

2023 Budget and Legislation Proposals

HCA is committed to whole-person care, integrating physical and behavioral health services for better results, and healthier communities. We purchase health care for more than 2.7 million people through Apple Health (Medicaid), the Public Employees Benefits Board (PEBB), and the School Employees Benefits Board (SEBB) programs. We lead state efforts to transform health care, including mental health and substance use disorder.

The Decision Packages and Request Legislation build on the significant investments the state has made in its health care delivery system over the past decade and will keep the state well positioned to drive better health outcomes and control costs. This summary reflects the agency's highest priority requests but is not a comprehensive list of items the agency will be requesting for the Governor's budget.

**All funding amounts included in this brief are for the FY 24-25 biennia.*

AGENCY REQUEST LEGISLATION

Statutory modernization

HCA seeks to modernize existing statutory language throughout chapters impacting Apple Health, PEBB/SEBB, and other HCA programs, to decodeify or repeal certain outdated law, adjust erroneous references, remove references to programs that no longer exist, and fix directives that are in direct conflict with federal law. This request is not designed to have any major fiscal or policy impact.

Tribal Involuntary Treatment Act

In partnership with the American Indian Health Commission (AIHC), we seek to modernize the ITA statutes to recognize the role that tribes and tribal institutions play in providing crisis services within the Indian Behavioral Health System, including sovereignty considerations for tribal members treated through the involuntary treatment process.

Prescription drug affordability

In 2022, the Legislature established a Prescription Drug Affordability Board to analyze high-cost prescription drugs and set payment limits on certain drugs beginning in 2027. We are concerned that the policy contains barriers to successful implementation. HCA seeks to expand the number of drugs eligible for review, remove restrictions on drugs used to treat rare diseases, and remove requirements that rules cannot take effect until 90 days following the next legislative session.

BUILDING EQUITY THROUGH ACCESS & DELIVERY SYSTEM TRANSFORMATION

Apple Health expansion

Adults currently ineligible for Apple Health or individual market subsidies represent the largest population of uninsured individuals remaining in Washington. HCA seeks program funding and extended authorization to begin providing coverage to uninsured adults with incomes up to 138% of the federal poverty level (FPL), regardless of immigration status. This is a continuation of the Legislature's investment in initial program start-up costs during the 2022 session, with the shared vision to begin enrollment in 2024. This program aligns with expanded individual market coverage being pursued by the Health Benefit Exchange via a 1332 waiver. This program will include medical, dental, and pharmaceutical benefits and services equivalent to Medicaid.

Apple Health integration 2.0

HCA seeks \$7,466,100 total (\$2,822,100 GF-S) to expand the existing agency quality structure to impact areas of quality oversight, network adequacy, and managed care contract accountability. These enhancements would adjust managed care performance measures to improve services and use population health metrics to reduce unnecessary care and expenditures, focus on health equity and tribal populations, and apply learnings to improve outcomes for Apple Health clients.

Apple Health coverage

HCA seeks funding for two coverage-related activities:

1. Align FPL requirements for pregnancy and postpartum programs (currently up to 193% FPL) with income eligibility for children (currently 210% FPL).
2. Model a post-eligibility verification process for the Classic Apple Health population that aligns with the modified adjusted gross income (MAGI) model, verifying eligibility factors after certification for enrollment. This would serve as a bridge between the existing policy put in place during the COVID-19 pandemic and new CMS rulemaking proposing the extension of this policy.

Implementing health technology recommendations

Since its establishment in 2006, the Health Technology Clinical Committee (HTCC) has made more than 70 clinical determinations impacting Apple Health, PEBB and SEBB. Some of those recommendations expand benefits and require a maintenance level appropriation. HCA seeks \$33,642,000 total (\$8,464,000 GF-S) to support implementation of cochlear implant, bariatric surgery, and cell-free DNA benefits in Apple Health to avoid delayed access to medically necessary care and ensure decreased provider/client confusion about coverage policies.

Incentives for timely discharges

HCA seeks \$15,580,000 total (\$7,816,000 GF-S) to continue incentives for skilled nursing facilities and home health agencies to accept patients in need of discharge from acute care hospitals, while the agency continues to work with external stakeholders on permanent structural rate changes to ensure timely discharges of Apple Health clients.

Compassionate maternity

HCA seeks \$1,106,000 GF-S to cover additional inpatient hospital days for Apple Health clients who may need additional parenting assistance, a safe plan for discharge, and possible transition to long-term treatment facilities when necessary.

Vision hardware for adults

Vision hardware is currently a covered benefit for Apple Health clients under the age of 20. Adults

have access to eye exams but receive no coverage for any prescribed hardware. HCA seeks \$16,417,000 total (\$6,968,000 GF-S) to add a vision benefit for adults.

HCA further seeks \$5,590,000 to align public and school employee program vision benefits. This would create administrative efficiencies and parity.

Dental benefit reform

The Uniform Dental Plan dental benefit has not been changed in roughly 20 years. At the request of our public and school employee benefits boards, HCA seeks \$30,336,000 total (\$14,919,000 GF-S) to explore design changes and broad updates to this dental benefit.

Diabetes management

Diabetes prevention programs are available for public and school employees. However, there is not a program for management of diabetes once a member is diagnosed. Evidence shows that diabetes management programs, including options that use virtual tools, may reduce severity and/or exacerbation of the disease. HCA seeks \$5,011,000 total (\$864,000 GF-S) to procure a virtual diabetes management program to include blood glucose, medication, weight, food, and activity tracking, among other services.

Non-emergency ambulance rates

HCA seeks \$22,086,698 (\$7,067,744 GF-S) to increase ambulance service and mileage rates for non-emergency transportation as well as mileage rates for emergency transports for Apple Health clients to maintain access to essential services. This proposal would increase rates to the Medicare average equivalent in Washington.

PAYMENT & DELIVERY TRANSFORMATION

Continuing authority for the Medicaid Transformation Project

The Medicaid Transformation Project has been a six-year endeavor to reimagine Medicaid services through initiatives focused on long-term services and supports, housing and employment supports, and substance use disorder, among other initiatives. HCA has applied for a five-year renewal and seeks appropriation authority to continue this work through 2027. The renewal seeks to continue

services, as well as add new programs addressing continuous enrollment for children, reentry coverage, and expansion of postpartum coverage.

Primary care transformation

Robust and comprehensive primary care achieves better, more equitable health outcomes and is also less costly than other care through specialists and emergency rooms. The Primary Care Transformation Model creates a tiered certification system for practices that demonstrate integrated, whole person care. This model is being jointly developed with providers and payers across Washington. HCA requests funding to implement the model beginning in 2024, including provider grants, infrastructure supports, and incentive payments to high performing practices.

Cost transparency data analysis

HCA seeks \$1,518,000 total (\$840,000 GF-S) to continue contracting for data access and analysis necessary to update and sustain the goals of the Health Care Cost Transparency Board.

CONTINUING INVESTMENTS IN THE BEHAVIORAL HEALTH DELIVERY SYSTEM

Certified Community Behavioral Health Clinics (CCBHC)

Last session, the Legislature directed HCA to explore development and implementation of an alternative payment model for community behavioral health services. Earlier this summer Congress passed the Bipartisan Safer Communities Act, extending the opportunity for up to 10 additional states to apply for funding to become CCBHC model demonstration states. HCA seeks authority to pursue a \$1 million planning grant, with the goal of applying for demonstration state status by 2024. Demonstration states are eligible for enhanced federal match during the pilot, to build new clinic capacity and to sustain clinics that are currently underfunded.

Children's Long-term Inpatient Program (CLIP)

HCA seeks \$21,954,000 (\$10,977,000 GF-S) to increase the capacity of CLIP beds in the state. This package will support recruitment, retention, and a

rate increase at CLIP community facilities that are currently struggling to hire staff. CLIP is the most intensive psychiatric treatment available to children and youth. The package will also support Habilitative Mental Health CLIP beds, a specialty program that supports children and youth with intellectual developmental delay. The HMH CLIP project is currently funded to support a 12-bed facility, but additional funding is needed to address a workforce shortage, capital, and rates.

Residential treatment facility (RTF) investments

The Legislature funded DSHS to build three RTFs in Clark County. Separately, Washington entered into a compact with the Tulalip Tribes to invest \$35 million to build an RTF in Snohomish County. All facilities will provide 24-hour inpatient behavioral health care in the community that better meet patient needs. HCA is responsible for procuring providers for two of the Clark County facilities and the Snohomish County facility. HCA seeks \$15,907,000 (\$9,557,000 GF-S) to cover the service, operating, and startup costs of these facilities. HCA is also seeking funding for ongoing project management and FTEs to support this new line of work for the agency.

988 crisis system enhancements

In 2021, the Legislature enacted broad legislation to develop a statewide behavioral health crisis response and suicide prevention system to deploy the national 988 suicide prevention and mental health crisis hotline system. HCA was directed to develop and submit a technical and operational plan to the Legislature in 2022, and now brings a package forward to support implementation of the technical and service requirements incorporated in that plan: \$141,870,000 for creating an enhancing crisis service, improving system function, and workforce training in line with SAMHSA best practices; and \$25,644,000 for a technology platform for expansion of BH crisis response and suicide prevention services.

Trueblood resources

The Trueblood Settlement Agreement required the state to negotiate with Disability Rights Washington (DRW) to determine how and where Trueblood will expand in Phase 3, which begins July 2023. The state has agreed to seek funding as a component of the negotiations. While the current request is a

placeholder, a quantified request for necessary funds will be submitted to OFM and the Legislature when negotiations have concluded.

Fee-for-service behavioral health rates

HCA seeks \$2,414,000 total (\$686,000 GF-S) to support a rate increase for fee-for-service (FFS) substance use disorder and mental health treatment facilities to support parity with Apple Health managed care, with a focus on supporting those American Indian and Alaska Native (AI/AN) populations served through FFS.

Peers in schools

HCA is seeking \$811,200 GF-S to conduct research and gather information to inform whether to embed behavioral health peers within schools to further ensure that Early and Periodic Screening, Diagnostic and Treatment (EPSDT) requirements are being met. Part of this funding would also support an FTE at HCA to develop a deeper connection with school districts to understand their needs and current student barriers to accessing behavioral health care.

Supporting those with complex behavioral health needs

HCA seeks \$10,728,000 total (\$5,492,000 GF-S) to increase reimbursement rates for applied behavior analysis (ABA), staff supports of ABA clinical policies and programs, and developing a model that improves the quality and effectiveness of services for people with co-occurring intellectual or developmental disabilities (IDD). This proposal would increase ABA rates by 20% for codes specific to people with complex behavioral health care needs, and 15% for most all other billing codes.

TECHNOLOGY INVESTMENTS FOR CARE COORDINATION

Cross-sector Community Information Exchange (CIE)

A CIE supports cross-sector care coordination so that people have better access to the care and supports they need. In 2022, the Legislature funded HCA to plan for a Washington State CIE including stakeholder consultation, identifying existing platforms, exploring interoperability needs, and

determining fiscal impacts. HCA is working with its contractors to refine a funding request for implementing a statewide CIE platform to enable community-based organizations, health plans, Accountable Communities of Health (ACHs), and safety net providers to better coordinate and support the non-clinical health needs of our communities.

Electronic health records as a service

Behavioral health, rural, Tribal, and long-term care providers can be challenged with the costs and complexity of owning and operating an electronic health record solution, which creates barriers to clinical care coordination and overall treatment. In 2022, the Legislature provided HCA with initial funding to explore EHR expansion. HCA seeks \$48,327,000 total (\$39,705,000 GF-S) to procure a lead organization to implement and operate EHR software as a service.

Master Person Index (MPI)

The MPI is an identity matching solution that generates a single common identifier across state systems. The HHS Coalition completed the MPI Integration Layer and MPI connection of HCA's ProviderOne System in the fall of 2022. HCA, on behalf of the HHS Coalition, seeks \$7,629,000 total (\$3,949,000 GF-S) for MPI connection of an additional eight to ten HHS Coalition systems as well as ongoing maintenance and operations of the shared enterprise MPI asset.

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To learn more about HCA's requests for funding or any of the programs described here, please contact Evan Klein, evan.klein@hca.wa.gov.