

Agency 107

## Washington State Health Care Authority

## Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2013-15 Expenditure Authority</b>	1,133.6	4,306,730	8,864,515	13,171,245
<b>Total Maintenance Level</b>	1,089.4	4,467,274	11,462,796	15,930,070
Difference	(44.2)	160,544	2,598,281	2,758,825
Percent Change from Current Biennium	(3.9)%	3.7%	29.3%	20.9%
<b>Performance Changes</b>				
Affordable Care Act Impact on Eligibility Work			(20,192)	(20,192)
Hospital-Based Clinic Services		(20,833)	(21,478)	(42,311)
Continue Hospital Safety Net		(60,240)	326,100	265,860
ProviderOne Operations and Maintenance Increase	2.8	1,883	5,222	7,105
Fund ProviderOne Enhancements		135	1,215	1,350
Medical Assistance Customer Service Center Call Time	39.7	3,531	3,259	6,790
Improve Post Affordable Care Act Eligible Response	30.2	1,493	4,034	5,527
Bolster PEBB Services/Outreach/Training	1.0		162	162
International Statistical Classification of Disease-10 Compliance			655	655
Minimize Affordable Care Act Penalties	1.0		162	162
Support Health Benefit Exchange Shared Costs	5.0	13,842	33,297	47,139
Primary Care Physician Rate		79,000	157,000	236,000
Language Access Providers Agreement		386	579	965
Maximize Hospital Safety Net #		(82,384)	200,527	118,143
Outreach to Select Populations		101	99	200
Improve Medication Assistive Therapies		663	5,500	6,163
Support HealthPath Washington #	3.5	13,526	(44,174)	(30,648)
ProviderOne Contract Compliance Module		284	2,051	2,335
Washington Health Benefits Exchange Operations			20,199	20,199
Purchase Vaccines		1,954		1,954
CTS Rate Adjustment		(54)	(74)	(128)
Archives/Records Management		(1)	(1)	(2)
Audit Services		(2)	(3)	(5)
Legal Services		1,055	1,457	2,512
Office of Chief Information Officer		12	17	29
Administrative Hearings		40	54	94
CTS Central Services		48	67	115
DES Central Services		13	20	33
Core Financial Systems Replacement		24	33	57
Time, Leave and Attendance System		73	7	80
Self-Insurance Liability Premium		(3)	(5)	(8)
State Public Employee Benefits Rate		254	379	633
WFSE General Government Master Agreement		1,468	1,779	3,247
Nonrepresented Job Class Specific Increases		52	100	152
General Wage Increase for State Employees		1,333	1,999	3,332

## HUMAN SERVICES - OTHER

	Annual FTEs	General Fund State	Other Funds	Total Funds
Community Health Centers			9,655	9,655
<b>Subtotal</b>	83.2	(42,347)	689,701	647,354
<b>Total Proposed Budget</b>	1,172.5	4,424,927	12,152,497	16,577,424
Difference	39.0	118,197	3,287,982	3,406,179
Percent Change from Current Biennium	3.4%	2.7%	37.1%	25.9%

### Total Proposed Budget by Activity

HCA Administration	187.3	82,685	(700,365)	(617,680)
HCA Direct Operations	759.5	41,243	765,683	806,926
HCA Information Technology	142.3	34,720	272,079	306,799
HCA Public Employee Benefits	78.5		151,241	151,241
HCA National Health Reform	5.0	43,108	5,282,745	5,325,853
HCA Transitional Bridge Waiver Clients		33,619	57,272	90,891
HCA Take Charge and Family Planning Extension Clients		2,600	22,351	24,951
HCA Children's Health Program Clients		43,124	12,487	55,611
HCA State Program Clients		136,683	145,090	281,773
HCA Healthy Options		2,456,680	3,784,937	6,241,617
HCA All Other Clients - Fee for Service - Mandatory Services		1,014,613	1,444,633	2,459,246
HCA All Other Clients - Fee for Service - Optional Services		144,434	157,616	302,050
HCA Supplemental Medicare Insurance Buy-In		361,266	367,317	728,583
HCA Federal Financing Programs (Non-Forecasted)		26,159	272,886	299,045
HCA Payments to Other Agencies		3,993	116,525	120,518
<b>Total Proposed Budget</b>	1,172.5	4,424,927	12,152,497	16,577,424

## PERFORMANCE LEVEL CHANGE DESCRIPTIONS

### Affordable Care Act Impact on Eligibility Work

Clients currently access Modified Adjusted Gross Income (MAGI) Medicaid through the Health Benefit Exchange. Prior to the Affordable Care Act (ACA), clients accessed medical benefits, in addition to food and cash benefits, through the Department of Social and Health Services (DSHS). As a result, DSHS receives less Medicaid revenue to support its administrative costs. No later than October 1, 2014, medical eligibility staff will have access to Healthplanfinder so that clients have multiple points of entry for MAGI Medicaid. Federal funding is adjusted to reflect this change. (General Fund-Federal)

### Hospital-Based Clinic Services

Facility fee payments for standard office visit services performed at a hospital-based clinic (HBC) are reduced to equal the fee provided for services in individual provider facilities. (General Fund-State, General Fund-Federal)

### Continue Hospital Safety Net

The Hospital Safety Net Assessment program (HSNA) allows the Health Care Authority to collect assessments from Washington State hospitals and deposit the proceeds into a dedicated account. Under current law, HSNA will phase out over the next two biennia resulting in reduced payments. HSNA is no longer phased out and assessments are increased, resulting in increased federal funding and decreased General Fund-State funding.

**ProviderOne Operations and Maintenance Increase**

Funding is provided to address increased costs to operate and maintain the current ProviderOne Medicaid Management Information System (MMIS) and for stabilization costs following the implementation of the Phase 2 project. (General Fund-State, General Fund-Federal)

**Fund ProviderOne Enhancements**

One-time funding is provided to complete ProviderOne system enhancements to comply with federal regulations and enhance the effectiveness and utility of the system. (General Fund-State, General Fund-Federal)

**Medical Assistance Customer Service Center Call Time**

Funding for 39.7 FTE staff is provided in the 2015-17 biennium to address increasing call volumes due to Medicaid expansion and restoration of adult dental benefits. This increase will cover costs related to the higher volume of incoming calls to the toll-free line and necessary translation fees. (General Fund-State, General Fund-Federal)

**Improve Post Affordable Care Act Eligible Response**

Implementation of the Affordable Care Act resulted in the enrollment of over 372,000 new Medicaid and Children's Health Insurance Program (CHIP) clients. The accelerated enrollment rate has created a critical need for additional resources to meet workload demand. Funding is provided to address workload demands and to ensure timely resolution of eligibility-related client issues.

**Bolster PEBB Services/Outreach/Training**

The Health Care Authority is provided an additional employee in the 2015-17 biennium to address the increase in call volumes, correspondence and document processing due to retirees' and employer groups' enrollment increases and to meet legislatively and/or federally mandated initiatives. The cost will be included in rates paid by self-pay accounts and will not impact the employer contribution to benefits. (State Health Care Authority Administrative Account-State)

**International Statistical Classification of Disease-10 Compliance**

The International Statistical Classification of Diseases (ICD) is a medical classification list that standardizes codes for diseases, symptoms, injuries, and medical procedures. These codes are primarily used by hospitals to document diagnoses, symptoms, and procedures performed. Funding is provided for ProviderOne system modifications for ICD-10, the tenth ICD revision, to ensure compliance.

**Minimize Affordable Care Act Penalties**

The federal Affordable Care Act (ACA) requires large employers to provide essential health insurance for full-time employees and dependents. The state can incur financial penalties if anyone who is a full-time employee (as defined under the ACA) receives a premium tax credit to purchase coverage on a health benefit exchange. Since the state has part-time employees who may work for more than one agency, work is needed to coordinate reporting to minimize potential financial penalties. This funding provides for initial coordination efforts. (State Health Care Authority Administrative Account -State)

**Support Health Benefit Exchange Shared Costs**

The Health Benefit Exchange operates and maintains the Healthplanfinder (HPF) website and supporting systems that determine eligibility and enrollment for applicants of subsidized health care coverage. With implementation of the Modified Adjusted Gross Income (MAGI)-based rules for Medicaid eligibility determinations, eligibility records for over 1.4 million Medicaid and CHIP clients are now maintained through the HPF website and other related systems. Funding is provided to meet anticipated Medicaid-related costs for operations and system maintenance.

## **HUMAN SERVICES - OTHER**

### **Primary Care Physician Rate**

Medicaid primary care payments are reimbursed at Medicare rates, which was required under the Affordable Care Act and is set to expire December 2014. (General Fund-State, General Fund-Federal Medicaid)

### **Language Access Providers Agreement**

Funding is provided for an agreement with language access providers, which includes increases in the hourly rate; an increase in the rate for a cancelled appointment with longer than one hour duration; and elimination of state payment for mileage or travel. (General Fund-State, General Fund-Federal)

### **Maximize Hospital Safety Net #**

The Hospital Safety Net Assessment program (HSNA) collects assessments from participating hospitals to further leverage federal funding and decrease General Fund-State need. The assessment is increased to 5.5 percent in order to maximize the General Fund-State offset.

### **Outreach to Select Populations**

Funding is provided for outreach to targeted populations, particularly those with cultural or language barriers, to encourage eligible individuals and families to apply for Washington Apple Health (Medicaid). (General Fund-State, General Fund-Federal)

### **Improve Medication Assistive Therapies**

The agency is directed to expand treatment for Medicaid clients with opioid and alcohol use disorders using buprenorphine and other approved medications. (General Fund-State, General Fund-Federal)

### **Support HealthPath Washington #**

Continued funding is provided for the Health Home and HealthPath Washington programs. As federal grants are phased out, additional General Fund-State dollars are needed to support existing staff and additional 3.5 FTE staff. Staff will continue to provide program management, support to contractors and providers, and program outcomes of improved health, reduced cost and improved quality of care. (General Fund-State, General Fund-Federal)

### **ProviderOne Contract Compliance Module**

Funding is provided to implement the ProviderOne Contract Compliance Module to provide a single, consolidated repository for tracking the Managed Care Organization (MCO) contract oversight activities. (General Fund-State, General Fund-Federal)

### **Washington Health Benefits Exchange Operations**

The Health Benefit Exchange provides a central marketplace for individuals, families and small businesses in Washington to purchase free or low-cost health insurance. Funding is provided to maintain current operations, improve customer experience, retain current enrollees, and generate an additional 200,000 health plan enrollments.

### **Purchase Vaccines**

Funding to acquire vaccines for undocumented children enrolled in the Children's Health Insurance Program (CHIP) is transferred from the Department of Health (DOH) to the Health Care Authority. DOH is no longer authorized to purchase the vaccine but will continue to distribute to providers.

### **CTS Rate Adjustment**

Agency budgets are adjusted to reflect changes in Consolidated Technology Services (CTS) rates. Specific changes include a reduction in metered storage rates and elimination of tailored storage rates, elimination of redundant firewalls, reduction in long distance telephone rates, a general rate reduction to reflect administrative efficiencies within CTS, and enhancements to the identity management service.

### **Archives/Records Management**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 10 percent reduction in the number of boxes submitted for records storage.

### **Audit Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 5 percent reduction in charges for audit services.

### **Legal Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a reduction in legal service charges. The Attorney General's Office (AGO) will work with client agencies to implement stricter policies and best practices regarding utilization of its services to achieve lower legal bills.

### **Office of Chief Information Officer**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect increased billing levels for software subscriptions and office relocation.

### **Administrative Hearings**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a cap on the hourly rate charged for services at \$120 per hour.

### **CTS Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

### **DES Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

### **Core Financial Systems Replacement**

Agency budgets are adjusted to align with anticipated billings from the Office of Financial Management in the 2015-17 biennium for core financial systems replacement planning through the One Washington project.

### **Time, Leave and Attendance System**

Agency budgets are adjusted to align with anticipated billings for the Time, Leave and Attendance system, including debt service and project completion costs.

### **Self-Insurance Liability Premium**

Agency budgets are adjusted to reflect updated premium rates and a reduction in billings for the 2015-17 biennium.

## **HUMAN SERVICES - OTHER**

### **State Public Employee Benefits Rate**

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

### **WFSE General Government Master Agreement**

Funding is provided for a collective bargaining agreement with Washington Federation of State Employees (WFSE), which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; salary adjustments for targeted classifications; hazard pay for designated night crews; assignment pay in designated areas; and employee insurance. (General Fund-State, various other accounts)

### **Nonrepresented Job Class Specific Increases**

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State, various other accounts)

### **General Wage Increase for State Employees**

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

### **Community Health Centers**

Initiative 502, passed by voters in 2012, authorizes the regulation, sale and taxation of marijuana for adults over the age of 21. Funding is provided to provide primary health and dental care services, migrant health services and maternity health care services through contracts with community health centers, as authorized by the initiative.

## **ACTIVITY DESCRIPTIONS**

### **HCA Administration**

Administration encompasses the executive management and general administrative functions of the agency. These management and oversight functions support direct operations and client services (e.g. Director's Office, Communications, Chief Financial Office, Chief Information Office, Chief Administrative Office, Employee Services) are included in this activity.

### **HCA Direct Operations**

Direct Operations are those activities that interact directly with clients, enrollees, and/or providers in the delivery of Medicaid, Basic Health and Public Employees Benefits programs. Also included is the development of policy and special projects.

Medicaid Operations includes the following functions: eligibility determination, coordination of benefits, call center operations, claims processing, pre-authorization review, hearings and appeals, program integrity, provider and hospital rate development, healthcare benefits and utilization management, quality and care management, and Chief Medical Officer's Office functions.

Public Employee Benefits Operations includes activities that support the design and delivery a portfolio of coverage plans for members, including finance, management and customer service functions.

Basic Health Operations includes activities such as eligibility determination and premium collections.

Planning and Projects efforts include:

- An evidence-based prescription drug program to identify preferred drugs for use by participating state programs;
- The Washington Prescription Drug Program (WPDP) which enables any Washington resident to purchase discounted prescription drugs through a prescription drug-purchasing consortium;
- The Health Information Exchange (HIE);
- The Health Information Project (HIP);
- The Health Technology Assessment (HTA) project; and
- Other health care planning conducted by conducting purchasing and policy studies, surveys, evaluations and impact analyses.

### **HCA Information Technology**

All information technology functions within the agency, including daily operations support, ProviderOne System maintenance and enhancement efforts, the Health Information Technology (HIT) project, and other IT based projects are included here.

### **HCA Public Employee Benefits**

Third Party Administrators provide benefits to members (Uniform Medical and Dental), Voluntary Employee Benefit Accounts (VEBA), and Flexible Spending Accounts (FSA).

### **HCA National Health Reform**

This is a placeholder for costs and workload driven by the implementation of the Affordable Care Act (ACA).

### **HCA Transitional Bridge Waiver Clients**

Access to healthcare coverage is provided for clients who would not traditionally be eligible for Medicaid or Medicare. Coverage is provided through the Basic Health Plan, Disability Lifeline, or the Alcohol and Drug Abuse Treatment Support Act (ADATSA).

o The Basic Health Plan is an insurance package available to low-income Washington residents who are otherwise uninsured. The state offers reduced rates with enrollees paying a portion of the premium cost based on income level and family size.

o Disability Lifeline provides medical benefits to persons who are physically or mentally disabled and cannot work for 90 days from the date of application.

o ADATSA provides funding for programs that assist persons who are chemically dependent and desire treatment.

### **HCA Take Charge and Family Planning Extension Clients**

The federally funded waiver program provides family planning services. Services include annual exams, birth control, emergency contraception, and limited testing for sexually transmitted infections.

## **HUMAN SERVICES - OTHER**

### **HCA Children's Health Program Clients**

Healthcare coverage is provided for children who are not eligible for Medicaid because their families do not meet medical income eligibility criteria or are unable to qualify for other reasons.

### **HCA State Program Clients**

Limited healthcare coverage is provided via state programs for clients who are not covered by Medicaid. Programs include the Kidney Disease, Alien Emergency Medical, and General State Only.

### **HCA Healthy Options**

Healthcare is provided to Medicaid clients via the Healthy Options managed care program. This activity also includes wrap-around services that are paid for on a fee-for-service basis for these clients.

### **HCA All Other Clients - Fee for Service - Mandatory Services**

Federally mandated healthcare services are provided for Medicaid clients who are not in the state's Healthy Options managed care program. Clients include families and children eligible to receive Temporary Assistance to Needy Families (TANF); families and individuals terminated from TANF because they have increased earnings or hours of employment or Social Security Disability Insurance income; individuals who are ineligible for TANF because of requirements that do not apply to Medicaid; eligible pregnant women and their newborns; individuals receiving Social Security Income or those eligible to receive mandatory state supplements; and children in foster care or adoption support. Mandatory services for eligible clients include inpatient and outpatient hospital care, rural health clinic services, nursing home services for clients 21 years or older (other than those in mental hospitals or institutions for the developmentally disabled), EPSDT (Early and Periodic Screening, Diagnosis, and Treatment) health care program for children, and physician care.

### **HCA All Other Clients - Fee for Service - Optional Services**

Optional healthcare services are provided for Medicaid clients who are not in the state's Healthy Options managed care program. Federal regulations allow states to cover optional services such as laboratory and X-ray services, hearing, dental, and vision care under Medicaid, as long as those services are listed in the state plan. Medicaid services are provided to those children who do not qualify under the federal mandatory guidelines, but live in families with incomes that fall within the State's criteria as a percentage of the federal poverty level. This activity also includes family planning clinics and pass-through dollars to school health services, school districts, Indian nations, etc.

### **HCA Supplemental Medicare Insurance Buy-In**

Premiums are paid to the Social Security Administration on behalf of recipients eligible for Medicare.

### **HCA Federal Financing Programs (Non-Forecasted)**

Congress established the Disproportionate Share Hospital (DSH) program to ensure continued operation of those hospitals most heavily impacted by charity and Medicaid caseloads. The Health Care Authority operates DSH, the Certified Public Expenditure (CPE) program and several intergovernmental transfer (IGT) and refinancing programs to maximize federal revenue. In the 2005-2007 Biennium, the state, with direction from CMS, transitioned from utilizing IGTs for DSH and other programs to CPEs. This shift also included public hospital district nursing homes. Funds for participating Trauma providers are also leveraged using funding provided by Department of Health.

### **HCA Payments to Other Agencies**

Payments are made to other support service agencies. There are two categories of costs: (1) Department-wide services, including HR, IT, self-insurance, insurance administration, and other general administrative services; and (2) Revolving funds, which include State Archives, Enterprise Services, the State Auditor, the Attorney General, and Administrative Hearings.