

## Maintenance Level

# M2-AG Healthier Washington Savings Restoration

## Agency Recommendation Summary Text

The Health Care Authority (HCA) requests \$136,922,000 (\$61,028,000 GF-State) in the 2017-2019 biennium to restore a portion of assumed Healthier Washington savings. The HCA implemented the Early Adopter pilot, as mandated in E2SHB 2572 and 2SSB 6312, in Southwest Washington effective April 1, 2016. In earlier budget cycles, the HCA budget was reduced assuming larger participation in the Early Adopter pilot. As a result, the HCA is unable to meet a portion of the Healthier Washington savings assumed in the current budget.

## Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 GF-State	\$30,514,000	\$30,514,000	\$30,514,000	\$30,514,000
Fund 001-C GF-Federal	\$37,947,000	\$37,947,000	\$37,947,000	\$37,947,000
<b>Total Cost</b>	<b>\$68,461,000</b>	<b>\$68,461,000</b>	<b>\$68,461,000</b>	<b>\$68,461,000</b>
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-C GF-Federal	\$37,947,000	\$37,947,000	\$37,947,000	\$37,947,000
<b>Total Revenue</b>	<b>\$37,947,000</b>	<b>\$37,947,000</b>	<b>\$37,947,000</b>	<b>\$37,947,000</b>
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N – Client Services	\$68,461,000	\$68,461,000	\$68,461,000	\$68,461,000

## Package Description

E2SHB 2572 and 2SSB 6312 require the HCA and the Department of Social and Health Services to achieve full integration of physical and behavioral health purchasing by 2020. One step to this goal is the implementation of the Early Adopter pilot starting April 2016.

The current budget assumes that the Healthier Washington initiative will achieve \$30.5 million GF-State savings in fiscal year 2017. These savings are based on the assumption that this pilot would span across a broad geographic range, including King and Pierce counties and the southwest portion of Washington State. Since the pilot will only include a smaller section of southwest Washington, the savings estimates assumed in the current budget are too high.

Christy Vaughn, Financial Services Division: 360.725.0468 or christy.vaughn@hca.wa.gov

---

## **Decision Package Justification and Impacts**

### **Performance Measure Detail:**

#### **Activity Inventory**

H010 HCA Apple Health

### **What specific performance outcomes does the agency expect?**

This request ensures that the Authority is adequately funded to achieve its mission to create a healthier Washington.

### **What alternatives were explored by the agency and why was this option chosen?**

The majority of HCA's medical service budget is determined by an interagency per capita expenditure forecast workgroup consisting of staff from the Office of Financial Management, Legislative fiscal committees, the Office of the State Actuary, and the HCA. These forecasts do not include a reserve or other forms of risk mitigation that could be used to offset unforeseen costs that could result if expenditures vary from their forecasted levels.

Since the Healthier Washington savings are built into this forecast, the HCA would be as risk to overspend its appropriation unless a partial restoration is provided.

No other alternatives were explored.

### **What are the consequences of not funding this request?**

Without this restoration, the Authority would be at risk of overspending its appropriation and may need to resort to service reductions that compromise the state's ability to support low-income populations with quality health care services.

### **How has or can the agency address the issue or need in its current appropriation level?**

The agency cannot absorb the unachievable savings within existing resources without service reductions.

### **Provide references to any supporting literature or materials:**

The mandates for the Early Adopter pilot exist within the language of E2SHB 2572 and 2SSB 6312. The total amounts of the reduction to the HCA budget are contained as a separate and identifiable step within the documentation of the HCA medical assistance forecast.

---

## Base Budget

**If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

This request is not an expansion of a current program or service.

---

## Expenditure, FTE and Revenue Assumptions, Calculations and Details:

The expenditure figures represented in this request are derived from the updated Early Adopter Savings Projection Model. The expenditure figures in this request will be included in the upcoming October 2016 medical services forecast.

---

## Impacts to Communities and Other Agencies

**Fully describe and quantify expected impacts on state residents and specific populations served.**

This request ensures that the Authority is adequately funded to achieve its mission to create a healthier Washington.

## What are other important connections or impacts related to this proposal?

### Does this request have:

Regional/county impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other local government impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Tribal government impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other state agency impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

### Does this request:

Have any connection to Puget Sound recovery?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Respond to specific task force, report, mandate or executive order?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Contain a compensation change?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Require a change to a collective bargaining agreement?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Create facility/workplace needs or impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Contain capital budget impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Require changes to existing statutes, rules or contracts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Have any relationship to or result from litigation?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If "Yes" to any of the above, please provide a detailed discussion of connections/impacts.

Not applicable

---

## Information Technology (IT)

**Does this request include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?**

No



Yes

Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)