

Maintenance Level

M2-AS Increased Financial Management Capacity

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests 3.0 FTE and \$718,000 (\$374,000 GF-State) in the 2017-2019 biennium to add needed capacity to strengthen and support the increasing importance of fiscal monitoring and reporting in managed care environment.

Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 GF-State	\$187,000	\$187,000	\$187,000	\$187,000
Fund 001-C GF-Medicaid	\$172,000	\$172,000	\$172,000	\$172,000
Total Cost	\$359,000	\$359,000	\$359,000	\$359,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	3.0	3.0	3.0	3.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-C GF-Medicaid	\$172,000	\$172,000	\$172,000	\$172,000
Total Revenue	\$172,000	\$172,000	\$172,000	\$172,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A – Salaries	\$255,000	\$255,000	\$255,000	\$255,000
Obj. B – Benefits	\$81,000	\$81,000	\$81,000	\$81,000
Obj. E – Goods & Services	\$23,000	\$23,000	\$23,000	\$23,000

Package Description

As the HCA continues on its path towards creating a healthier Washington, it has become clear that the financial monitoring and reporting activities that were once sufficient in a predominantly fee-for-service, Medicaid payment model must be strengthened and expanded as the state's healthcare purchasing accelerates towards a capitated (per-member-per-month), valued-based payment structure. While there is little argument that the capitated managed care model provides significant clinical and financial advantages over fee-for-service – such as increased overall client access to medical providers, coordinated care for chronically ill patients, and utilization management to promote cost effectiveness – the financial analyses of encounter and claims data from five different managed care plans, all with unique provider networks and disparate clinical and payment policies, has proven to be an enormous challenge for the HCA. It has become more important than ever to support and increase the agency's

financial monitoring and reporting capabilities to convert the plethora of managed care data into timely and actionable financial business intelligence to inform the current and future healthcare policies of the agency, the Governor and the Legislature.

Currently, HCA fiscal staff use the encounter data provided by the managed care plans to develop monthly cost trend reports. These reports identify high-level cost drivers and that guide the agency's communications with the plans and other state decision makers on current trends that may impact future managed care rates.

The HCA requests resources to support 3.0 Fiscal Information and Data Analysts (FIDA) FTEs that will enable it to expand this monitoring and reporting process. The HCA expects that this additional capacity would give agency and state decision makers the ability to view emerging cost trend information by numerous parameters, such as population (e.g. families, elderly, children, disabled, etc.), medical service (e.g. hospitals, pharmacy, physicians, etc.), provider types, medical diagnoses, geographic regions, and income strata, to name a few. This expanded managed care monitoring and reporting will also better inform the accuracy and transparency of the forecasting process.

In addition, the HCA seeks to be more responsive to the surging volume of specialized managed care data requests from internal and external stakeholders. The requested staff would provide the ability to meet this burgeoning workload.

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Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H001 HCA Administration

What specific performance outcomes does the agency expect?

The HCA expects the requested resources to give the ability to provide strong and timely managed care cost monitoring and reporting to agency and other state leadership.

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

Reallocation of existing staff was considered but such an option would merely enhance performance capacity in one area at the expense of another. In addition, the agency would not be able to simply reallocate such staff as the skills, training, and education required to perform managed care financial data analyses are different than those possessed by most of the existing HCA fiscal staff.

What are the consequences of not funding this request?

While the HCA shall continue to perform all its current and necessary fiscal functions, with or without this funding, the agency will have limited ability to monitor and report on managed care financial performance without additional resources. The division does currently not possess the capacity to handle the fiscal analytical demands of all stakeholders.

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

The HCA has considered reallocating existing fiscal staff to this growing need. However, such a reallocation would jeopardize the performance of other functional areas.

Provide references to any supporting literature or materials:

None

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.

Currently, the HCA commits the equivalent of about 1.0 FTE and \$120,000 per year to existing managed care cost monitoring and reporting activities.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:

Dollar amounts are based on 3.0 FIDA FTEs starting July 1, 2018. All costs are ongoing.

Impacts to Communities and Other Agencies

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

The HCA expects additional analytical capacity to provide agency and state decision makers the ability to use the expanded managed care monitoring and reporting to better inform state health care policies inform the rate setting and forecasting processes.

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 type="checkbox"/>	No <input checked="" 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.)