Budget Savings Options 2025

Dollars in Thousands

Agency: Health Care Authority

Agency Priority Impact Program/Activity		GF-S					Other Funds					FTE Change		Brief Description and Rationale	Effective Date	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
H, M, L 1-5	25 FY 26	6 FY 2	7 FY28	8 FY 29	FY 25	FY 26	FY 27	FY28	FY 29	FY 25	FY 2	6 FY 27	7 FY28	29	(MM/YY)	Other Considerations	Required (cite)
Agency admin reductionA&B costs	\$3,250	\$3,25	50 \$3,250	\$3,250		\$8,125	\$8,125	\$8,125	\$8,125		position analy			FTE Reductions	7/1/2025		
Agency admin reductionTravel reduction	\$87					\$218	\$218	\$218	\$218					40 percent reduction to all travel	7/1/2025		
Agency admin reductionGood and Services	\$700	\$70	00 \$700	\$700		\$1,750	\$1,750	\$1,750	\$1,750					Reduction to Agency goods and services purchases	Various		
1 Agency admin reductionContracts	\$4,250	\$4,25	50 \$4,250	\$4,250		\$10,625	\$10,625	\$10,625	\$10,625					Reduction to Agency contracts	various		
1 PEBB (A&B Costs)						\$525	\$525	\$525	\$525		position analy	sis under de	velopment	FTE Reductions	7/25		
1 SEBB (A&B Costs)						\$415	\$415	\$415	\$415		position analy	sis under de	velopment	FTE Reductions	7/25		
1 PEBB (Contract reductions)						\$260	\$510	\$510	\$510					Actuarial, Legal and Contractor Savings	7/25		
1 SEBB (Contract reductions)						\$235	\$485	\$485	\$495					Actuarial, Legal and Contractor Savings	7/25		
1 PEBB (Goods and Services)						\$450	\$450	\$450	\$450					Printing, reproduction and telecommunications	7/25		
1 SEBB (Goods and Services)						\$250	\$250	\$250	\$250					Printing, reproduction and telecommunications	7/25		
1 PEBB - Third-Party Administrator (TPA) Accounts						\$390	\$390	\$390	\$390					Reflects a statewide reduction of 10% WMS positions; a 25% reduction would equal ~\$980K.	7/25	Reductions in TPA account expenses will automatically occur for eliminated benefits eligible	
1 PEBB - Inird-Party Administrator (TPA) Accounts						\$390	\$390	\$390	\$390					Reflects a statewide reduction of 10% www. positions; a 25% reduction would equal "5980K.	//25	positions in state agencies and higher education institutions.	
Health Care Cost Transparency Boardclaim federal	\$325	5 \$32	5 \$325	5 \$325										No change to program, leverage GF-F Medicaid for HCCTB	7/1/2025		
match	3323	232	25 5525	3323										No change to program, leverage GF-F Medicaid for HCC1B	7/1/2025		
													Aı	le Health Scenarios			
		1				T						1					
2 Eliminate Maternity Support Services	\$16,000	\$16,00	\$16,000	\$16,000	1	\$24,000	\$24,000	\$24,000	\$24,000					Eliminate optional Medicaid benefit. Serves approximately 36,000 clients	7/1/2025		SPA, RCW, and WAC
Eliminate reimbursement for CRT wheelchairs for NF																	
2 residents	\$2,000	\$4,00	94,000	\$4,000	1	\$2,000	\$4,000	\$4,000	\$4,000					Eliminate reimbursement for Complex Rehabilitating Technology (CRT) wheelchairs.	1/1/2026		WAC
2 Fliminate Assisted Outnatient Treatment	\$1.100	n ¢2.20	00 \$2,200	n ¢2 200		\$790	\$1.500	\$1.500	\$1.500						1/1/2026		RCW. WAC
2 Eliminate Assisted Outpatient Heatment 2 Eliminate Secure Withdrawal Management			00 \$3,100			\$2,400	\$4,900	\$4,900	\$4,900						1/1/2026		RCW, WAC
2 Eliminate Apple Health ExpansionServices			0 \$70,000			\$2,400	\$4,500	Ş4,500	\$4,500			-		Eliminate state funded Apple Health Expansion program	1/1/2026		
			00 \$5,000												1/1/2026		WAC and proviso
2 Eliminate Apple Health ExpansionAdmin												-		Eliminate state funded Apple Health Expansion program Agency requested DP funded in the Inslee proposal, provides GF-5 to reimburse tribal facilities at the full Indian Health Services All-Inclusive	- , ,		WAC and proviso
4 Non-Native SUD encounters	\$22,300	\$44,60	\$44,600	\$44,600	1									rate for substance use disorder services provided to non-Native clients.	7/1/2025	Potential that CMS will require Washington to implement this change.	N/A
														rate for substance use disorder services provided to non-native clients.			CDA 18/4C 184C
Cap laboratory reimbursement levels	\$3,000	\$6,00	\$6,000	\$6,000		\$7,000	\$15,000	\$15,000	\$15,000	1				Changes agency FFS rate schedule for certain lab reimbursement rates and establishes maximum fee schedule for managed care	1/1/2026		SPA, WAC and MC
	-	+	+	1	-		-			-			+ +		1		contract changes
Carve pharmacy out of managed care	\$7,500	\$15,00	\$15,000	\$15,000		\$13,000	\$26,000	\$26,000	\$26,000	1				This option is still being developed, the fiscal estimates are from a prior/dated analysis and represent the savings of repricing MC POS	1	This option has significant implementation considerations and timing concerns.	SPA, contract, and
												_		encounters to FFS.			WAC
Eliminate GF-S medical respite funding	\$2,200	\$2,20	92,200	\$2,200	1									Eliminates state-only funded program for medical respite however, medical respite is now covered under the Medicaid Transformation	7/1/2025		
			-	-						-		_		waiver. No impact to clients	1		
Implement site neutral payments for non-hospital	\$11,000	\$23,00	\$23,000	\$23,000	1	\$27,000	\$55,000	\$55,000	\$55,000					Reduces outpatient facility charges at off-campus hospital based clinics	1/1/2026		SPA, RCW, and WAC
based clinics		+	-									-					
														CBHS is a 1915i waiver services. Complete elimination of this program would have harmful consequences for severely mentally ill			
Reduce (50%) community behavioral health services														individuals. The focus of this waiver is to provide support for people with SMI who have not been able to stay out of jail, institutions,		Impacts DSHS program. Could result in increased hospital costs if AFHs and ALF are no longer willing	
(formerly called BH personal care)	\$20,000	\$40,00	\$40,000	\$40,000	'	\$20,000	\$40,000	\$40,000	\$40,000					facilities, multiple times in the last 12 months, maintain current housing. HCA anticipates there will be approximately 2,700 clients enrolled	1/1/2026	to take clients with complex behaviors. AFH rates are bargained. There could be additional CBA	SPA, Waiver, WAC
, , , , , , , , , , , , , , , , , , , ,														in July 2025. This program intersects with DSHS/ALTSA. This item is under development.		implications that would delay any effective date.	
Eliminate required reimbursement for Cologuard	\$250	\$50	00 \$500	\$500	1	\$1,100	\$2,200	\$2,200	\$2,200					Eliminates mandatory coverage of Cologuard brand fecal tests.	1/1/2026		MC contract
	,	. ,	. ,	, ,,,,,		7-,	7-,	7-/	+-/						-,-,		
														Reduces ABA rates that were increased effective Jan 1. 2024.			
														*An increase of 20% in reimbursement rates for codes specific to individuals with complex behavioral health care needs (0362T and 0373T).			
1 Reduce Applied Behavior Analysis (ABA) rates	\$1,600	\$3,30	00 \$3,300	\$3,300	1	\$1,600	\$3,300	\$3,300	\$3,300					*An increase of 15% in reimbursement rates for all other billing codes on HCA's ABA fee schedule, except Q3014 which is a general	1/1/2026		MC contract
														telemedicine code and is not included in this rate increase.			
														telemediane code and is not included in this rate increase.			
COVID vaccine reimbursement and coverage policy	\$2,700	\$2,70	0 \$2.700	\$2,700		\$10,000	\$10,000	\$10,000	\$10,000					Currently scheduled for July 1, 2025	7/1/2025	Planned for Mid Year rate update.	MC contract
changes	32,700	32,70	32,700	\$2,700		310,000	310,000	310,000	\$10,000					Currently Scriedard for July 1, 2023	7/1/2023	rialified for wild real rate apoate.	IVIC COILLIACE
Eliminate ancillary services on admin day stays	\$400	\$80	00 \$800	\$800		\$1,200	\$2,200	\$2,200	\$2,200					Eliminates reimbursement for hospital ancillary services (labs, therapy, etc.) for patients on admin day stays	1/1/2026		RCW. SPA
Chillinate anchially services on admini day stays	Ş-100	,,,,,	,,,,,,,	5000		\$1,200	\$2,200	72,200	\$2,200					Eliminates reimbursement for mospital anchiary services (raus, therapy, etc.) for patients on autimit day stays	1/1/2020		NCVV, SFA
Eliminate Foundational Community Supports Glide	\$2,000	\$2,00	00 \$2,000	\$2.000										Program connects FCS Supported Employment enrollees with additional rental assistance. MTP waiver programs for health related	7/1/2025	Impacts Department of Commerce program	
Path program														social needs rental assistance is possible replacement		impacts bepartment of commerce program	
1 Reduce LTCC enhanced rate (50% reduction)	\$1,700	\$1,70	00 \$1,700	\$1,700		\$150	\$150	\$150	\$150					50 percent reduction to enhanced rate, does not impact base LTCC rate. The current rate enhancement is \$500.	7/1/2025		SPA
2 Eliminate grants for Alternative Response Teams	\$2,500	\$2,50	00 \$2,500	\$2,500		\$2,500	\$2,500	\$2,500	\$2,500					Program allows those 911 calls that can be safely diverted from first responders to be addressed with ARTs. Eliminate grant program,	7/1/2025		
2 Eliminate grants for Alternative Response realits	\$2,500	32,30	32,300	52,300		\$2,300	32,300	32,300	32,300					currently operating in 14 municipalities	7/1/2023		
1 Boduse Bessuer Novinster Brosser FOO reduction	\$6,000	¢12.00	00 \$12,000	¢12.000										Program was established as nort of the state remands to State y Plake Dravides direct against an idea and some of program is statewide	1/1/2026		RCW
1 Reduce Recovery Navigator Program50% reduction	50,000	712,00	, J12,000	712,000										Program was established as part of the state response to State v. Blake. Provides direct services and scope of program is statewide.	1/1/2020		ncvv
Eliminate proposed expansion of Blake programs	\$11,000	\$6,70	00 \$6,700	\$6,700		\$700	\$500	\$500	\$500	1	3.		, 4	4 Agency requested DP, expansion of Blake Bill programs	7/1/2025		N/A
cililinate proposed expansion of Blake programs	\$11,000	\$6,70	, \$6,70C	26,700		\$/00	\$500	\$500	\$500	<u></u>	3.		4	Agency requested or, expansion or blake bin programs	//1/2025		N/A
Adult Dental: Dentures: utilization frequency cap	\$223	3 \$22	21 \$221	1 \$221		\$306	\$304	\$304	\$304					Increase allowed frequency from every 5 years to every 7 for full dentures and from every three years to every 5 years for partial.	7/1/2025		WAC
	\$223	, ,2ZZ	3221	, 3221		ducç	2204	2204	2504	<u></u>				increase anowed requency from every 5 years to every 7 for full delitures and from every three years to every 5 years for partial.	//1/2025		WAL
Adult OT/PT/ST (FFS): 50% reduction in max allowed	\$495	5 \$99	95 \$995	5 \$995		\$499	\$1,000	\$1,000	\$1.000					Reduce current max allowed units for PT from 24 to 12, for OT from 24 to 12, and for ST from 6 to 3	1/1/2026		WAC
units	,			. ,		2423	1,000	1,000	\$1,000						, ,		WAL
Eliminate Same Day Visit program	\$1,000	\$1,00	00 \$1,000	\$1,000										This program can be absorbed within the capacity of the reentry waiver	7/1/2025		
														Policy change being implemented on April 1, 2025 for FFS. MC impact for FY 25 are very small. HCA may not implement the MC reduction			
Rate cap for urinalysis \$5	92 \$356	\$35	\$351	1 \$351	\$339	\$1,294	\$1,270	\$1,270	\$1,270					until July 2025. Current cap on tests is 16 per year. This caps urinalysis tests to 12 per year for clients except for client currently receiving 17			
														or more tests. It is assumed those clients are receiving more than the current cap due to medical necessity and they will continue receiving their current number of tests. HCA will implement a maximum fee schedule of \$101.84.			
														their Current number of tests. HCA will implement a maximum ree schedule of \$101.84.			
HIV antiviral prior authorization	under develo	opment															
Roll back 100% adult dental rate increase that was	£10.500	610.00	00 \$10,600	\$10.600		\$27,300	\$27,300	\$27,300	\$27,300					This option would roll back the 100% adult dental rate increase implemented in July 1, 2021.	7/1/2025		
implemented 6/1/2021.	\$10,600	210,60	,10,60C	310,000		J27,500	327,500	J27,300	\$27,500					This option would foll back the 100% adult dental rate increase implemented in July 1, 2021.	7/1/2025		
Roll back an increase in reimbursement rate for														The cate increase implemented was			
	\$1,935	5 \$1,93	\$1,935	\$1,935		\$2,015	\$2,015	\$2,015	\$2,015					The rate increase implemented was:	7/1/2025	Reducing dental rates may reduce providers willingness to participate in Medicaid creating access to)
preventive dental cleaning for children 13 and	\$1,935	\$1,93	\$1,935	21,935		\$2,015	\$2,015	\$2,015	\$2,015					Beginning January 1, 2024, increase the children's dental rate for procedure code D1120 by at least 40 percent above the medical assistance	//1/2025	care challenges for clients. This option could result in more clients receiving services in FQHCs or	
younger (D1120) that was implemented 1/1/2024.														fee-for-service rate in effect on January 1, 2023.		RHCs. Reducing dental rates would not impact FQHCs or RHCs as HCA would still be required to pay	1
														The rate increases implemented were:		them their full encounter rate. An increase in utilization at these clinics could off-set some of the	
Roll back increases in reimbursement rates for														*Increase Access to Baby and Child Dentistry (ABCD) rates by 40%.		savings given they are a higher cost setting.	
various children's dental services that were effective	\$20.800	\$20.80	\$20,800	\$20.800		\$21,430	\$21,430	\$21,430	\$21,430					*Increase children's (Non-ABCD) dental rates with corresponding ABCD rates to the ABCD rate, plus an additional 10%.	7/1/2025		
in 1/1/2023.	,	, ,,,,,,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, ,,,,,,,,,		. ,		. ,	. ,					*Increase children's (Non-ABCD) dental rates without corresponding ABCD rates to 70% adult rate (if a corresponding adult rate is available),			
, -,														unless this results in a decrease, in which case the rate is unchanged.			
														Rate increases implemented were:			
														(a) Service categories including diagnostics, intense outpatient, opioid treatment programs, emergency room, inpatient and outpatient			
Roll back increases in various professional services														(a) Service categories including diagnostics, intense outpatient, opioid treatment programs, emergency room, inpatient and outpatient surgery, inpatient visits, low-level behavioral health, office administered drugs, and other physician services are increased up to 50 percent of			
reimbursement rates that were implemented	\$4,680	\$9,36	\$9,360	\$9,360		\$11,300	\$22,600	\$22,600	\$22,600					surgery, inpartient visits, low-level behavioral health, ortice administered drugs, and other physician services are increased up to 50 percent of Medicare rates.	1/1/2026		MC contract changes
7/1/2024.																	
														(b) Service categories including office and home visits and consults are increased up to 65 percent of Medicare rates.			
				1						1				(c) Service categories including maternity services are increased up to 100 percent of Medicare rates.			

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Agency Priority Impac	rt Program/Activity			GF-S					Other Fund	s			FTE	Change		Brief Description and Rationale	Effective Date	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
H, M, L		FY 25	FY 26	FY 27	FY28	FY 29	FY 25	FY 26	FY 27	FY28	FY 29	FY 25	FY 26	FY 27	FY28 FY	19	(MM/YY)		
	Roll back increases in adult primary care, pediatric primary care, pediatric ritical care, neonatal critical care, and neonatal intensive are reimbursement rates that were implemented 10/1/2021.		\$13,100	\$26,200	\$26,200	\$26,200		\$22,200	\$44,400	\$44,400	\$44,400					Rate increases implemented were: (a) Increase the medical assistance rates for adult primary care services that are reimbursed solely at the existing medical assistance rates on a fee-for-service basis, as well as through managed care plans, by at least 15 percent above medical assistance rates in effect on January 1, 2019; (b) Increase the medical assistance rates for pediatric primary care services that are reimbursed solely at the existing medical assistance rates on a fee-for-service basis, as well as through managed care plans, by at least 21 percent above medical assistance rates in effect on January 1, 2019; (c) Increase the medical assistance rates for pediatric critical care, neonatal critical care, and neonatal intensive care services that are reimbursed solely at the existing medical assistance rates on a fee-for-service basis, as well as through managed care plans, by at least 21 percent above medical assistance rates in effect on January 1, 2019.	1/1/2026	The STCs for the 1115 waiver do include some provisions around having rates for certain services (primary care, obstetric care, some BH) at a specified Medicare threshold. HCA would need to do additional research to ensure that these rate decreases do not conflict with the STCs. IGTC 16 https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/wa-medicaid-transformation-ca-06302023.pdf)	MC contract change:
	Roll back the 2% increase in adult primary care, pediatric primary care, pediatric primary care, pediatric critical care, neonatal critical care, and neonatal intensive care reimbursement rates that were implemented 1/1/2025.		\$1,055	\$2,110	\$2,110	\$2,110		\$2,046	\$4,092	\$4,092	\$4,092					Rate increases implemented were: (a) increase the medical assistance rates for adult primary care services that are reimbursed solely at the existing medical assistance rates on a fee-for-service basis, as well as through managed care plans, by at least 2 percent above medical assistance rates in effect on January 1, 2023; (b) increase the medical assistance rates for pediatric primary care services that are reimbursed solely at the existing medical assistance rates on a fee-for-service basis, as well as through managed care plans, by at least 2 percent above medical assistance rates in effect on January 1, 2023; (c) increase the medical assistance rates for pediatric critical care, neonatal critical care, and neonatal intensive care services that are reimbursed solely at the existing medical assistance rates in effect on January 1, 2023;	1/1/2026		MC contract change
	Reduce Behavioral Health Rates		\$3,000	\$6,000	\$6,000	\$6,000		\$6,000	\$12,000	\$12,000	\$12,000					This option is scalable. Amounts represent an across the board 1% decrease to MC and FFS rates.	1/1/2026	This option would reduce what is paid to providers.	SPA. MC contract
	Reduce non-Medicaid behavioral health rates		\$1,000	\$2,000	\$2,000	\$2,000										This option is scalable. Amounts represent an across the board 1% decrease to the MCO wrap around and BHASO contracts.		This option would reduce what is paid to providers.	changes
	Eliminate Health Homes		\$6,645	\$13,290	\$13,290	\$13,290		\$11,550	\$23,101	\$23,101	\$23,101					This option would eliminate the MC and FFS Health Homes programs.	1/1/2026		SPA, WAC and MC contract changes
·		I			1										Combined	PEBB and SEBB Services			- contract one iges
4	Reduce Premium Stabilization Reserves (PSR)															Premium Stabilization Reserves spread any underwriting gains or losses into following year's funding rate to reduce year over year volatility.	7/25		
	Reduce PSR by 1% (from 7% to 6%)							\$37,110	\$39,864	\$39,864	\$39,864					3,			
	Reduce Employer Medical Contribution (EMC)							, , ,	, , , , , ,							The EMC is the state's contribution towards the medical insurance benefit. Currently the EMC is 85% of a specific benchmark plan; this	1/28	The EMC's value is part of the collective bargaining agreement. The next bargaining cycle occurs in	
	Reduce EMC to 84%									\$26,264	\$52,528					percent split is the same in the separate PEBB and SEBB collective bargaining agreements.		Summer 2026 to impact plan years 2028 and 2029.	
	Reduce EMC to 83%									\$50,654	\$101,308								
	Reduce EMC to 82% Reduce EMC to 81%									\$76,169 \$103,146	\$152,338 \$206,292								
	Reduce EMC to 80%									\$127,762	\$255,525								
	Apply an Employer/Employee Split to Dental Premiums															The state currently covers 100% of monthly premium for dental insurance.	1/28	The state's contribution is part of the collective bargaining agreement. The next bargaining cycle occurs in Summer 2026 to impact plan years 2028 and 2029.	
	Apply 85/15 split to dental premiums for employees (c	currently 1	00% employe	r paid)						\$23,838	\$49,555							occars in summer 2020 to impact plan years 2020 and 2025.	
	Medicare Explicit Subsidy															The state currently provides a monthly premium subsidy to Medicare retirees (from both PEBB and K-12 employers) enrolled in a PEBB Medicare plan. The value of the monthly subsidy is \$183 or 50% of the premium, whichever is less. Funding for the explicit subsidy is embedded in the PEBB & SEBB funding rates.	1/26	The maximum subsidy cap of \$183 has been in place since 2020. UMP Classic Medicare with Part D (PDP) has the highest enrollment and the current subsidy covers "30% of the 2025 monthly premium. Fiscal analysis does not include impacts to contracting employer groups.	RCW 41.05.080 RCW 41.05.085 RCW 41.05.120
	End the Medicare retiree subsidy								\$242,279		\$242,279 \$126,661								
	Reduce the Medicare retiree subsidy to \$90 per month	1						\$60,495	\$126,661	\$120,001	\$120,001					This would add a single, monthly per account (not per child) surcharge to accounts with 3 or more child dependents. This amount would be	1/27	This is a potential program revenue option. Implementation date could vary based on enrollment	
	Dependent Surcharge															collected in addition to the monthly premium.	1/2/	system limitations.	
	Add a \$25 monthly (per account) dependent surcharge to accounts with more than two children								\$2,957	\$5,915	\$5,915								
	Wellness															Currently, PEBB & SEBB subscribers can earn a \$125 incentive that reduces their deductible (or is a Health Savings Account deposit) by engaging on the SmartHealth online portal administered via a contract with WebMD.	1/28	The value of the financial incentive is part of the collective bargaining agreement. The next bargaining cycle occurs in Summer 2026 to impact plan years 2028 and 2029.	RCW 41.05.540
	Eliminate the program entirely *Both the online portal costs and the \$125 incentive									\$2,402	\$8,029					eigaging on the Jihai treath online portarauministered via a Contract with Wedning.		on gaming cycle occurs in Junimer 2020 to impact pian years 2020 and 2025:	
	PT/OT/ST Benefit Limits in UMP Plans		under develo	pment												UMP plans in PEBB currently have a combined total annual limit of 60 visits for PT/OT/ST; UMP plans in SEBB currently have a combined total	TBD	Analysis still ongoing	
	Increase the PEBB Program's maintenance eligibility rule requirement from 8 hours/month		under develo	ppment												annual limit of 80 vists for PT/OT/ST. Average utilization is 10 visits The minimum requirement for a PEBB employee to maintain benefits eligibility is being in pay status at least 8 hours in a month; there is no comparable maintenance eligibility rule in the SEBB program.	TBD	Analysis still ongoing	RCW 41.05.065 (4)(a
			-	1		_													
				1															
				1															
	TOTALS		\$225,751	\$366,774	\$366,774	\$366,774		\$240,339	\$371,894	\$372,308	\$372,723								

Priority:

L = Low priority agency activity or program M = Medium priority agency activity or program H = High priority agency activity or program

Impact:

1 = Allows continuation of the program/activity at a reduced level
2 = Eliminates the ability to perform program objectives
3 = Eliminates agency function
4 = Long term implications (moves the problem to next biennium)
5 = Short term (reduction to one time increase)

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