

Maintenance Level

M2-EH PEB UMP TPA Enrollment Growth

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests an increase of \$8,709,000 in the 2018 Supplemental to cover projected costs in the Uniform Medical Plan (UMP) third party administrator (TPA) fees for the 2017-19 biennium. Enrollment in the UMP Plans has steadily increased resulting in projected expenditures exceeding the current allotment level.

Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 439-6 UMP Admin Account	\$3,974,000	\$4,735,000	\$4,735,000	\$4,735,000
Total Cost	\$3,974,000	\$4,735,000	\$4,735,000	\$4,735,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 439-6 UMP Admin Account	\$3,974,000	\$4,735,000	\$4,735,000	\$4,735,000
Total Revenue	\$3,974,000	\$4,735,000	\$4,735,000	\$4,735,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N – Client Services	\$3,974,000	\$4,735,000	\$4,735,000	\$4,735,000

Package Description

HCA contracts with multiple vendors for the Administration of the UMP:

- Regence Blue Shield is the TPA for the UMP. Administrative fees are paid to Regence on a per subscriber per month (PSPM) basis.
- Moda Health is the Pharmacy Benefits Manager for the UMP. The administrative fee is paid to Moda on a per claims basis.
- HealthEquity is the vendor used for Health Savings Account (HSA) administration for members who are in Consumer Directed Health Plans (CDHPs) with HSAs. The administrative fee is paid to HealthEquity on a PSPM basis.

Uniform Medical Plan Benefits Administration, Account 439, is a non-appropriated, but allotted account that is funded via the Public Employees and Retirees Insurance Account, Account 721. Until the 2017-2019 biennium, the

Account 439 allotment has been sufficient to cover the observed increases in enrollment-driven administrative fees, however, the allotted level is no longer sufficient.

The TPA contract with Regence Blue Shield ends on December 31, 2019. HCA is currently re-procuring for UMP TPA administrative services effective January 1, 2020 and does not know what costs will be. At this time, this request assumes the same funding will be needed for future years. HCA will submit future decision packages when the reprocurement process is complete and future third party administrative costs are known.

Tanya Deuel, Financial Services: 360.725.0908 or tanya.deuel@hca.wa.gov

Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H004 HCA Public Employee Benefits

What specific performance outcomes does the agency expect?

As part of Results Washington Goal 4: Healthy & safe communities – Healthy People, HCA will continue to provide quality health care services.

The increased allotment request will allow HCA to continue to provide access to quality health care through the Uniform Medical Plan offerings to approximately 247,000 Public Employee Benefits Board (PEBB) members who have chosen UMP Plans.

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

The Health Care Authority Administrative Account, Account 418, could be used for these costs, however this fund was reduced for the 2017-2019 biennium, and therefore does not have sufficient funding to cover these increased costs. No other alternatives are available. The administrative services contracts listed above are in force contracts.

What are the consequences of not funding this request?

HCA will not have sufficient funding to pay the UMP vendor for services provided under in force contracts.

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

The current funding is not sufficient to support the increase in projected UMP TPA fees. HCA cannot absorb the increased cost within its existing resources.

Provide references to any supporting literature or materials:

None

Base Budget

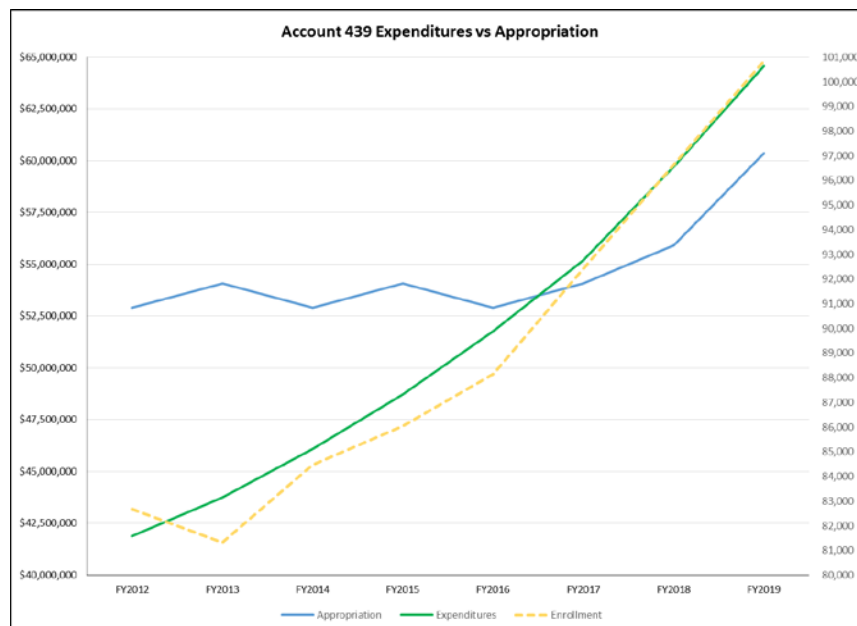
If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

This proposal does not include any expansion or alterations of current services.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:

HCA anticipates an increase in expenditures of \$8,709,000 in the 2017-2019 biennium in Account 439. The increased expenditures are projected based upon UMP enrollment projections that continue to increase. Expenditures in this account are generated by administrative costs that are paid on a per subscriber or per claim basis and will continue to increase as enrollment increases.

439 - Uniform Medical Plan Benefits Account				
		FY2018	FY2019	Biennial Total
2017-19 Carry Forward Level		52,899,000	54,067,000	106,966,000
M2-AL	UMP TPA Admin Rate Increases	1,440,000	2,930,000	4,370,000
PL-BG	UMP Third Party Admin Procurement	1,575,000	3,372,000	4,947,000
2017-19 Proposed Budget		55,914,000	60,369,000	116,283,000
2017-19 Projected Expenditures		59,888,000	65,104,000	124,992,000
2017-19 Projected Shortfall		(3,974,000)	(4,735,000)	(8,709,000)
Projected Expenditures include:				
Expenditures for the UMP TPA Procurement				



Impacts to Communities and Other Agencies

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

Accurate, timely administration of the PEBB UMP plans directly affects approximately 247,000 members per year (employees, retirees and dependents). Other key stakeholders include health care providers who provide medical care to these members.

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.)