

Wayne Turnage
Deputy Mayor of Health and Human Services
Director Department of Health Care Finance
(202) 821-9673

Please excuse any overlooked typos, syntax, grammatical errors, or malapropisms.

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Singer, Will (Council)

From: Silverman, Elissa (Council)
Sent: Tuesday, August 24, 2021 11:59 PM
To: Rosen-Amy, Samuel (Council); Singer, Will (Council)
Subject: Fwd: Managed Care Update
Attachments: image.png; image005.jpg; MMB Press Release On Disruption Of Health Care System 8-2021.docx

Sent from my iPhone

Begin forwarded message:

> **From:** "Turnage, Wayne (DHCF)" <wayne.turnage@dc.gov>
> **Date:** August 24, 2021 at 11:27:32 PM EDT
> **To:** "Gray, Vincent (Council)" <vgray@dccouncil.us>
> **Cc:** "Cheh, Mary (COUNCIL)" <MCheh@dccouncil.us>, "Allen, Charles (Council)" <CAllen@dccouncil.us>, "Nadeau, Brianne K. (Council)" <BNadeau@dccouncil.us>, "Henderson, Christina (Council)" <chenderson@dccouncil.us>, "Mendelson, Phil (COUNCIL)" <PMENDELSON@dccouncil.us>, "Pinto, Brooke (Council)" <bpinto@dccouncil.us>, "Bonds, Anita (Council)" <ABonds@dccouncil.us>, "White, Sr., Trayon (Council)" <twhite@dccouncil.us>, "White, Robert (Council)" <rwhite@dccouncil.us>, "Lewis-George, Janeese (Council)" <jlewisgeorge@dccouncil.us>, "McDuffie, Kenyan (Council)" <kmcduffie@dccouncil.us>, "Silverman, Elissa (Council)" <ESilverman@dccouncil.us>, "Goulet, Eric (Council)" <EGoulet@dccouncil.us>, "Gulstone, Ronan (EOM)" <ronan.gulstone@dc.gov>
> **Subject: Managed Care Update**

CM Gray:

As promised, this email provides an update on where things presently stand with the Department of Health Care Finance's (DHCF) managed care challenges. As we approach the end of the base year for the contract, Mayor Bowser's goal remains unchanged - prevent thousands of District residents from having to change health plans one year into the managed care contracts or, equally important, pursue a strategy that ensures residents retain complete access to their primary or specialty care physicians? I asked my team to analyze the health care utilization data generated from Medicaid and Alliance spending more closely so we might be able to speak with greater detail and clarity about the unquestioned folly of disrupting the health care insurance for so many District residents, many of whom carry the burden of complex co-morbidities.

Current Status

In response to emerging news stories, Mayor Bowser issued a press release today to make clear her intention to resolve the problems spawned by the Council's refusal

to approve a reasonable exemption to the technical ruling that disqualified MedStar Family Choice from DHCF's managed care procurement – despite the company's adherence to the government's instructions for submission of its bid. I have attached that communication for your information.

Next, in the coming days, the Mayor will outline the steps she believes are necessary to correct this problem and preserve the full range of health care options for more than 250,000 residents - options which were initially made possible by the universal contracting provisions that DHCF established for Medicaid and Alliance providers.

Meanwhile, though MedStar Health System has clearly indicated a desire to remain a provider in DHCF's managed care and Medicaid fee-for-service programs, their discounted pricing scheme for its health care services has essentially been invalidated under the operating model it now faces following the procurement. As of today, without access to these discounted prices, the two health plans in the program -- AmeriHealth and Carefirst -- continue to report that a contract with the MedStar Health System would push their respective programs under water financially.

The Importance of MedStar Health System in The District's Publicly Insured Market

In my previous communication, I shared with you Medicaid Fee-for-Service (FFS) hospital utilization and payment data which demonstrated the significant presence of MedStar in that program. As a proxy for broader utilization, the table below shows payments across hospitals for both the fee-for-service program and managed care programs, thus fully capturing the inpatient and outpatient footprint of each District acute care hospital in both Medicaid and Alliance. As shown, in FY2019 and FY2020, the two MedStar hospital accounted for more than 35% of the funds DHCF spent to purchase medical care for both Medicaid and Alliance enrollees. That is nearly four of every 10 health care dollars spent from these two programs.

With respect only to Medicaid and Alliance managed care inpatient and outpatient claims, MedStar provides for more than 20 percent of the utilization in the system and accounts for 22 percent of the $435 million we spent on managed care hospital-based services in 2019. Obscured by the reporting of aggregate claims data is the detail that describes some of the most critical services that we pay for through these programs. Pointedly, the importance of the MedStar system to health care in the city is even more striking when you consider maternal births among Medicaid enrollees. In the last four years, for example, there have been more than 9,500 births among parents on Medicaid. The MedStar Health System was the chosen destination

for delivery by nearly 40 percent of these mothers, many of whom labored with high-risk pregnancies.

Medicaid and Alliance Managed Care Payments Made To Hosp Inpatient and Hospital-Based Outpatient Care, FY201		
Hospital	Payments	Cl
All facilities	$435,038,475	31
Washington Hospital Center	$77,115,884	54
GW University Hospital	$90,785,350	39
Howard University Hospital	$38,340,584	41
Providence Hospital	$3,766,893	5
Children's National Medical Center	$138,947,951	11
United Medical Center	$14,073,438	25
Georgetown University Hospital	$17,395,230	8
National Rehabilitation	$3,278,595	7
Bridgepoint Capitol Hill	$891,728	
Bridgepoint National Harbor	$504,200	
Sibley Memorial Hospital	$6,100,644	5
All other**	$43,837,979	22

Note: The facilities in red are part of the MedStar health system.
** Psychiatric Institute of Washington, Dimensions Health Corporation (University of M
Capital Region Medical Center), and MedStar Southern Maryland Hospital Center are
facilities with MCO payments totaling more than $5 million in FY 2021 to date.
Source: DHCF Medicaid Management Information System (MMIS) data extracted 8/23/

In an outcome where MedStar would essentially be taken offline for all but the non-emergency care services required by 250,000 residents, the remainder of the system will be congested with patient demand that will manifest as system choke points in crowded hospitals, outpatient clinics, and emergency rooms. This will unquestionably frustrate and anger residents. The unintended consequence of this problem will likely be some suppression of utilization, causing an increase in morbidity levels and possibly even the number of deaths for the publicly insured, as residents delay seeking care—especially for prevention and diagnostic services. This will prevent physicians from the early and timely detection of diseases before the problems become more difficult, complex, and costlier to treat.

Even more serious would be the disruption to complex care that thousands of members in the health plans are presently receiving from the MedStar Health System. For AmeriHealth alone, their chief executive officer estimates that of the

20,000 enrollees who received care at a MedStar Health facility, approximately 2,000 have complex medical needs. These enrollees have three or more hospital re-admissions, five or more emergency room visits, and diagnoses such as cancer, diabetes, hypertension, kidney failure, and heart disease. Any disruption to their ability to timely access care at a MedStar facility will likely result in health-harming consequences as the District's healthcare delivery system does not have the ability to immediately absorb the urgent care needs for this volume of members.

COVID-19 Concerns

The presence of the fourth wave of COVID-19 will only exacerbate the problems discussed in this communication. Data from the early months of the pandemic indicated that low-income minority populations were especially susceptible to COVID infections, severe hospitalization, and deaths. The DHCF managed care population which would be directly impacted by the disruption in services were we to lose access to the MedStar Health System, is precisely the group that is now most at-risk for future infections because of the stubborn problem of vaccine hesitancy. The graphic below highlights this problem and reveals the especially low vaccination rate (24%) for DHCF's managed care population, despite copious outreach strategies by DC Health aimed at boosting these low protection levels. Should infections among these Medicaid and Alliance enrollees continue to grow concomitantly with a decline in their available health care options, the attendant problems for these residents and those of the larger health care system in the city as well, could reach crisis levels.

As the data provided in this email illustrates, District residents in the Medicaid and Alliance program cannot afford to lose access to the largest health system in region under any circumstance, especially due to a technical violation of a law in which MedStar was following the guidance of the government. Our work on mitigating this problem continues. Please let me know if you have any questions or concerns about where we are in the process. I will be certain to keep you and your staff informed as plans develop.

Wayne Turnage
Deputy Mayor of Health and Human Services
Director Department of Health Care Finance
(202) 821-9673

Please excuse any overlooked typos, syntax, grammatical errors, or malapropisms.

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MedStar's Has An Important Position In DHCF's Managed Care And Fee-For-Service Program, FY2019 And FY2020

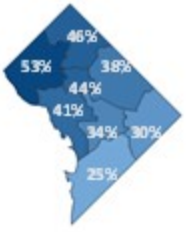
	FY2019				FY2020			
Hospital	Inpatient	Outpatient	Total	% of Total Pymt	Inpatient	Outpatient	Total	% of Total Pymt
Children's Natl Medical	74,455,397	58,365,160	132,820,557	20%	62,554,050	55,133,451	117,687,501	18%
GW University Hospital	92,017,564	30,665,085	122,682,650	18%	101,217,743	26,768,256	127,986,000	19%
Georgetown Univ Hosp	28,135,070	10,519,742	38,654,813	6%	32,256,241	12,548,749	44,804,990	7%
Howard Univ Hosp	73,281,309	37,268,317	110,549,626	17%	75,791,776	34,097,888	109,889,663	17%
Sibley Mem Hosp	5,039,983	6,191,684	11,231,667	2%	6,044,552	8,478,818	14,523,369	2%
United Medical Ctr	22,860,500	16,299,085	39,159,585	6%	24,714,755	17,594,869	42,309,624	6%
Washington Hosp Ctr	133,661,787	57,953,761	191,615,548	29%	136,439,184	57,416,712	193,855,897	29%
Total Cost	432,233,262	231,267,034	663,500,296	100%	439,018,301	218,601,548	657,619,849	100%

COVID Vaccination Data for DHCF Populations

Number and Percent of July 2021 Beneficiaries with 1+ COVID Vaccination, by Age and Program

Program / Age	Alliance Enrolled	Alliance Vaccinated	Alliance %	ICP Enrolled	ICP Vaccinated	ICP %	Medicaid Enrolled	Medicaid Vaccinated	Medicaid %	Total Enrolled	Total Vaccinated	Total %
Age <12	**6**			**1,615**	**1**	**0%**	**60,078**	**13**	**0%**	**61,699**	**14**	**0%**
Age <12	6			1,615	1	0%	60,078	13	0%	**61,699**	**14**	**0%**
Age 12+	**20,827**	**10,174**	**49%**	**2,412**	**645**	**27%**	**220,023**	**75,899**	**34%**	**243,262**	**86,718**	**36%**
Age 12-15				788	157	20%	18,084	2,266	13%	**18,872**	**2,423**	**13%**
Age 16-17	2			519	132	25%	7,169	1,311	18%	**7,690**	**1,443**	**19%**
Age 18-20	49	13	27%	1,101	355	32%	10,329	2,142	21%	**11,479**	**2,510**	**22%**
Age 21-44	13,678	6,314	46%	4	1	25%	98,018	24,219	25%	**111,700**	**30,534**	**27%**
Age 45-64	5,311	2,956	56%				58,477	28,410	49%	**63,788**	**31,366**	**49%**
Age 65 & Over	1,787	891	50%				27,946	17,551	63%	**29,733**	**18,442**	**62%**
Total	**20,833**	**10,174**	**49%**	**4,027**	**646**	**16%**	**280,101**	**75,912**	**27%**	**304,961**	**86,732**	**28%**

Percent of July 2021 Beneficiaries 12+ with 1+ COVID Vaccination, by Ward



Number and Percent of July 2021 Beneficiaries Age 12+ with 1+ COVID Vaccination, by FFS/MCO

MCO and FFS Group	Enrolled	Vaccinated	%	Average Age
FFS	**47,092**	**24,710**	**52%**	**61**
FFS	47,092	24,710	52%	61
MCO	**196,170**	**62,008**	**32%**	**36**
AMERIHEALTH DC	89,067	30,027	34%	36
CAREFIRST COMM HEALTH PLAN	52,739	16,002	30%	36
HEALTH SVC FOR CHILDREN WSPECL NEED	2,891	541	19%	18
MEDSTAR FAMILY CHOICE INC	51,473	15,438	30%	36
Total	**243,262**	**86,718**	**36%**	**41**

DHCF Population and District-Wide Vaccination Rates		
	District-wide	DHCF populations
Total population	62%	28%
12 years of age & up	71%	36%
18 years of age & up	72%	38%
65 years of age & up	85%	62%

Source: DHCF analysis of DC Health and Maryland vaccination data received via CRISP and DHCF Medicaid Management Information System data as of 7/12/2021. District-wide vaccination rates from https://coronavirus.dc.gov/data/vaccination as of 7/4/21.

PRESS RELEASE

FOR IMMEDIATE RELEASE:
August 24, 2021

CONTACT:
LaToya Foster (EOM) – 202-727-5011; latoya.foster@dc.gov

Statement from Mayor Bowser on Potential Disruptions of Health Care Services for Medicaid and Alliance Enrollees

(WASHINGTON, DC) – Today, Mayor Muriel Bowser addressed reports that residents who are enrolled in Medicaid and the Alliance program may soon lose access to the vital health care services they need provided through the MedStar Health System.

"I am aware that many of the 250,000 District residents who receive their health care through the District's managed care program now face a loss of access to the critical services offered by the MedStar Health System. When the Council, by a 7-6 margin, refused to support a reasonable exemption that would have allowed MedStar's managed care organization to complete the procurement process, circumstances were created that now threaten the very access to treatment for managed care enrollees at all MedStar hospitals, clinics, their specialty care physicians, and its rehabilitation hospital.

"MedStar is a valuable partner in our city's health care system. We have learned from past experiences that when access to one major acute care hospital is reduced, the impact will echo through the city's entire health care system. As a result, all residents – not just the publicly insured – will face unacceptable waiting periods in crowded hospital emergency rooms, difficulty securing primary care visits, and lengthy 3- or 4-month delays for specialty care appointments.

"To ensure that this does not occur, in the coming days, I will announce my proposal to protect the health care of more than 250,000 residents who rely on the Medicaid and Alliance program to fund their health care needs. We will keep fighting for these residents to prevent a chaotic and abrupt disruption."

Singer, Will (Council)

From: Turnage, Wayne (DHCF) <wayne.turnage@dc.gov>
Sent: Friday, August 27, 2021 6:09 PM
To: Silverman, Elissa (Council)
Cc: Rosen-Amy, Samuel (Council); Singer, Will (Council)
Subject: Re: Announcement of Intent To Re-Procure Medicaid and Alliance MCO Contracts

It is a large program change for the Mcos and it will significantly increase the MCO cap rates. However, this cost will be offset by the drop in Medicaid $ that we currently pay for these services when DBH sends us the local match. Currently, the total dollars spent on the services that we will be carving into managed care is over $100 million. That amount will be moved to the cap rates

To your last question, all MCOs fund some mental health services that are included in their current benefit plans.

Sent via the Samsung Galaxy Note20 Ultra 5G, an AT&T 5G smartphone
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From: Silverman, Elissa (Council) <ESilverman@DCCOUNCIL.US>
Sent: Friday, August 27, 2021 5:58:14 PM
To: Turnage, Wayne (DHCF) <wayne.turnage@dc.gov>
Cc: Rosen-Amy, Samuel (Council) <srosenamy@DCCOUNCIL.US>; Singer, Will (Council) <wsinger@DCCOUNCIL.US>
Subject: Re: Announcement of Intent To Re-Procure Medicaid and Alliance MCO Contracts

So this is a very large change to our Medicaid program, and potentially a lot more expensive?

Just to clarify: Do Amerihealth and CareFirst cover mental health services? Or are all Medicaid patients referred to DBH for these services? I know in MD that there is a separate insurer for behavorial health outside of the MCOs.

From: "Turnage, Wayne (DHCF)" <wayne.turnage@dc.gov>
Date: Friday, August 27, 2021 at 5:50 PM
To: "Silverman, Elissa (Council)" <ESilverman@DCCOUNCIL.US>
Cc: "srosenamy@dccouncil.us" <srosenamy@DCCOUNCIL.US>, "Singer, Will (Council)" <wsinger@DCCOUNCIL.US>
Subject: Re: Announcement of Intent To Re-Procure Medicaid and Alliance MCO Contracts

Hello CM:

The answer is no. CM Gray's action was tied to the existing contract which does not include specific provisions for a carve in of behaviorial health.

When DHCF started those communications with DBH in 2020, OCP shut us down, saying that the carve-in was a material change that required a reprocurement.

WT

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From: Silverman, Elissa (Council) <ESilverman@DCCOUNCIL.US>
Sent: Friday, August 27, 2021, 5:09 PM
To: Turnage, Wayne (DHCF)
Cc: Rosen-Amy, Samuel (Council); Singer, Will (Council)
Subject: Re: Announcement of Intent To Re-Procure Medicaid and Alliance MCO Contracts

Hi Deputy Mayor,
A question: If the council had passed the emergency legislation advocated by CM Gray allowing Medstar to be a Medicaid provider, would behavorial health services have been included?
Elissa.

From: "Turnage, Wayne (DHCF)" <wayne.turnage@dc.gov>
Date: Friday, August 27, 2021 at 2:12 PM
To: "Gray, Vincent (Council)" <vgray@DCCOUNCIL.US>
Cc: "Cheh, Mary (COUNCIL)" <MCheh@DCCOUNCIL.US>, "Allen, Charles (Council)" <CAllen@DCCOUNCIL.US>, "Henderson, Christina (Council)" <chenderson@DCCOUNCIL.US>, "Nadeau, Brianne K. (Council)" <BNadeau@DCCOUNCIL.US>, "Lewis-George, Janeese (Council)" <jlewisgeorge@DCCOUNCIL.US>, "McDuffie, Kenyan (Council)" <kmcduffie@DCCOUNCIL.US>, "White, Robert (Council)" <rwhite@DCCOUNCIL.US>, "White, Sr., Trayon (Council)" <twhite@DCCOUNCIL.US>, "Bonds, Anita (Council)" <ABonds@DCCOUNCIL.US>, "Mendelson, Phil (COUNCIL)" <PMENDELSON@DCCOUNCIL.US>, "Silverman, Elissa (Council)" <ESilverman@DCCOUNCIL.US>, "Pinto, Brooke (Council)" <bpinto@DCCOUNCIL.US>
Subject: Announcement of Intent To Re-Procure Medicaid and Alliance MCO Contracts

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance

DHCF Announces Intent to Re-Procure Managed Care Contracts to Support the Delivery of Whole-Person Care

Date: August 27, 2020

Medicaid Reform Efforts Continue with Focus on Better Integrating Physical and Behavioral Health Services

(Washington, D.C.) – The Department of Health Care Finance (DHCF) today announced plans to integrate community-based mental health and substance use disorder services into the Medicaid managed care program and provide maximum flexibility in establishing the payment methodology used to reimburse health plans. This next phase of Medicaid reform aligns with the agency's priority to build a health care system that provides whole person care and improves health outcomes.

In 2019, DHCF announced a five-year Medicaid reform effort to transform the managed care program into a more organized, accountable, and person-centered system for District residents. Since then, DHCF achieved its initial goals to increase expectations for value-based purchasing; increase access to care; and increase care coordination. Investments in health information exchange, practice transformation, and provider technical assistance to support reform are on-going.

DHCF is taking the next step toward a more integrated system by bringing in key behavioral health services into the Medicaid managed care program. Community-based intensive mental health and substance use disorder services are available to Medicaid beneficiaries today but are provided outside of the managed care program. Bringing these services into the managed care program supports better care coordination and whole person care and alleviates the need for beneficiaries to navigate multiple systems.

Deputy Mayor of Health and Human Services and DHCF Director Wayne Turnage commented, "This change signals a new level of accountability for the District's managed care plans. Going forward, expectations for improved health outcomes will incorporate both physical and behavioral health and participating plans will be held to higher standards."

This service expansion changes the scope of services required by managed care plans and represents a material change to the current contract. A new procurement will be issued as a result. DHCF, through the District Office of Contracting and Procurement, will issue a Request for Proposals (RFP) for managed care services inclusive of all levels of behavioral health services in November 2021.

The Department of Health Care Finance is the District's State Medicaid Agency. The mission of the Department of Health Care Finance is to improve health outcomes by providing access to comprehensive, cost-effective and quality healthcare services for residents of the District of Columbia. For more on DHCF, please visit https://dhcf.dc.gov/

Wayne Turnage
Deputy Mayor of Health and Human Services
Director Department of Health Care Finance
(202) 821-9673

Please excuse any overlooked typos, syntax, grammatical errors, or malapropisms.

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