

## Maintenance Level

### Agency:

107 Health Care Authority on Behalf of the Health Benefit Exchange

### Decision Package Code/Title:

M2-H2 HBE COST ALLOCATION UPDATE

### Agency RecSum:

A net-zero adjustment in Health Benefit Exchange (Exchange) funding sources for the 2019-21 Biennium is needed to reflect the beneficiaries of services provided and to align funding levels with the appropriate fund source. This request reflects the updated Advanced Planning Documents (APD) for federal fiscal year (FFY) 2019.

### Fiscal detail:

| Operating Expenditures                | FY 2020     | FY 2021     | FY 2022     | FY 2023     |
|---------------------------------------|-------------|-------------|-------------|-------------|
| 001-1 GF-State                        | \$0         | \$0         | \$0         | \$0         |
| 17T-1 Health Benefit Exchange Account | (\$250,000) | (\$250,000) | (\$150,000) | (\$150,000) |
| 001-C GF-Federal                      | \$250,000   | \$250,000   | \$150,000   | \$150,000   |
| <b>Total Expenditures</b>             | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  |
| <b>Biennial Totals</b>                | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  |
| Staffing                              | FY 2019     | FY 2020     | FY 2021     | FY 2022     |
| FTEs                                  | 0           | 0           | 0           | 0           |
| <b>Average Annual</b>                 | <b>0</b>    | <b>0</b>    | <b>0</b>    | <b>0</b>    |
| Object of Expenditure                 | FY 2019     | FY 2020     | FY 2021     | FY 2022     |
| Obj. C                                | \$0         | \$0         | \$0         | \$0         |
| Revenue                               | FY 2019     | FY 2020     | FY 2021     | FY 2022     |
| 17T-1 Health Benefit Exchange Account | (\$250,000) | (\$250,000) | (\$150,000) | (\$150,000) |
| 001-C GF-Federal                      | \$250,000   | \$250,000   | \$150,000   | \$150,000   |
| <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>  | <b>\$0</b>  | <b>\$0</b>  |

## 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 and CHIP clients have their eligibility records maintained through the Exchange Healthplanfinder (HPF) website. Approximately 200,000 Qualified Health Plan (QHP) clients are also served per month. The ratio of Medicaid clients to QHP clients is approximately 89.3%. The Exchange is reimbursed for operational activities which are done on behalf of the Medicaid program.

In addition to serving as the portal for eligibility determination, existing clients continue to access the 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 additional information contact:

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The most recent proposed APD for federal fiscal year 2019 reflects adjustments made to enrollment and services provided by the Exchange and is consistent with previously approved APDs.

**What is your proposed solution?**

This request is to align funding sources to reflect changes in populations served through the HPF. This request does not expand or alter current programs or services and there is no financial impact (net-zero).

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

The overall appropriation level does not change. This decision package only corrects the funding source to reflect expected revenues and the Advanced Planning Documents submitted to CMS by HCA as the state Medicaid agency in July 2018.

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

None. It is necessary to align revenue sources to expenditures.

**Assumptions and Calculations**

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

None.

**Detailed assumptions and calculations**

This decision package changes the source of funding for Medicaid services as follows:

- The proportion of QHP only enrollees versus Medicaid Enrollees is adjusted to reflect a higher increase in the QHP population than in the Medicaid population.

| Population Served (CFC Forecast & Wakely Group) |           |         |           | Medicaid % | QHP % |
|---|-----------|---------|-----------|------------|-------|
| Fiscal Year                                     | Medicaid  | QHP     | Total     |            |       |
| FFY2017   | 1,613,725 | 157,566 | 1,771,291 | 91.1%      | 8.9%  |
| FFY2018   | 1,627,810 | 174,290 | 1,802,101 | 90.3%      | 9.7%  |
| FFY2019   | 1,559,553 | 187,778 | 1,747,331 | 89.3%      | 10.7% |

- Funding for planned IT releases (6.1 and 7.0) are aligned with the populations affected by the release.

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| FY2020                                     | Total           | 001-1          | 001-C           | 17T00           |
|--|-----------------|----------------|-----------------|-----------------|
| FY2020 Carry Forward Level                 | \$57,239        | \$5,184        | \$24,164        | \$27,891        |
| FY2020 Adjustments                         | \$0             | \$0            | \$250           | -\$250          |
| Cost Allocation FFY2018 Update             | \$0             | \$0            | \$250           | -\$250          |
| <b>FY2020 Proposed Carry Forward Level</b> | <b>\$57,239</b> | <b>\$5,184</b> | <b>\$24,414</b> | <b>\$27,641</b> |

| FY2021                                     | Total           | 001-1          | 001-C           | 17T00           |
|--|-----------------|----------------|-----------------|-----------------|
| FY2021 Carry Forward Level                 | \$57,125        | \$5,184        | \$24,164        | \$27,777        |
| FY2022 Adjustments                         | \$0             | \$0            | \$250           | -\$250          |
| Cost Allocation FFY2018 Update             | \$0             | \$0            | \$250           | -\$250          |
| <b>FY2022 Proposed Carry Forward Level</b> | <b>\$57,125</b> | <b>\$5,184</b> | <b>\$24,414</b> | <b>\$27,527</b> |

| FY2022                                     | Total           | 001-1          | 001-C           | 17T00           |
|--|-----------------|----------------|-----------------|-----------------|
| FY2022 Carry Forward Level                 | \$57,239        | \$5,184        | \$24,164        | \$27,891        |
| FY2022 Adjustments                         | \$0             | \$0            | \$150           | -\$150          |
| Cost Allocation FFY2018 Update             | \$0             | \$0            | \$150           | -\$150          |
| <b>FY2022 Proposed Carry Forward Level</b> | <b>\$57,239</b> | <b>\$5,184</b> | <b>\$24,314</b> | <b>\$27,741</b> |

| FY2023                                     | Total           | 001-1          | 001-C           | 17T00           |
|--|-----------------|----------------|-----------------|-----------------|
| FY2023 Carry Forward Level                 | \$57,125        | \$5,184        | \$24,164        | \$27,777        |
| FY2023 Adjustments                         | \$0             | \$0            | \$150           | -\$150          |
| Cost Allocation FFY2018 Update             | \$0             | \$0            | \$150           | -\$150          |
| <b>FY2023 Proposed Carry Forward Level</b> | <b>\$57,125</b> | <b>\$5,184</b> | <b>\$24,314</b> | <b>\$27,627</b> |

## 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, including over 1.6 million Medicaid enrollees and around 200,000 Qualified Health Plan enrollees.

### Performance outcomes

Improved sustainability for the Exchange. The Exchange is seeking cost reimbursement for services provided on behalf of Medicaid enrollees, which represent about 89.3% of total enrollees

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**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.

**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 previously provided to HCA, OFM, the House and Senate.

**Stakeholder response**

None.

**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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