

# Decision Package Bundle



**Agency:** Wash State Health Care Authority  
**Decision Package Code-Title:** 8Y - Cost Allocation Adjustment  
**Budget Session:** 2019-21 S1  
**Budget Level:** Maintenance Level  
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## Agency Recommendation Summary

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) 2020.

## Program Recommendation Summary

- **HBE - Health Benefit Exchange**  
See agency recommendation summary.

## Fiscal Summary

*Dollars in Thousands*

| <b>Operating Expenditures</b> | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> | <b>FY 2023</b> |
|-------------------------------|----------------|----------------|----------------|----------------|
| Fund 001 - C                  | \$-1,617       | \$-456         | \$0            | \$0            |
| Fund 17T - 1                  | \$1,617        | \$456          | \$0            | \$0            |
| <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>Revenue</b>                | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> | <b>FY 2023</b> |
| 001 - 0393                    | \$-1,617       | \$-456         | \$0            | \$0            |
| <b>Total</b>                  | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |
| <b>Biennial Totals</b>        |                | <b>\$0</b>     |                | <b>\$0</b>     |

| <b>Revenue</b>         | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> | <b>FY 2023</b> |
|------------------------|----------------|----------------|----------------|----------------|
| 17T - 0499             | \$1,617        | \$456          | \$0            | \$0            |
| <b>Total</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

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 89.8%. 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 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.

The most recent proposed APD for federal fiscal year 2020 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 HPF. 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?

The appropriation level does not change. This decision package only corrects the funding source to reflect expected Medicaid reimbursements provided in the Advanced Planning Documents submitted to CMS in June 2019.

### 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:*

N/A

**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% |
| FFY2020   | 1,541,202 | 173,803 | 1,711,853 | 89.8%      | 10.2% |

- Current year appropriated funds are aligned with anticipated spending levels for IT related activities including funding for HPF enhancement activities with the populations affected by the system enhancements.
- Changes in the utilization of system generated correspondences and call center services provided to QHP and Medicaid enrollees by the Exchange.

| FY2020                         | Total    | 001-1   | 001-C    | 17T00    |
|--------------------------------|----------|---------|----------|----------|
| FY2020 Enacted Appropriation   | \$61,933 | \$6,407 | \$26,207 | \$29,319 |
| FY2020 Adjustments             | \$0      | \$0     | -\$1,617 | \$1,617  |
| Cost Allocation FFY2020 Update | \$0      | \$0     | -\$1,617 | \$1,617  |
| FY2020 Proposed Appropriation  | \$61,933 | \$6,407 | \$24,590 | \$30,936 |

| FY2021                         | Total    | 001-1   | 001-C    | 17T00    |
|--------------------------------|----------|---------|----------|----------|
| FY2021 Carry Forward Level     | \$59,556 | \$5,234 | \$25,921 | \$28,401 |
| FY2021 Adjustments             | \$0      | \$0     | -\$456   | \$456    |
| Cost Allocation FFY2020 Update | \$0      | \$0     | -\$456   | \$456    |
| FY2021 Proposed Appropriation  | \$59,556 | \$5,234 | \$25,465 | \$28,857 |

**Workforce Assumptions:**

N/A

**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 89.8% of total enrollees.

### **Other Collateral Connections**

#### ***Intergovernmental:***

N/A

#### ***Stakeholder response:***

N/A

#### ***Legal or administrative mandates:***

N/A

#### ***Changes from current law:***

N/A

#### ***State workforce impacts:***

N/A

#### ***State facilities impacts:***

N/A

#### ***Puget Sound recovery:***

N/A

### **IT Addendum**

***Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff? No***