

Maintenance Level

M2-EC Healthier WA Savings Restoration

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests an increase of \$136,922,000 (\$61,028,000 GF-State) in the 2018 Supplemental to restore a portion of assumed Healthier Washington savings.

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 001-2 GF-Medicaid	\$37,947,000	\$37,947,000	\$37,947,000	\$37,947,000
Total Cost	\$68,461,000	\$68,461,000	\$68,461,000	\$68,461,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-2 GF-Medicaid	\$37,947,000	\$37,947,000	\$37,947,000	\$37,947,000
Total Revenue	\$37,947,000	\$37,947,000	\$37,947,000	\$37,947,000
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

In the 2014 legislative session, Engrossed Second Substitute House Bill 2572 and Second Substitute Senate Bill 6312 were passed by legislature. Within the fiscal note of E2SHB 2572, HCA indicated that annual savings could be achieved – assuming full implementation of the State Health Care Innovation Plan (SHCIP) – of 4.32 percent of costs. The fiscal note indicated that the majority of those savings would come from the full integration of behavioral health and physical health services (2.5 percent). The legislation that eventually passed that session did not require full integration until 2020.

In addition, in its implementation of the Early Adopter pilot, which was mandated in E2SHB 2572 and 2SSB 6312, only the Southwest Washington region elected to participate effective April 1, 2016.

Although full integration of behavioral and physical health services will not be complete until 2020, HCA's enacted budget contained a funding reduction assuming that it could achieve the full integration savings of 2.5 percent even without full integration. These savings continue to be assumed in the carry forward levels of subsequent biennium budgets and remain to this day a manual budget reduction adjustment within the forecasting process.

Since full integration will not be complete until 2020, the agency requests the restoration of savings that it will not be able to achieve. By mid-October 2017, HCA will be able to identify additional regions (“mid adopters”) that will participate in integration in January 2019. This additional participation may reduce the restoration need for the last half of fiscal year 2019.

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 HCA 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 services 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 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.

No other alternatives were explored.

What are the consequences of not funding this request?

Without this restoration, HCA 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?

HCA 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 methodology and calculation of savings included in the 2014 Supplemental budget are contained within the backup documentation provided to support the reduction. Additional forecast documents are available which demonstrate that the manual reduction adjustments made to the HCA Medical Assistance Forecast are still based upon the original methodology and integration rationale.

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 in this request are based on the manual reduction step included in the upcoming October 2017 Medical Assistance Forecast.

Impacts to Communities and Other Agencies

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

This request ensures that HCA 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.

This request is related to the savings assumed in HCA’s budget as a result of the passage of Engrossed Second Substitute House Bill 2572 and Second Substitute Senate Bill 6312.

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.)