

Maintenance Level

M2-EB Hospital Safety Net Assessment

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests an increase of \$20,756,000 in the 2018 Supplemental to align with forecasted enrollment increases for the Hospital Safety Net Assessment Program.

Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 16W-1 HSNA	\$708,000	\$1,899,000	\$5,555,000	\$8,255,000
Fund 001-C GF-Medicaid	\$9,467,000	\$8,682,000	\$12,389,000	\$9,754,000
Total Cost	\$10,175,000	\$10,581,000	\$17,944,000	\$18,009,000

Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				

Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 16W-1 HSNA	\$708,000	\$1,899,000	\$5,555,000	\$8,255,000
Fund 001-C GF-Medicaid	\$9,467,000	\$8,682,000	\$12,389,000	\$9,754,000
Total Revenue	\$10,175,000	\$10,581,000	\$17,944,000	\$18,009,000

Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N - Client Services	\$10,175,000	\$10,581,000	\$17,944,000	\$18,009,000

Package Description

Projected costs for the increase in participation in the Quality Incentive Program (QIP) are based on calculations of the change in the total numbers of eligible hospitals between fiscal year 2017 and fiscal year 2018.

Regarding the Affordable Care Act (ACA) eligibility cost increase; costs are based on calculations of the incremental change in the monthly numbers of eligible persons between the February 2017 caseload forecast and the October 2017 caseload forecast. Changes in the forecasted count of eligible persons were determined and multiplied by the applicable Safety Net Assessment Per-Member-Per-Month rate currently in place.

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Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H014 HCA Federal Financing Programs (Non-Forecasted)

What specific performance outcomes does the agency expect?

HCA expects to continue to administer the Hospital Safety Net Assessment Program in accordance with RCW Chapter 74.60.

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

No alternatives were explored by HCA as the requested funding level is required to comply with the legislative direction outlined in Chapter 74.60 RCW.

What are the consequences of not funding this request?

Not adopting this request will cause HCA to not meet its obligations put forth in legislative direction outlined in Chapter 74.60 RCW.

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

The agency does not have the ability address this funding need in its current appropriation levels without client service reductions.

Provide references to any supporting literature or materials:

Hospital quality incentive payments – non critical access hospitals: 74.09.611

Managed care capitation payments: 74.60.130

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 does not propose to expand or alter the current program.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:

The state share costs for QIP program eligible providers for fiscal year 2017 were compared to the state share cost for QIP program eligible providers for fiscal year 2018 to provide an estimate of the net change in spending.

The monthly average caseload for the ACA was compared between the February 2017 caseload forecast and the October 2017 caseload forecast. The difference was converted to eligible-months, multiplied by the current Per Member Per Month Safety Net Assessment Fund (SNAF) rate for fiscal year 2018 (\$20.47), and trended for the average Federal Medical Assistance Percentage (FMAP) for each fiscal year to provide an estimate of net change in spending related to these caseload changes.

The Safety Net Assessment Fund (SNAF) program had changes due to new legislation that took affect beginning in fiscal year 2018. In the previous legislation, the total state portion of the managed care payments was to be no less than \$96 million dollars. The new legislation has removed that requirement, and replaced it with a no less than \$360 million total managed care payment. This new requirement has increased the total managed care payments considerably and helps account for the increases in this decision package. For example, 2017 total managed care payments totaled \$326 million. 2018 will total \$360 million, an increase of \$34 million.

Fiscal Year 2018			
Document Source	Federal	SNAF (Local)	Total
CFL	\$ 313,532,000	\$ 198,470,000	\$ 512,002,000
SFY18 Model Figures	\$ 327,428,417	\$ 200,469,493	\$ 527,897,910
<i>Difference between model and CFL</i>			
	\$ 13,896,417	\$ 1,999,493	\$ 15,895,910
DP Steps Analysis			\$ -
<i>Increase for QIP</i>	\$ 1,829,763.12	\$ (911,597.12)	\$ 918,166
<i>Increase for ACA</i>	\$ (6,259,540)	\$ (379,610)	\$ (6,639,151)
Total DP Amount	\$ 9,466,640	\$ 708,286	\$ 10,174,926

Fiscal Year 2019			
Document Source	Federal	SNAF (Local)	Total
CFL	\$ 313,532,000	\$ 198,470,000	\$ 512,002,000
SFY18 Model Figures	\$ 327,006,002	\$ 201,569,793	\$ 528,575,795
<i>Difference between model and CFL</i>			
	\$ 13,474,002	\$ 3,099,793	\$ 16,573,795
DP Steps Analysis			\$ -
<i>Increase for QIP</i>	\$ 2,015,420	\$ (721,987)	\$ 1,293,432
<i>Increase for ACA</i>	\$ (6,807,665)	\$ (478,832)	\$ (7,286,497)
Total DP Amount	\$ 8,681,757	\$ 1,898,973	\$ 10,580,730

Fiscal Year 2020			
Document Source	Federal	SNAF (Local)	Total
CFL	\$ 313,532,000	\$ 198,470,000	\$ 512,003,000
SFY18 Model Figures	\$ 323,905,461	\$ 204,569,793	\$ 528,475,254
<i>Difference between model and CFL</i>			
	\$ 10,373,461	\$ 6,099,793	\$ 16,473,254
DP Steps Analysis			\$ -
<i>Increase for QIP</i>	\$ 2,206,331	\$ (527,012)	\$ 1,679,319
<i>Increase for ACA</i>	\$ (191,198)	\$ (17,762)	\$ (208,959)
Total DP Amount	\$ 12,388,594	\$ 5,555,020	\$ 17,943,614

SFY 2021			
Document Source	Federal	SNAF (Local)	Total
CFL	\$ 313,532,000	\$ 198,470,000	\$ 512,003,000
SFY18 Model Figures	\$ 321,052,199	\$ 207,069,793	\$ 528,121,992
<i>Difference between model and CFL</i>			
	\$ 7,520,199	\$ 8,599,793	\$ 16,119,992
DP Steps Analysis			\$ -
<i>Increase for QIP</i>	\$ 2,402,644	\$ (326,518)	\$ 2,076,126
<i>Increase for ACA</i>	\$ (168,763)	\$ (18,751)	\$ (187,514)
Total DP Amount	\$ 9,754,080	\$ 8,254,523	\$ 18,008,603

Impacts to Communities and Other Agencies

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

The funding requested in this proposal shall allow HCA to continue to administer the Hospital Safety Net Assessment Program and will support the mission of HCA, which is to provide high quality health care through innovative health policies and purchasing strategies.

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

Does this request have:

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

This request will allow HCA to continue to support local health jurisdiction revenue throughout the State of Washington.

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.)