

HUMAN SERVICES - OTHER

Agency 107

**Washington State Health Care Authority
Recommendation Summary**

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2017-19 Original Appropriations	1,118.8	4,191,058	13,152,786	17,343,844
Maintenance Other Changes:				
1. Mandatory Caseload Adjustments	0.0	(68,179)	(211,213)	(279,392)
2. Utilization Changes	0.0	81,081	353,052	434,133
3. Hepatitis C Treatment	0.0	(31,275)	(100,795)	(132,070)
4. Delay in APD Approval	0.0	998	(998)	0
5. Third Party Administrator Fees	0.0	0	8,709	8,709
6. SEBB Implementation	37.9	0	21,230	21,230
7. Medicaid Transformation Waiver	5.5	0	(22,262)	(22,262)
8. Hospital Safety Net Assessment	0.0	0	1,236	1,236
9. Medicare Parts A and B	0.0	11,094	11,096	22,190
10. Medicare Part D Clawback	0.0	18,541	0	18,541
11. Family Managed Care CY 2017	0.0	(30,829)	(32,486)	(63,315)
12. Disabled Managed Care CY 2017	0.0	(29,260)	(29,298)	(58,558)
13. Expansion Managed Care CY 2017	0.0	(2,692)	(41,840)	(44,532)
14. ACA Tax Moratorium	0.0	39,811	106,567	146,378
15. Family Managed Care CY 2018	0.0	54,087	64,303	118,390
16. Disabled Managed Care CY 2018	0.0	18,202	18,219	36,421
17. Expansion Managed Care CY 2018	0.0	5,537	82,233	87,770
18. Managed Care Rate Change CY 2019	0.0	14,833	39,525	54,358
19. Public Disclosure Impacts	0.3	31	51	82
20. School Employees' Benefits Board	0.0	0	(8,000)	(8,000)
21. CPE Hold Harmless	0.0	(9,893)	0	(9,893)
Maintenance -- Other Total	43.7	72,087	259,329	331,416
Maintenance Comp Changes:				
22. Move Pension Fund Shift to Agencies	0.0	(4,538)	4,538	0
23. Interpreter Collective Bargaining	0.0	722	1,090	1,812
24. Updated PEBB Rate	0.0	(242)	(469)	(711)
25. Wellness \$25 Gift Card	0.0	0	2	2

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26. Paid Family Leave--Employer Premium	0.0	11	21	32
Maintenance -- Comp Total	0.0	(4,047)	5,182	1,135
Maintenance Central Services Changes:				
27. Audit Services	0.0	(34)	(47)	(81)
28. Legal Services	0.0	367	780	1,147
29. Administrative Hearings	0.0	(1)	(1)	(2)
30. CTS Central Services	0.0	(7)	(10)	(17)
31. DES Central Services	0.0	2	2	4
32. OFM Central Services	0.0	11	15	26
33. Workers' Compensation	0.0	(35)	(48)	(83)
34. DES Rate Compensation Changes	0.0	6	7	13
Maintenance -- Central Svcs Total	0.0	309	698	1,007
Total Maintenance Changes	43.7	68,349	265,209	333,558
2017-19 Maintenance Level	1,162.5	4,259,407	13,417,995	17,677,402
Policy Other Changes:				
35. Low-Income Health Care/I-502	0.0	(26,855)	26,855	0
36. Opioid Response: MAT Rate Increase	0.0	1,214	4,942	6,156
37. Behavioral Health Integration	1.5	3,641	2,583	6,224
38. COFA Premium Payment Program	1.8	2,624	0	2,624
39. Post-Eligibility Review Backlog	7.5	(485)	(5,597)	(6,082)
40. ProviderOne Operations-Maintenance	0.0	1,507	4,837	6,344
41. PEBB Customer Support	1.5	0	274	274
42. Healthier WA Savings Restoration	0.0	61,028	75,894	136,922
43. Pharmacy Savings Restoration	3.0	36,347	86,575	122,922
44. PEBB Medicare Portfolio Evaluation	0.0	0	169	169
45. Call Center System Integrator	0.0	0	3,704	3,704
46. Hearing Aids	0.0	785	2,198	2,983
47. IV&V Federal Requirement	0.0	375	3,375	3,750
Policy -- Other Total	15.3	80,181	205,809	285,990

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Policy Comp Changes:				
48. PERS & TRS Plan 1 Benefit Increase	0.0	27	54	81
Policy -- Comp Total	0.0	27	54	81
Policy Transfer Changes:				
49. BH - Integration Transfer	65.4	556,306	976,265	1,532,571
Policy -- Transfer Total	65.4	556,306	976,265	1,532,571
Policy Central Services Changes:				
50. Audit Services	0.0	1	1	2
51. Legal Services	0.0	4	8	12
52. Administrative Hearings	0.0	24	22	46
53. CTS Central Services	0.0	34	47	81
54. DES Central Services	0.0	11	15	26
55. OFM Central Services	0.0	33	44	77
56. CTS Fee for Service Adjustment	0.0	18	24	42
Policy -- Central Svcs Total	0.0	125	161	286
Total Policy Changes	80.7	636,639	1,182,289	1,818,928
2017-19 Policy Level	1,243.1	4,896,046	14,600,284	19,496,330

POLICY CHANGES

1. Mandatory Caseload Adjustments

Funding is provided for a projected 1.9 million Medicaid-eligible individuals in state fiscal year 2018 and state fiscal year 2019. Caseloads are forecasted to decrease by approximately 20,000 for newly eligible adults, 3,000 for family medical and 7,000 for children's medical. (General Fund-State; General Fund-Local; General Fund-Medicaid)

2. Utilization Changes

Funding is adjusted to align costs with projected utilization changes of medical services for Medicaid-eligible clients as identified in the November 2017 Medical Assistance forecast. (General Fund-State; General Fund-Local; General Fund-Medicaid)

3. Hepatitis C Treatment

Funding is reduced due to lower-than-anticipated treatment costs for the Hepatitis C virus (HCV). The decreased funding is due to falling drug costs as more treatment options enter the market and a slower-than-anticipated uptake. (General Fund-State; General Fund-Medicaid)

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4. Delay in APD Approval

Each year, the department submits Washington's advanced planning document (APD) to the Centers for Medicare and Medicaid Services (CMS) which requests enhanced federal funding for qualifying activities. While the document is submitted to CMS months in advance of the federal fiscal year start in October 2017, it was not approved until November 2017. Funding is provided to backfill federal funds with state funds for the two months of enhanced federal funding not received due to the delay in approving the document. (General Fund-State; General Fund-Medicaid)

5. Third Party Administrator Fees

This item funds an increase in the cost of third party administrator (TPA) fees in the Uniform Medical Plan (UMP) for the 2017-19 biennium. The fees increase with enrollment numbers, and enrollment in the UMP plans has steadily increased. (Uniform Medical Plan Benefits Administration Account-Non-Appr)

6. SEBB Implementation

Resources are provided for the Health Care Authority to establish, organize and implement the School Employees Benefits Board (SEBB) and the SEBB insurance program. The 2017-19 biennial budget provided \$8 million for this purpose; however, implementing a sizeable new insurance program requires about \$21 million. The Governor's budget provides resources for the new School Employees' Insurance Administrative Account. Expenditure authority is moved from the administrative account used for the public employees' insurance program to the new dedicated account for school employees to enhance transparency and improve budget tracking. (School Employees' Insurance Administrative Account-State)

7. Medicaid Transformation Waiver

Funding is provided to align with projected expenditures for Initiatives 1 and 3 under the Medicaid transformation waiver, as recently approved by the federal Centers for Medicare and Medicaid Services (CMS). (General Fund-Federal; General Fund-Local)

8. Hospital Safety Net Assessment

The Hospital Safety Net Assessment program (HSNA) allows the Health Care Authority (HCA) to collect assessments from Washington state hospitals and use the proceeds for payments to hospitals. Funding is adjusted to align with forecasted enrollment increases for the Hospital Safety Net Assessment program. (General Fund-Medicaid; Hospital Safety Net Assessment Account-State)

9. Medicare Parts A and B

Funding is provided for projected Medicare inpatient hospital (Part A) and physician and outpatient hospital (Part B) premiums paid by the state for dually eligible Medicaid and Medicare clients. Part A and Part B premiums are set by the Social Security Administration trustees and projected expenditures are based upon the November 2017 Medical Assistance forecast. (General Fund-State; General Fund-Medicaid)

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States are financially responsible for their share of outpatient prescription drug costs for dual-eligible clients. This is known as Medicare Part D clawback. The Centers for Medicare and Medicaid Services (CMS) has notified states that the Medicare Part D clawback inflation factor is set at 11.93 percent with projected annual increases of 3.71 percent per year. Based upon forecasted caseloads and expenditures from the November 2017 Medical Assistance forecast, funding is provided for the clawback provision. (General Fund-State)

11. Family Managed Care CY 2017

Funding is adjusted for actuarially adjusted rates, effective July 2017, for Medicaid eligible groups for calendar year (CY) 2017. Rates were adjusted for multiple factors, the most significant being lower-than-anticipated third party liability costs in managed care. (General Fund-State; General Fund-Medicaid)

12. Disabled Managed Care CY 2017

Funding is adjusted for actuarially adjusted rates, effective July 2017, for Medicaid eligible groups for calendar year (CY) 2017. Rates were adjusted for multiple factors, the most significant being lower-than-anticipated third party liability costs in managed care. (General Fund-State; General Fund-Medicaid)

13. Expansion Managed Care CY 2017

Funding is adjusted for actuarially adjusted rates, effective July 2017, for Medicaid eligible groups for calendar year (CY) 2017. Rates were adjusted for multiple factors, the most significant being lower-than-anticipated third party liability costs in managed care. (General Fund-State; General Fund-Medicaid)

14. ACA Tax Moratorium

The federal government suspended the Affordable Care Act (ACA) insurance tax for calendar year 2017. That tax applies to Medicaid managed care plans. Funding is restored as the tax has been reinstated and is effective for calendar year 2018 onward. (General Fund-State; General Fund-Medicaid)

15. Family Managed Care CY 2018

Funding is provided for actuarially adjusted rates, effective January 2018, for Medicaid eligible groups. Funding is adjusted for the family composite population including a 1.8 percent decrease for the general non-integrated Apple Health regions, a 2.5 percent increase in the fully integrated southwest Washington region and a 3.9 percent decrease in the newly integrated northcentral Washington region. (General Fund-State; General Fund-Medicaid)

16. Disabled Managed Care CY 2018

Funding is provided for actuarially adjusted rates, effective January 2018, for Medicaid-eligible groups. Funding is adjusted for the Apple Health Blind Disabled program including an 11.8 percent decrease for the general non-integrated Apple Health regions, a 9.2 percent decrease in the fully integrated southwest Washington region and a 16.4 percent decrease in the newly integrated northcentral Washington region. (General Fund-State; General Fund-Medicaid)

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17. Expansion Managed Care CY 2018

Funding is provided for actuarially adjusted rates, effective January 2018, for Medicaid clients enrolled as a result of Affordable Care Act expansion. Funding is adjusted for the expansion population including a 10.3 percent decrease for the general non-integrated Apple Health regions, a 22.2 percent decrease in the fully integrated southwest Washington region and a 5.6 percent decrease in the newly integrated north central Washington region. (General Fund-State; General Fund-Medicaid)

18. Managed Care Rate Change CY 2019

The November 2017 Medical Assistance expenditure forecast assumes a 2 percent rate increase in calendar year 2019 for the Apple Health Family, Blind and Disabled, and Expansion programs. (General Fund-State; General Fund-Medicaid)

19. Public Disclosure Impacts

Funding is provided for additional public disclosure staffing and necessary information technology to accommodate the requirements mandated by Chapter 303, Laws of 2017 (public records administration). (General Fund-State; General Fund-Medicaid; Flexible Spending Administrative Account-Non-Appr)

20. School Employees' Benefits Board

The 2017-19 operating budget included start-up funding for the School Employees' Insurance Program in the existing Health Care Authority program for public employees' insurance. That funding is moved to the newly created School Employees' Insurance program within the Health Care Authority to enhance transparency and improve budget tracking. (St Health Care Authority Admin Account-State)

21. CPE Hold Harmless

The Certified Public Expenditure (CPE) program allows the state of Washington to use public hospital expenditures, including government-operated hospitals that are not critical access or state psychiatric hospitals, to earn federal funds. It is the state's policy that a hospital will not be paid less under the CPE methodology than it would have been paid under the hospital payment methodology in place at the time services are provided. This is known as the hold-harmless provision. Funding is provided for hold-harmless payments to hospitals that participate in the CPE program. (General Fund-State)

25. Wellness \$25 Gift Card

Some employees are eligible, under the terms of their collective bargaining agreements, to earn a \$25 gift card after completing a health risk assessment. This item provides funding for agencies to pay the employer's share of Social Security and Medicare taxes on the gift cards. (General Fund-Federal)

27. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

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28. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

30. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

32. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

33. Workers' Compensation

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

34. DES Rate Compensation Changes

Funding is provided to cover compensation and central service cost increases that were included in the 2017-19 biennial budget in lines of business at the Department of Enterprise Services that have a fee for service structure. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

35. Low-Income Health Care/I-502

Initiative 502 directed a portion of the revenue from taxes on the sale of marijuana into the Basic Health Trust Account. Those dollars are used in lieu of General Fund-State dollars for capitation payments for Medicaid clients enrolled in managed care plans. (General Fund-State; Basic Health Plan Trust Account-Non-Appr)

36. Opioid Response: MAT Rate Increase

This step is part of a multi-agency package to expand treatment and prevention services across the state to prevent opioid-related overdose deaths. Funding is provided to increase the Medicaid Medication Assisted Treatment (MAT) rate for opioid use disorder to match the Medicare rate to encourage more providers to treat patients with opioid use disorder. (General Fund-State; General Fund-Medicaid)

37. Behavioral Health Integration

Integrating the community mental health and substance use disorder programs with physical health programs at HCA will require updates to information technology systems, updates to rules and procedures and transition costs associated with relocating existing staff. (General Fund-State; General Fund-Federal; General Fund-Medicaid)

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There is a compact of free association (COFA) between the United States and three nations: Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau. Individuals from COFA nations are legally present in the United States, are not eligible for Medicaid as they are excluded from the category of "qualified immigrants" for purposes of eligibility but are allowed to purchase insurance through the Health Benefit Exchange. The COFA premium payment program provides subsidized health insurance for low-income, legally present Washington residents from COFA nations. Funding is provided for system changes to Healthplanfinder to capture COFA citizenship status and other necessary changes to implement the program. (General Fund-State)

39. Post-Eligibility Review Backlog

Funding is adjusted to reflect an additional 15.0 FTE staff for Medicaid Eligibility Determination Services (MEDS) activities that process post eligibility reviews. The FTEs will work on processing new post eligibility reviews in a timely manner to address the backlog and ensure all cases have an eligibility determination within 60 days. (General Fund-State; General Fund-Medicaid)

40. ProviderOne Operations-Maintenance

Funding is provided to address increased costs to continue to operate and maintain the current ProviderOne Medicaid Management Information System (MMIS). (General Fund-State; General Fund-Medicaid)

41. PEBB Customer Support

An additional FTE staff is provided in the Customer Service Division to serve the increased number of members, both active and retired, that has resulted in a higher volume of phone calls and document processing workload. Another FTE staff is provided for the Outreach and Training unit to assist employers' benefits staff handle an increase in the number of employers enrolling in PEBB. (St Health Care Authority Admin Account-State)

42. Healthier WA Savings Restoration

Healthier Washington is a project that allows the Health Care Authority and the Department of Social and Health Services to establish integrated clinical models of physical and behavioral health care, thereby improving the effectiveness of health care purchasing and transforming the health care delivery system. As a result of delayed efforts to integrate clinical models of physical and behavioral health care, savings assumed in the current budget will not be realized this biennium. (General Fund-State; General Fund-Medicaid)

43. Pharmacy Savings Restoration

The Health Care Authority has signed a contract to implement a single Medicaid preferred drug list, however the savings assumptions in the current budget cannot be achieved as quickly nor at the level assumed. (General Fund-State; General Fund-Medicaid)

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44. PEBB Medicare Portfolio Evaluation

Federal support for retiree prescription drug coverage is decreasing as a share of overall cost. Other approaches to providing this benefit might be more sustainable if they result in greater federal support. This funding provides for actuarial, legal, tax and other professional services to develop and analyze options for the explicit subsidy for Medicare-eligible retirees for plan years 2019 and thereafter. (St Health Care Authority Admin Account-State)

45. Call Center System Integrator

Funding is provided to implement a call center vendor and to define requirements for a system integrator vendor. (General Fund-Medicaid; Health Benefit Exchange Account-State)

46. Hearing Aids

Funding is provided to restore the hearing aid benefit for Medicaid-eligible adults. This will provide hearing aids to an estimated 6,300 adults with hearing loss. (General Fund-State; General Fund-Medicaid)

47. IV&V Federal Requirement

The federal Centers for Medicare and Medicaid Services (CMS) required during the Advanced Planning Document approval process that the state have a single enterprise-wide independent validation and verification (IV&V) contract to assess that ongoing projects are meeting contract terms. Funding is provided to meet this federal requirement. (General Fund-State; General Fund-Medicaid)

49. BH - Integration Transfer

Chapter 225, Laws of 2014 requires the Health Care Authority (HCA) and Department of Social and Health Services (DSHS) to fully integrate physical health care and behavioral health (BH) care services to Medicaid clients by January 1, 2020. As part of the second phase of behavioral health integration, all community mental health and substance use disorder programs are transferred from DSHS to HCA, with the exception of the licensing and certification program which will transfer to the Department of Health (DOH). (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

51. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

52. Administrative Hearings

Agency budgets are adjusted to reflect each agency's anticipated share of charges for administrative hearings. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

53. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)

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55. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (General Fund-State; General Fund-Federal; St Health Care Authority Admin Account-State)