

Maintenance Level

Agency:

107 Health Care Authority on Behalf of the Health Benefit Exchange

Decision Package Code/Title:

ML-MB HBE COST ALLOCATION UPDATE

Agency RecSum:

A net-zero adjustment is provided to reflect the beneficiaries of services provided and to align funding levels with the appropriate fund source.

Fiscal detail:

Operating Expenditures	FY 2026	FY 2027	FY 2028	FY 2029
001-1 GF-State	\$599,000	\$599,000	\$599,000	\$599,000
17T-1 HBEA	(\$2,141,000)	(\$2,141,000)	(\$187,000)	(\$187,000)
001-C GF-Federal	\$1,542,000	\$1,542,000	(\$412,000)	(\$412,000)
Total Expenditures	\$0	\$0	\$0	\$0
Biennial Totals	\$0		\$0	
Staffing	FY 2026	FY 2027	FY 2028	FY 2029
FTEs	0	0	0	0
Average Annual	0		0	
Object of Expenditure	FY 2026	FY 2027	FY 2028	FY 2029
Obj. C	\$0	\$0	\$0	\$0
Revenue	FY 2026	FY 2027	FY 2028	FY 2029
001-0393 GF-Federal	\$1,542,000	\$1,542,000	(\$412,000)	(\$412,000)
Total Revenue	\$1,542,000	\$1,542,000	(\$412,000)	(\$412,000)
Biennial Totals	\$3,084,000		(\$824,000)	

Package Description

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

In 2014, the Exchange began making eligibility determinations for Medicaid clients using the modified adjusted gross income (MAGI)-based rules. Currently, over 1.6 million Medicaid, Children's Health Insurance Program (CHIP), and Apple Health Expansion (AHE) enrollees have their eligibility records maintained through the Exchange's Healthplanfinder (HPF) system. Currently, 270,000 Qualified Health Plan (QHP) clients are served per month. Medicaid and CHIP clients represent approximately 87.6% of the individuals who enroll in coverage through *Washington Healthplanfinder* (HPF), Apple Health Expansion represents roughly 0.8%, with Qualified Health Plan enrollees making up the remaining 11.6%. The Exchange is reimbursed for operational activities which are done on behalf of the Medicaid program.

For additional information contact:

Nicholas Aaseby, Associate Director of Strategic Budget Planning
360-688-1574 nicholas.aaseby@wahbexchange.org

In addition to serving as the portal for eligibility determination, existing clients continue to access HPF to update their client records when needed, receive HPF-generated notices and other required correspondence, and access customer support services provided by the Exchange Call Center and Navigator program. For FFY2025, the Exchange worked with the Centers for Medicare and Medicaid Services (CMS) to update cost allocation methodologies which resulted in increases in Medicaid eligible costs.

The most recent proposed APDs for federal fiscal year 2025 reflects adjustments made to enrollment and services provided by the Exchange and is consistent with previously approved Advanced Planning Documents.

In July 2024, the Health Care Authority began enrolling individuals into the newly established Apple Health Expansion Program, a state funded program that mirrors Washington Apple Health for individuals regardless of immigration status. This program is funded exclusively via general fund state.

What is your proposal?

This request is to align funding sources to reflect changes in populations served through Healthplanfinder, administered by the Exchange. This request does not expand or alter current programs or services and there is a net zero financial impact.

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

Federal regulations require the Exchange to update its annual cost allocation methodologies to reflect all programs and populations being supported through the Exchanges operational activities. By implementing Apple Health Expansion, the Exchange was required allocate a percentage of AHE's costs to all applicable activities where AHE enrollees are impacted.

This request does not change current appropriation levels. This decision package only adjusts the funding sources to reflect the approved cost allocation methodologies provided in the Advanced Planning Documents submitted to the Centers for Medicaid and Medicare Services (CMS) for FFY2025.

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

This request is necessary to align expenditures with benefiting programs.

What resources does the agency already have that are dedicated to this purpose?

This request is a net zero impact to current appropriations.

How is your proposal impacting equity in the state?

Please describe in detail how this proposal is likely to benefit communities and populations who have historically been excluded by governmental decisions. Include both demographic and geographic information about communities.

Effective and responsive access to health insurance is critical to advancing equity in health outcomes in Washington. This request adjust the funding mix to sustain current operational activities of the Exchange.

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360-688-1574 nicholas.aaseby@wahbexchange.org

Describe how your agency engaged with communities and populations, particularly those who have been historically excluded and marginalized by governmental decisions?

The Exchange continuously engages the communities served through several advisory committees and direct interaction with customers and their representatives. Although no input was sought for this request, the federal regulations are designed to provide the best possible quality service to marginalized communities. This funding adjustment will ensure that we continue providing the best quality service to all customers.

What input did your agency receive and how was it incorporated into your proposal?

This request is an annual adjustment to current funding sources in response to CMS requirements to allocation costs to all benefiting programs.

Explain why and how these equity impacts will be addressed, i.e., consider communities or populations excluded or disproportionately impacted by the proposal?

The goal of the Exchange is for all Washingtonians to have full and equal access to health coverage. Funding this request will enable the Exchange to continue to support all residents of Washington.

Assumptions and Calculations

Expansion or alteration of a current program or service

This request is to align funding sources to reflect changes in populations served through HPF. This request does not expand or alter current programs or services and there is a net zero financial impact.

Detailed assumptions and calculations

As Apple Health Expansion begins sharing in the Exchange’s operational costs. When we apply the cost allocation methodologies with and without AHE, the result of implementing AHE results in a reduction in QHP’s share costs by 0.1% and a reduction of WAH/CHIP’s share of costs by 0.6%. The average mix of state and federal funds for WAH/CHIP activities is 21.6% State and 78.4% Federal.

Cost Allocable Activities	Medicaid Program		CHIP Program		QHP	AHE	Total FFY2025
	Federal Share	State Share	Federal Share	State Share	State	State	
Call Center Staff and Shared Activities	\$ 1,569,071.21	\$ 1,569,066.75	\$ 54,267.09	\$ 29,221.42	\$ 1,218,650.05	\$ 11,494.47	\$ 4,451,771.00
Correspondence & Other Direct Staff/Activities	\$ 1,140,679.52	\$ 1,140,682.54	\$ 44,420.16	\$ 23,918.78	\$ 651,395.34	\$ 9,827.66	\$ 3,010,924.00
Healthplanfinder Direct Staff & Activities	\$ 26,718,771.14	\$ 2,968,763.95	\$ 513,388.99	\$ 276,437.55	\$ 4,051,031.22	\$ 261,130.16	\$ 34,789,523.00
Medicaid Only Activities	\$ 4,682,430.75	\$ 520,269.48	\$ 89,966.15	\$ 48,444.14	\$ -	\$ 45,761.48	\$ 5,386,872.00
Navigators - Staff & Activities	\$ 1,655,208.82	\$ 1,655,208.82	\$ 57,244.49	\$ 30,825.45	\$ 464,888.61	\$ 29,217.81	\$ 3,892,594.00
Support Staff & Activities	\$ 3,117,209.49	\$ 3,117,209.49	\$ 107,809.65	\$ 58,051.35	\$ 6,931,048.74	\$ 241,584.28	\$ 13,572,913.00
Total	\$ 38,883,370.93	\$ 10,971,201.03	\$ 867,096.53	\$ 466,898.70	\$ 13,317,013.96	\$ 599,015.85	\$ 65,104,597.00

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	without AHE	Avg Monthly Enrollment	% of enrollment
QHP		209,440	11.7%
AHE		-	0.0%
WAH		1,575,669	88.3%
Total		1,785,109	

	with AHE	Avg Monthly Enrollment	% of enrollment
QHP		209,440	11.6%
AHE		13,000	0.7%
WAH		1,575,669	87.6%
Total		1,798,109	

AHE Costs	\$599,015.85
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	QHP Change	WAH/CHIP Change
Program Offset	-0.1%	-0.6%

Fund Source	QHP Change	WAH/CHIP Change
State Share	100.0%	22.0%
Federal Share	0.0%	78.0%

Fund	QHP Only	WAH	Total
17T	\$ (70,280)	\$ (116,356)	\$ (186,636)
GF-Federal	\$ -	\$ (412,380)	\$ (412,380)
Total	\$ (70,280)	\$ (528,736)	\$ (599,016)

The two tables below demonstrate how cost allocation methodologies have been adjusted to account for the implementation of Apple Health Expansion in July 2024. The tables below also demonstrated the increased federal Medicaid dollars the call center and Navigators allocation methodologies will be eligible for beginning in FFY2025.

Cost Allocation Methodology: FFY2024	FFP	QHP		MEDICAID		CHIP		Total
		QHP: State	AHE: State	WAH- MAGI: Federal	WAH- MAGI: State	CHIP: Federal	CHIP: State	
Direct 90%	90.0%	12.8%	0.0%	76.2%	8.5%	1.6%	0.9%	100.0%
Direct 75%	75.0%	12.8%	0.0%	63.5%	21.2%	1.6%	0.9%	100.0%
Direct 50%	50.0%	12.8%	0.0%	42.3%	42.3%	1.6%	0.9%	100.0%
Other Direct	50.0%	31.0%	0.0%	33.5%	33.5%	1.3%	0.7%	100.0%
Call Center Staff	50.0%	43.3%	0.0%	27.5%	27.5%	1.1%	0.6%	100.0%
Call Center Shared Calls: Enrollment	75.0%	43.3%	0.0%	41.3%	13.8%	1.1%	0.6%	100.0%
Call Center Shared Calls: General	50.0%	43.3%	0.0%	27.5%	27.5%	1.1%	0.6%	100.0%
Medicaid Only Activities : 90%	90.0%	0.0%	0.0%	87.4%	9.7%	1.9%	1.0%	100.0%
Medicaid Only Activities: 75%	75.0%	0.0%	0.0%	72.8%	24.3%	1.9%	1.0%	100.0%
Medicaid Only Activities: 50%	50.0%	0.0%	0.0%	48.5%	48.5%	1.9%	1.0%	100.0%
Navigator Contracts and Staff	50.0%	43.3%	0.0%	27.5%	27.5%	1.1%	0.6%	100.0%
Support Activities and Staff	50.0%	55.0%	0.0%	21.8%	21.8%	0.8%	0.5%	100.0%
QHP Only	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
AHE Only	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Cost Allocation Methodology: FFY2025	FFP	QHP		WAH- MAGI		CHIP		Total
		QHP: State	AHE: State	WAH- MAGI: Federal	WAH- MAGI: State	CHIP: Federal	CHIP: State	
Direct 90%	90.0%	11.6%	0.8%	76.8%	8.5%	1.5%	0.8%	100.0%
Direct 75%	75.0%	11.6%	0.8%	64.0%	21.3%	1.5%	0.8%	100.0%
Direct 50%	50.0%	11.6%	0.8%	42.7%	42.7%	1.5%	0.8%	100.0%
Other Direct	50.0%	21.6%	0.3%	37.9%	37.9%	1.5%	0.8%	100.0%
Call Center Staff	50.0%	27.4%	0.3%	35.2%	35.2%	1.2%	0.7%	100.0%
Call Center Shared Calls: Enrollment	75.0%	27.4%	0.3%	52.9%	17.6%	1.2%	0.7%	100.0%
Call Center Shared Calls: General	50.0%	27.4%	0.3%	35.2%	35.2%	1.2%	0.7%	100.0%
Medicaid Only Activities : 90%	90.0%	0.0%	0.8%	86.9%	9.7%	1.7%	0.9%	100.0%
Medicaid Only Activities: 75%	75.0%	0.0%	0.8%	72.4%	24.1%	1.7%	0.9%	100.0%
Medicaid Only Activities: 50%	50.0%	0.0%	0.8%	48.3%	48.3%	1.7%	0.9%	100.0%
Navigator Contracts and Staff	50.0%	11.9%	0.8%	42.5%	42.5%	1.5%	0.8%	100.0%
Support Activities and Staff	50.0%	51.1%	1.8%	23.0%	23.0%	0.8%	0.4%	100.0%
QHP Only	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
AHE Only	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

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EA Code	EA Description	Fund	FY2026	FY2027	FY2028	FY2029
NK	HBE Operational Costs -	001-1 GF-State	\$599,000	\$599,000	\$599,000	\$599,000
YV	HBE Operational Costs- Federal	001-C GF-Federal	\$1,542,000	\$1,542,000	(\$412,000)	(\$412,000)
NA	HBE Operational Costs- HBEA	17T-1 Health benefit Exchange Account	(\$2,141,000)	(\$2,141,000)	(\$187,000)	(\$187,000)
Total			\$0	\$0	\$0	\$0

Historical Funding

This request is a net zero impact to current appropriations.

Workforce assumptions

No changes in FTEs are requested with this decision package.

Strategic and Performance Outcomes

Strategic framework

Improved fiscal accountability for using fund sources that reflect the beneficiaries of services. Enhanced sustainability by maintaining or reducing carrier assessment rates.

This decision package supports the Governor's goal of healthy and safe communities by benefiting over 1 in 4 Washington residents served through the Exchange.

Performance outcomes

Improved sustainability for the Exchange. The Exchange is seeking cost reimbursement for services provided on behalf of Medicaid enrollees, which represent about 88.5% of total enrollees.

Other supporting materials

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

Other Collateral Connections

Intergovernmental

Not Applicable for this request.

Legal or administrative mandates

Not Applicable for this request.

Changes from current law

Not Applicable for this request.

State workforce impacts

Not Applicable for this request.

State facilities impacts

Not Applicable for this request.

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Puget Sound recovery

Not Applicable for this request.

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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