

**2018 Supplemental Budget  
Decision Package**

**Agency:**

Health Care Authority on Behalf of the Health Benefit Exchange

**Decision Package Code/Title:**

M2-SB HBE Cost Allocation Update

**Budget Period:**

2018 Supplemental

**Budget Level:**

Maintenance Level

**Agency Recommendation Summary Text:**

The Health Benefit Exchange requests a net-zero adjustment in funding sources for the 2017-19 Biennium to reflect the beneficiaries of services provided and to align funding levels with the enacted biennial budget backup calculations. This request reflects the updated Advanced Planning Document (APD) which was approved November 2017.

**Fiscal Summary:**

Decision package total dollar cost/savings by year, by fund, for 4 years.

<b>Operating Expenditures</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Fund 001-1	\$0	\$0	\$0	\$0
Fund 001-C	-\$474,000	-\$990,000	-\$575,000	-\$850,000
Fund 17-T	\$889,000	\$575,000	\$575,000	\$850,000
<b>Total Cost</b>	<b>\$415,000</b>	<b>-\$415,000</b>	<b>\$0</b>	<b>\$0</b>
FTEs	-	-	-	-
<b>Revenue</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Fund 001-C	-\$474,000	-\$990,000	-\$575,000	-\$850,000
Fund 17-T	\$889,000	\$575,000	\$575,000	\$850,000
<b>Object of Expenditure</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Object C	\$415,000	-\$415,000	\$0	\$0

**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 180,000 Qualified Health Plan (QHP) clients are also served per month. The ratio of Medicaid clients to Qualified Health Plan (QHP) clients is approximately 90.3%. The Exchange is reimbursed for operational activities which are done on behalf of the Medicaid program.

In addition to being 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.

In November 2016, the Centers for Medicare and Medicaid Services approved a revised cost allocation plan that expanded the base of expenditures to accurately reflect the services provided on behalf of Medicaid including the administrative costs of the Exchange. The most recent proposed APD reflects adjustments made to enrollment and services provided by the Exchange.

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

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

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

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

- A technical correction is of \$415,000 of GF-Federal is needed between SFY 2019 to SFY 2018 to be consistent with the enacted budget. There is no change to the total funding level.
- 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%

- Funding for planned IT releases (5.1 and 6.0) are aligned with the populations affected by the release.
- Updates the federal financial participation (FFP) rates for the Navigator program with new CMS guidance beginning with federal fiscal year 2018. CMS has provided new guidance to the Exchange that the Navigator program should be eligible for enhanced funding at a 75% FFP beginning federal fiscal year 2018 compared to the 50% FFP the program has previously received.

## Budget Steps

FY2018	Total	001-1	001-C	17T00
FY2018 Enacted Appropriation	\$58,498	\$5,184	\$25,274	\$28,040
FY2018 Supplemental Adjustments	\$415	\$0	-\$474	\$889
Federal Funds Shift from FY19 to FY18- Tech Adjustment	\$415	\$0	\$415	\$0
Loss of Enhanced Federal Funds from APD Approval Delay	\$0	\$0	-\$182	\$182
Cost Allocation FFY2018 Update	\$0	\$0	-\$707	\$707
FY2018 Proposed Appropriation	\$58,913	\$5,184	\$24,800	\$28,929

FY2019	Total	001-1	001-C	17T00
FY2019 Enacted Appropriation	\$61,443	\$5,184	\$27,563	\$28,696
FY2019 Adjustments	-\$415	\$0	-\$990	\$575
Federal Funds Shift from FY19 to FY18- Tech Adjustment	-\$415	\$0	-\$415	\$0
Cost Allocation FFY2018 Update	\$0	\$0	-\$575	\$575
FY2019 Proposed Appropriation	\$61,028	\$5,184	\$26,573	\$29,271

FY2020	Total	001-1	001-C	17T00
FY2020 Enacted Appropriation	\$56,647	\$5,184	\$24,319	\$27,144
FY2020 Adjustments	\$0	\$0	-\$575	\$575
Cost Allocation FFY2018 Update	\$0	\$0	-\$575	\$575
FY2020 Proposed Appropriation	\$56,647	\$5,184	\$23,744	\$27,719

FY2021	Total	001-1	001-C	17T00
FY2021 Enacted Appropriation	\$57,540	\$5,184	\$25,154	\$27,202
FY2020 Adjustments	\$0	\$0	-\$850	\$850
Cost Allocation FFY2018 Update	\$0	\$0	-\$850	\$850
FY2021 Proposed Appropriation	\$57,540	\$5,184	\$24,304	\$28,052

\*Calculations shown in thousands

## Decision Package Justification and Impacts

### What specific performance outcomes does the agency expect?

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

### Performance Measure detail:

Improved sustainability for the Exchange.

### Fully describe and quantify expected impacts on state residents and specific populations served.

The Exchange is seeking cost reimbursement for services provided on behalf of Medicaid enrollees, which represent about 90.3% of total enrollees.

### What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:

<b>Other local gov't impacts?</b>	No	<b>Identify:</b>
<b>Tribal gov't impacts?</b>	No	<b>Identify:</b>
<b>Other state agency impacts?</b>	Yes	<b>Identify:</b> Health Care Authority must submit the APD to CMS in their role as the State Medicaid Agency
<b>Responds to specific task force, report, mandate or exec order?</b>	Yes	<b>Identify:</b> 2016 SAO Performance Report of Washington Health Benefit Exchange
<b>Does request contain a compensation change?</b>	No	<b>Identify:</b>
<b>Does request require a change to a collective bargaining agreement?</b>	No	<b>Identify:</b>
<b>Facility/workplace needs or impacts?</b>	No	<b>Identify:</b>
<b>Capital Budget Impacts?</b>	No	<b>Identify:</b>
<b>Is change required to existing statutes, rules or contracts?</b>	Yes	<b>Identify:</b> Reflects change to Advanced Planning Document with CMS
<b>Is the request related to or a result of litigation?</b>	No	<b>Identify lawsuit (please consult with Attorney General's Office):</b>
<b>Is the request related to Puget Sound recovery?</b>	No	<b>If yes, see budget instructions Section 14.4 for additional instructions</b>
<b>Identify other important connections</b>		

**Please provide a detailed discussion of connections/impacts identified above.**

The Health Care Authority submitted a revised Advanced Planning Document to CMS as the state Medicaid agency in July 2017.

**What alternatives were explored by the agency and why was this option chosen?**

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

**What are the consequences of not funding this request?**

The Exchange will need to reduce expenditures that would negatively impact service delivery.


**How has or can the agency address the issue or need in its current appropriation level?**

The appropriation level does not change. This decision package only corrects the funding source to reflect expected revenues.

**Other supporting materials:**

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

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)