

## Maintenance Level

**Agency:**

107 Health Care Authority on Behalf of the Health Benefit Exchange

**Decision Package Code/Title:**

ML-WE-HBE ACES M&O Costs

**Agency RecSum:**

The Health Benefit Exchange (Exchange) requests additional funding in the 2024 Supplemental budget to for Washington Healthplanfinder’s (HPF) share of increased cost associated with DSHS’s ACES Complex. This complex, which is also used by Washington Healthplanfinder (HPF) to make eligibility determinations for Apple Health and Qualified Health Plan applicants, has seen an increase in costs for Maintenance and Operations than cannot be supported within existing resources.

**Fiscal detail:**

Operating Expenditures	FY 2024	FY 2025	FY 2026	FY 2027
17T-1 HBEA	\$659,000	\$1,060,000	\$1,060,000	\$1,060,000
<b>Total Expenditures</b>	<b>\$659,000</b>	<b>\$1,060,000</b>	<b>\$1,060,000</b>	<b>\$1,060,000</b>
<b>Biennial Totals</b>	<b>\$1,719,000</b>		<b>\$2,120,000</b>	
Staffing	FY 2024	FY 2025	FY 2026	FY 2027
FTEs	0	0	0	0
<b>Average Annual</b>	<b>0</b>		<b>0</b>	
Object of Expenditure	FY 2024	FY 2025	FY 2026	FY 2027
Obj. C	\$659,000	\$1,060,000	\$1,060,000	\$1,060,000
Revenue	FY 2024	FY 2025	FY 2026	FY 2027
001-C GF-Federal	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Biennial Totals</b>	<b>\$0</b>		<b>\$0</b>	

## Package Description

**What is the problem, opportunity or priority you are addressing with the request?**

The Health Benefits Exchange’s Enrollment and Eligibility system, *Washington Healthplanfinder* (HPF), depends on the Department of Social and Health Service’s ACES Complex to provide essential financial eligibility and enrollment activities.

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The ACES Complex facilitates delivery of these services, providing close to \$2 billion in benefits annually to nearly 3 million clients. The ACES Complex includes many components that support HHS program operations and are used by state staff, community partners, and residents, including:

- ACES (both mainframe and web environments, performing client intake and screening, scheduling, application processing, benefit calculation and issuance, client notifications, reporting, and almost 200 state and federal data exchange interfaces)
- Eligibility Service (developed to support the Affordable Care Act and Washington’s Health Benefit Exchange)
- Washington Connection (online web application for residents to use in applying for public assistance benefits, eligibility reviews, and reporting changes in their circumstances)

There is a critical need to continue ACES maintenance and operations services to ensure ongoing operations of this system while the system implements the Integrated Eligibility & Enrollment (IE&E) Modernization Roadmap to transition to modern solutions to support these program operations. As DSHS continues to both support the existing complex and work to lessen its dependency on the ACES maintenance and operation services contractor, the Exchange has seen an increase in its share of allocable costs that it is not able to support within existing resources.

The Exchange makes eligibility determinations for Medicaid clients using the modified adjusted gross income (MAGI)-based rules. For federal fiscal year 2024, Approximately 220,000 Qualified Health Plan (QHP) clients and over 1.6 million Medicaid and Children’s Health Insurance Program (CHIP) clients will have their eligibility records maintained through the Exchange Healthplanfinder (HPF) website. The Exchanges share of allocable costs for the ACES complex is approximately 12.8 percent.

### **What is your proposal?**

The Exchange requests additional funding to support DSHS’s efforts to continue the ACES maintenance and operation services in support of the implementation of the IE&E Roadmap. This includes to transition a new ACES maintenance and operations contractor, move of the ACES Complex mainframe services to a cloud-hosted managed services model through a state enterprise service, and provide two full time employees to allow the State to provide greater state oversight of the ACES technical architecture and support vendor accountability.

This funding request is aligned with and in support of the HHS Coalition IT Strategy 2021-2024 and is included in the HHS Coalition IT project portfolio. The resulting project will be overseen and supported by HHS Coalition governance committees and other bodies established to support investment success.

### **How is your proposal impacting equity in the state?**

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**Target Populations or Communities:**

This funding request builds upon existing maintenance level activities and IE&E activities previously funded by the legislature. The ACES Complex must continue to operate effectively for the duration of the IE&E Roadmap or risk interruption of essential services for Washingtonians. For context, the image below depicts the relationship between current activities and this proposal and a summary of the outcomes and purpose for each activity.

DSHS's Eligibility Service is more inclusive now than ever, as more Washingtonians will be going through the Eligibility Service with the addition of Immigrant Health Coverage's Apple Health Expansion and the Exchanges' Qualified Health and Qualified Dental Plans..

This work to expand access to coverage also aligns with the Exchange's core mission to increase access to affordable health care, and the equity statement unanimously approved by our Board.

This request support all Washington residents, including underrepresented and historically marginalized populations who apply for health plan coverage through Healthplanfinder.

**Disproportionate Impact Considerations**

There are no anticipated negative impacts to those from historically or currently marginalized identity groups. If inequities arise, the Exchange will work with DSHS to engage with clients and stakeholders to develop strategies to balance disparities.

**Community outreach and engagement**

Per DSHS, ACES maintenance and operation services are necessary to prevent failure of the essential financial eligibility and enrollment system for safety net programs such as Medicaid, Basic Food, and cash assistance. This proposal benefits Washingtonians that experience economic inequity and are most impacted by poverty. Poverty itself is an inequity and poverty is experienced by communities in a way that reveals the interplay of poverty with structural racism and other structures that perpetuate inequities.

When disaggregated, data on poverty reveals that Washingtonians experiencing rates of poverty higher than average include Black and Brown people, young children, women, people with disabilities, immigrants and refugees, LGBTQIA+, and those living in rural areas. Washingtonians disproportionately impacted by poverty are members of communities that have historically and currently experienced systemic inequity and high barriers to the most fundamental benefits of social and community life.

The ACES maintenance and operations services make it possible for those most impacted by the inequity of poverty to access the primary programs and support that address the immediate concerns of living in poverty and create a bridge to economic access and reducing poverty in a way that eliminates these disparities. Investment in the fundamental services required to access safety net programs increases equity in state and local practices by ensuring application to programs that

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address the inequities of poverty is readily available and accessible to communities that are most impacted by poverty in Washington.

**What are you purchasing and how does it solve the problem?**

The Exchange currently uses the ACES Complex with support Eligibility and Enrollment activities within Washington Healthplanfinder. Due to increased costs, the Exchange cannot currently afford its share of costs to support ACES maintenance and Operations within its base budget.

**What alternatives did you explore and why was this option chosen?**

The decision to not fund or to delay this request will prevent the Exchange’s ability to support DSHS’s transition of these services to the new contractor. Without this funding, there is an increased risk of system failure as the State will have no resources to maintain ACES and a mainframe that is nearing the end of its serviceable support period. Any failure of the ACES complex will impact the State’s ability to provide cash assistance, childcare subsidy, food assistance, health insurance programs, immigrant/refugee assistance, and medical assistance.

**Assumptions and Calculations**

**Expansion or alteration of a current program or service**

This request does not create or alter any program or service for the Exchange, but rather sustains the quality and intensity of existing Apple Health eligibility determination activities.

**Detailed assumptions and calculations**

The Exchange requests \$1,719,000 in the 2023-25 biennium with additional ongoing funding of \$1,060,000 per year beginning in fiscal year 2026. The Exchange’s base operating budget includes funding of \$800,000 per year to support its share of allocable costs for the ACES complex services it depends on. Beginning in FY2023, the Exchange started seeing higher costs that have continued into fiscal year 2024 with ongoing increases carrying into fiscal year 2025 and beyond.

Current estimates provided by DSHS indicate that the Exchange’s share of costs are anticipated to be 12.8 percent of Eligibility Service costs that support Healthplanfinder activities. Based on the cost allocation methodology approved by the Center’s for Medicare and Medicaid Services (CMS) for federal fiscal year 2024.

- No increase in Carrier Assessment is anticipated to fund this effort.
- No new General Fund-State dollars are requested.

Maintenance & Operations Categories:	Medicaid	QHP	CHIP
FFY2024 OAPDs			
Eligibility Service (ES)	84.6386%	12.8260%	2.5354%

Cost Driver	FY2024	FY2025	FY2026	FY2027
HBE costs based on QHP Enrollment	\$ 1,459,297	\$ 1,859,768	\$ 1,859,768	\$ 1,859,768
-HBE current base budget	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Additional funding being requested	\$ 659,297	\$ 1,059,768	\$ 1,059,768	\$ 1,059,768

### Workforce assumptions

No additional staff resources are being requested.

## Strategic and Performance Outcomes

### Strategic framework

This request supports both the Governor’s Results Washington’s Core values of People Matter and Ideas Matter.

This request also supports Goal 4 (Healthy and safe communities) of the Governor’s Results Washington initiative as it strives to “foster the health of Washingtonians from a healthy start to safe and supported future.”

This program fosters the Governor’s Results Washington Goals for supporting people, resource stewardship, and transparency and accountability through:

- Ensuring that ACES continues to operate, helping vulnerable people, including eligibility and enrollment determinations for Medicaid and Qualified Health Plan insurance access until the new system is ready,
- Improving the client experience through the benefits of new technologies, and
- Ensuring program integrity through accurate eligibility determinations.

### Performance outcomes

*Washington Healthplanfinder* depends on the ACES and Eligibility Service for real time eligibility determinations for health insurance eligibility. This proposal will support the maintenance of the existing critical ACES complex while IE&E continues the work towards modernizing the underlying systems and to minimize potential disruption of services to customers.

### Other supporting materials

Copies of the APD have been previously provided to HCA, OFM, the House and Senate.

## Other Collateral Connections

### Intergovernmental

None

### Legal or administrative mandates

None

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**Changes from current law**

None

**State workforce impacts**

None

**State facilities impacts**

None.

**Puget Sound recovery**

None.

**Other supporting materials**

Copies of the APD have been provided to HCA, OFM, the House and Senate.

**Information technology (IT)**

ABS will pose the question below for *each* DP. If the answer is yes, you will be prompted to attach an IT addendum. (See Chapter 10 of the budget instructions for additional requirements.)

**Information Technology**

Does this DP include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts or IT staff?

No

Yes

Please download the [IT-addendum](#) and follow the directions on the bottom of the addendum to meet requirements for OCIO review. After completing the IT addendum, please upload the document to continue.

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