

Washington State Health Care Authority Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2015-17 Estimated Expenditures	1,178.4	4,016,072	12,537,433	16,553,505
2017-19 Maintenance Level	1,131.2	4,448,058	13,121,620	17,569,678
Difference from 2015-17	-47.3	431,986	584,187	1,016,173
% Change from 2015-17	-4.0%	10.8%	4.7%	6.1%
Policy Other Changes:				
1. Healthier WA Savings Restoration	0.0	61,028	75,894	136,922
2. Hepatitis C Treatment Costs	0.0	41,069	131,768	172,837
3. Medicaid Transformation Waiver	23.0	0	447,717	447,717
4. ACA Employer Shared Responsibility	2.0	0	472	472
5. GASB 75 Requirement Compliance	0.0	0	550	550
6. Administrative Cost Adjustment	0.0	0	-6,122	-6,122
7. Pain Management Call Center	0.0	676	678	1,354
8. Nurse Case Managers	0.0	900	1,058	1,958
9. PEBB Pay 1 System	0.0	0	540	540
10. UMP Third Party Admin Procurement	0.0	0	5,947	5,947
11. BH: Financial Risk Model	0.5	140	140	280
12. BH: Inpatient Psychiatric Increase	0.0	9,898	18,652	28,550
13. Community Health Centers I-502	0.0	-10,606	10,606	0
14. Substance Abuse Treatment I-502	0.0	1,400	-1,400	0
15. HBE Infrastructure Replacement	0.0	0	4,254	4,254
16. HPF Operational Improvements	0.0	0	4,012	4,012
17. HBE Outreach and Marketing Funding	0.0	0	3,000	3,000
18. Managed Care Staff Reduction	-10.0	-804	-804	-1,608
19. Hospital-Based Clinic Rate	0.0	-20,833	-21,478	-42,311
Policy -- Other Total	15.5	82,868	675,484	758,352
Policy Comp Changes:				
20. PEBB Rate Update	0.0	0	912	912
21. State Public Employee Benefits Rate	0.0	503	1,025	1,528
22. WFSE General Government	0.0	1,029	1,909	2,938

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23. State Represented Emp Benefits Rate	0.0	553	1,026	1,579
24. Interpreter Collective Bargaining	0.0	722	1,090	1,812
25. Non-Rep General Wage Increase	0.0	1,135	2,319	3,454
26. Non-Rep Targeted Pay Increases	0.0	289	990	1,279
Policy -- Comp Total	0.0	4,231	9,271	13,502
Policy Transfer Changes:				
27. BH: Integration Transfer	106.9	954,317	1,669,774	2,624,091
Policy -- Transfer Total	106.9	954,317	1,669,774	2,624,091
Policy Central Services Changes:				
28. Archives/Records Management	0.0	2	2	4
29. Audit Services	0.0	8	11	19
30. Legal Services	0.0	19	41	60
31. Administrative Hearings	0.0	34	31	65
32. CTS Central Services	0.0	29	41	70
33. DES Central Services	0.0	55	76	131
Policy -- Central Svcs Total	0.0	147	202	349
Total Policy Changes	122.4	1,041,563	2,354,731	3,396,294
2017-19 Policy Level	1,253.6	5,489,621	15,476,351	20,965,972
Difference from 2015-17	75.2	1,473,549	2,938,918	4,412,467
% Change from 2015-17	6.4%	36.7%	23.4%	26.7%

POLICY CHANGES

1. Healthier WA Savings Restoration

Healthier Washington is a project that allows the Health Care Authority and the Department of Social and Health Services to establish integrated clinical models of physical and behavioral health care, thereby improving the effectiveness of health care purchasing and transforming the health care delivery system. As a result of delayed efforts to integrate clinical models of physical and behavioral health care, savings assumed in the current budget will not be realized this biennium. (General Fund-State; General Fund-Medicaid)

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2. Hepatitis C Treatment Costs

Funding is provided to expand treatment for Hepatitis C virus (HCV) to Medicaid clients with less severe liver disease whose coverage has been mandated by court order. This will extend HCV treatment to approximately 6,000 additional Medicaid patients with less severe liver disease. (General Fund-State; General Fund-Medicaid)

3. Medicaid Transformation Waiver

Funding is provided to align with projected expenditures under the Medicaid Transformation Waiver expected to be approved by the federal Centers for Medicare and Medicaid Services (CMS). The waiver's three initiatives fund (1) incentive-based payments for transformation projects designed to achieve sustainable goals of better care, better health and lower cost for the state's Medicaid population; (2) new services and supports for family caregivers that help people stay at home and avoid the need for more intensive services; and (3) supportive housing and supported employment services for those who are most vulnerable and have complex care needs. (General Fund-Federal; General Fund-Local)

4. ACA Employer Shared Responsibility

The federal Affordable Care Act requires reports on the Employer Shared Responsibility provision of Internal Revenue Code (IRC) §6056. The Health Care Authority (HCA) is the designated reporting entity for state agencies, commodity commissions, community and technical colleges, and state universities, as well as for self-funded group health plan reporting under IRC §6055 for the Uniform Medical Plans. Initial reporting has been accomplished on an ad-hoc basis using existing systems and resources, in order to meet immediate needs. The information technology (IT) systems that provide the data to HCA were not designed to provide the information required by the federal government. The temporary solution is labor intensive and provides opportunities for errors. This funding provides for IT staff to stabilize and improve the collection of data required for reports to the Internal Revenue Service. (St Health Care Authority Admin Account-State)

5. GASB 75 Requirement Compliance

HCA will comply with a new financial reporting requirement by contracting for testing and auditing. The census reporting and auditing is mandated by the Governmental Accounting Standards Board (GASB) Statement 75-Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This requires the HCA, in cooperation with the Office of the State Actuary, to annually calculate and disseminate to all Public Employee Benefits Board (PEBB) employer groups their OPEB liability. (St Health Care Authority Admin Account-State)

6. Administrative Cost Adjustment

Funding for administrative costs of the PEBB program is reduced to the level of fiscal year 2015, adjusted for subsequent budget actions and policy initiatives. (St Health Care Authority Admin Account-State)

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7. Pain Management Call Center

Funding is provided for a telephonic clinical consultation line for supporting primary care providers regarding pain medication management and medication-assisted treatment for Medicaid clients. (General Fund-State; General Fund-Medicaid)

8. Nurse Case Managers

Funding is provided to hire nurse case managers to coordinate medically assisted treatment and movement to health homes for those being treated for opioid use disorder. (General Fund-State; General Fund-Medicaid)

9. PEBB Pay 1 System

HCA, in consultation with One Washington in the Office of Financial Management, the Office of the Chief Information Officer, and other state agencies with statewide payroll or benefit systems, will prepare a report on options for the replacement of the Pay1 IT system, to be completed by September 30, 2018. The report is to evaluate the potential costs, benefits and feasibility of integrating the functions currently performed by Pay 1 into an existing or new statewide system, as well for a stand-alone system. The report is also to update the business and system requirements documents previously developed for a Pay 1 replacement system. (St Health Care Authority Admin Account-State)

10. UMP Third Party Admin Procurement

This item provides resources for projected costs to procure and implement a new Uniform Medical Plan (UMP) third party administrator (TPA) vendor. The effective date of the contract will be January 1, 2018, and administrative services will begin on January 1, 2020. (Uniform Medical Plan Benefits Administration Account-Non-Appr)

11. BH: Financial Risk Model

Funding is provided for the department to create a financial risk model for managed care covering full financial risk of inpatient psychiatric commitments. This item is part of the Governor's statewide behavioral health reform package. (General Fund-State; General Fund-Medicaid)

12. BH: Inpatient Psychiatric Increase

Funding is adjusted to provide a 50 percent rate increase for inpatient psychiatry treatment. This item is part of the Governor's statewide behavioral health reform package. (General Fund-State; General Fund-Medicaid)

13. Community Health Centers I-502

Funding is adjusted to comply with expenditure requirements in RCW 69.50.540. (General Fund-State; Dedicated Marijuana Account-State)

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14. Substance Abuse Treatment I-502

Funding is adjusted to comply with expenditure requirements in RCW 69.50.540. (General Fund-State; Dedicated Marijuana Account-State)

15. HBE Infrastructure Replacement

Funding is provided to replace the original servers and data storage hardware that host Healthplanfinder (HPF), as well as a security upgrade in anticipation of the new servers. HPF processes eligibility and enrollment data for more than 1.7 million Washington residents each year. (General Fund-Federal; General Fund-Medicaid; Health Benefit Exchange Account-State)

16. HPF Operational Improvements

The Health Benefit Exchange operates the Washington Healthplanfinder (HPF), an online portal that will be used to obtain qualified health plans (QHPs) and Medicaid coverage by more than 1.8 million Washington residents in the 2017-19 biennium. Funding is provided to maintain twice yearly updates to HPF that maintain state and federal eligibility rules, as well as to improve customer experience for QHP and Medicaid enrollees. (General Fund-Federal; General Fund-Medicaid; Health Benefit Exchange Account-State)

17. HBE Outreach and Marketing Funding

Funding is provided for outreach and marketing to potential qualified health plan (QHP) enrollees in order to retain and grow the number of QHP enrollees while reducing uninsured rates. (General Fund-Federal; General Fund-Medicaid; Health Benefit Exchange Account-State)

18. Managed Care Staff Reduction

Third party liability has been handled by HCA staff who recapture funds that should have been covered by Medicaid patients' other insurance coverage. This program will be handled through managed care beginning in January 2017. Funding is reduced to reflect a decreased staffing need related to this transition to managed care. (General Fund-State; General Fund-Medicaid)

19. Hospital-Based Clinic Rate

The Center for Medicare and Medicaid Services (CMS) has announced that it will no longer pay facility fees for Medicare clients who are treated in hospital-based clinics. This change, effective January 2017, does not affect clinics which existed before November 2015. Funding is adjusted to adopt this rule for Medicaid clients treated in all hospital-based clinics, regardless of when the clinic was established. (General Fund-State; General Fund-Medicaid)

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20. PEBB Rate Update

While Health Benefit Exchange (HBE) employees are not public employees, they receive public employee benefits through the Public Employees Benefits Board (PEBB). Funding is provided to continue coverage at the new benefit rates for fiscal year 2018 and fiscal year 2019. (General Fund-Medicaid; Health Benefit Exchange Account-State)

21. State Public Employee Benefits Rate

Health insurance funding is provided for state employees who are not represented by a union, who are covered by a bargaining agreement that is not subject to financial feasibility determination, or who are not part of the coalition of unions for health benefits. The insurance funding rate is \$970 per employee per month for fiscal year 2018 and \$1029 per employee per month for fiscal year 2019. (General Fund-State; General Fund-Medicaid; Flexible Spending Administrative Account-Non-Appr; other accounts)

22. WFSE General Government

Funding is provided for a collective bargaining agreement and arbitration award with Washington Federation of State Employees (WFSE), which includes a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; a general wage increase of 2 percent, effective January 1, 2019; salary adjustments for targeted classifications; a minimum starting wage of \$12 an hour; and changes to vacation leave accruals. Employee insurance included in the agreement is displayed in a separate item. (General Fund-State; General Fund-Medicaid; Medicaid Fraud Penalty Account-State; other accounts)

23. State Represented Emp Benefits Rate

This provides health insurance funding as part of the master agreements for employees who bargain as part of the coalition of unions for health benefits. The insurance funding rate is \$970 per employee per month for fiscal year 2018 and \$1029 per employee per month for fiscal year 2019. (General Fund-State; General Fund-Medicaid; Medicaid Fraud Penalty Account-State; other accounts)

24. Interpreter Collective Bargaining

Funding is adjusted for interpreter services based upon the interpreter collective bargaining agreement for the 2017-19 biennium. (General Fund-State; General Fund-Medicaid)

25. Non-Rep General Wage Increase

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; and a general wage increase of 2 percent, effective January 1, 2019. This item includes both higher education and general government workers. (General Fund-State; General Fund-Federal; Flexible Spending Administrative Account-Non-Appr; other accounts)

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26. Non-Rep Targeted Pay Increases

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State; General Fund-Medicaid; Medicaid Fraud Penalty Account-State; other accounts)

27. BH: Integration Transfer

Chapter 225, Laws of 2014 requires the Health Care Authority (HCA) and Department of Social and Health Services (DSHS) to fully integrate physical health care and behavioral health care services to Medicaid clients by January 1, 2020. As part of the second phase of behavioral health integration, all community mental health and substance use disorder programs are transferred from DSHS to HCA, with the exception of the Licensing and Certification Program which will transfer to the Department of Health (DOH). In total, 161 staff and \$2.6 billion total funds (\$956 million General Fund-State) will move out of DSHS to HCA and DOH. This whole-person approach to managed care offers better coordinated care and consolidates the payment and delivery of physical and behavioral health services for individuals enrolled in Medicaid. (General Fund-State; General Fund-Federal; General Fund-Local; other accounts)

28. Archives/Records Management

Agency budgets are adjusted to reflect each agency's allocated share of charges for the state archives and state records center (General Fund-State; General Fund-Medicaid)

29. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (General Fund-State; General Fund-Medicaid; St Health Care Authority Admin Account-State)

30. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. The Attorney General's Office will work with client agencies to implement stricter policies and best practices regarding usage of legal services to achieve lower bills. (General Fund-State; General Fund-Medicaid; St Health Care Authority Admin Account-State)

31. Administrative Hearings

Agency budgets are adjusted to reflect each agency's anticipated share of charges for administrative hearings. (General Fund-State; General Fund-Medicaid; St Health Care Authority Admin Account-State)

32. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways, and geospatial imaging services. (General Fund-State; General Fund-Medicaid; St Health Care Authority Admin Account-State)

33. DES Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking, and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (General Fund-State; General Fund-Medicaid; St Health Care Authority Admin Account-State)