

Program 080

DSHS - Medical Assistance Payments

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2009-11 Expenditure Authority	1,124.2	3,582,184	5,242,417	8,824,601
Supplemental Changes				
Medicare Part D Clawback		65,367		65,367
Medicare Premiums		16,261	24,601	40,862
Administrative and Staff Reductions	(14.3)	(878)	(1,057)	(1,935)
Administrative Streamlining	(.5)	(48)	(62)	(110)
Decision Support and Data Analysis	(.5)	(37)	(48)	(85)
Transfer Crime Victims Assistance #	8.5	11,533	13,303	24,836
Transfer Crime Victims Comp #	20.3	10,740	5,290	16,030
Average Final Compensation		2	16	18
Health Insurance Increase		281	536	817
Eliminate General Assistance Unemployable/ADATSA		(71,465)	(13,251)	(84,716)
Medical Services				
Reduce Apple Health Eligibility #		(11,573)	(21,152)	(32,725)
Inpatient and Outpatient Hospital Rates		(22,700)	(40,214)	(62,914)
ProviderOne Implementation	6.3		19,376	19,376
Disability Determination Workload	37.5		6,304	6,304
Consolidate Printing Functions		(60)	(69)	(129)
Human Resources Reduction	(1.6)	(102)	(101)	(203)
Suspend Provider Interpreter Services	(.5)	(4,419)	(12,189)	(16,608)
Suspend Adult Dental Services		(14,261)	(16,240)	(30,501)
Suspend Adult Hospice Services		(6,161)	(6,164)	(12,325)
Suspend Medicare Part D Co-Pay #		(10,474)		(10,474)
Suspend Physical/Occupational/Speech Therapy Services	(.5)	(4,581)	(4,036)	(8,617)
Suspend Podiatry Services		(996)	(1,103)	(2,099)
Suspend Adult Hearing Services		(1,297)	(1,743)	(3,040)
Suspend Adult Vision Services	(.3)	(1,703)	(1,996)	(3,699)
Suspend Reimbursement School Based Services	(.5)	(5,671)	(7,504)	(13,175)
Suspend Maternity Support Services	(.5)	(28,050)	(24,787)	(52,837)
Hospital Hold Harmless		6,222	10,351	16,573
Forecast Savings Slippage		82,046	7,879	89,925
Move General Assistance Unemployable Medical to Managed Care		15,624		15,624
General Assistance Program Changes		(47,422)		(47,422)
Federally Qualified Health Centers Health Option Enhancement		(3,118)	(6,789)	(9,907)
Federally Qualified Health Centers Alternative Payment Method		18,477	27,051	45,528
Correcting Medical Assistance Administrative Base		21,500	21,500	43,000
Federal Funds Technical Adjustment				
Professional Services Supplemental Payment			58,000	58,000
Prisoner Health Care Transfer		1,478	2,192	3,670
Foster Care Health Care to Medical Assistance	7.2	1,218	1,218	2,436

HUMAN SERVICES - DSHS

	Annual FTEs	General Fund State	Other Funds	Total Funds
Electronic Health Record Project	5.6	137	1,235	1,372
Unemployment Compensation		224	224	448
Mandatory Caseload Adjustments		201,113	312,442	513,555
Utilization Changes		24,064	(144,623)	(120,559)
Transfers	(1.0)	1,503	587	2,090
Subtotal - Supplemental Changes	65.1	242,774	208,977	451,751
Total Proposed Budget	1,189.3	3,824,958	5,451,394	9,276,352
Difference	65.1	242,774	208,977	451,751
Percent Change	5.8%	6.8%	4.0%	5.1%

SUPPLEMENTAL CHANGES

Medicare Part D Clawback

The 2009-11 Budget incorrectly calculated the American Recovery and Reinvestment Act increase to the federal Medicaid assistance percentage (FMAP) of the reimbursement paid by the state to the federal government for Medicare Part D coverage for prescription drugs. (General Fund-State, General Fund-Federal)

Medicare Premiums

Additional expenditure authority is provided to recognize increases in Medicare Part A and B premiums paid by the state for dually eligible Medicaid and Medicare clients. (General Fund-State, General Fund-Federal)

Administrative and Staff Reductions

The Medical Assistance Program continues to institute efficiency measures such as reductions in travel, equipment replacement, and personal services contracts. (General Fund-State, General Fund-Federal)

Administrative Streamlining

The agency will reduce its executive workforce. (General Fund-State, General Fund-Federal)

Decision Support and Data Analysis

Seven FTE staff are eliminated across the Department of Social and Health Services in decision support and data analysis functions. (General Fund-State, General Fund-Federal)

Transfer Crime Victims Assistance

Legislation is proposed to transfer the Crime Victims Assistance Program from the Department of Commerce to the Department of Social and Health Services. (General Fund-State, General Fund-Federal)

Transfer Crime Victims Comp

Legislation is proposed to transfer the Crime Victims Compensation Program from the Department of Labor and Industries to the Department of Social and Health Services. (General Fund-State, General Fund-Federal)

Health Insurance Increase

Washington State employee medical and health insurance expenditures are projected to exceed budgeted levels. With the current trend, the Public Employees Benefits Board (PEBB) fund is anticipated to have a negative fund balance exceeding \$200 million. Increases in revenues will be accomplished by using the entire Premium Stabilization Reserve; transferring \$35 million from the Incurred But Not Received (IBNR) reserve account; and modifying point of service costs (e.g., deductibles) for PEBB plan offerings beginning in calendar year 2011. The current Fiscal Year 2011 monthly contribution rate of \$768 is increased to \$830 to make up the remaining fund deficit.

Eliminate General Assistance Unemployable/ADATSA Medical Services

Beginning July 1, 2010, medical services for the General Assistance Unemployable (GAU) and Alcohol and Drug Addiction Treatment and Support (ADATSA) programs will be discontinued. Clients receiving GAU medical benefits who qualify due to age or disability will continue to receive services. (General Fund-State, General Fund-Federal)

Reduce Apple Health Eligibility

Beginning July 2, 2010, the upper poverty level threshold from the Apple Health Program will be reduced from 300 percent to 205 percent of the federal poverty level. (General Fund-State, General Fund-Federal)

Inpatient and Outpatient Hospital Rates

Beginning July 1, 2010, inpatient and outpatient hospital rates will be reduced by five percent. (General Fund-State, General Fund-Federal)

ProviderOne Implementation

Additional federal expenditure authority and the transfers of state and federal funding from State Fiscal Year 2010 to State Fiscal Year 2011 for the ProviderOne implementation are provided. The additional authority will allow for an expanded test environment and supporting services for providers. It includes funding for 25 FTE staff for a live ProviderOne help desk for a period of six months beginning January 1, 2010. (General Fund-State, General Fund-Federal)

Disability Determination Workload

Additional federal expenditure authority is provided to support increased workloads for determining eligibility for federal disability benefits. (General Fund-Federal)

Consolidate Printing Functions

Savings will be achieved in printing costs by consolidating printing functions across the agency. (General Fund-State, General Fund-Federal)

Human Resources Reduction

Human resources functions currently divided between the Human Resources Division (HRD) and administrative staff within the various programs will be consolidated within the HRD. As a result, there will be a savings from a reduction of 11.2 FTE staff across the agency. (General Fund-State, General Fund-Federal)

Suspend Provider Interpreter Services

Participating providers in the Medicaid program are required to make interpreter services available for Medicaid clients. Washington State currently subsidizes the provider's cost. Beginning July 1, 2010, the state will no longer subsidize the cost of interpreter services. (General Fund-State, General Fund-Federal)

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Suspend Adult Dental Services

Beginning July 1, 2010, the state Medicaid program will only offer emergency dental care and pain management for eligible clients. The Dental Care of the Disabled program will also remain available for eligible clients. (General Fund-State, General Fund-Federal)

Suspend Adult Hospice Services

Beginning July 1, 2010, the state Medicaid program will suspend hospice services for adults. (General Fund-State, General Fund-Federal)

Suspend Medicare Part D Co-Pay

As part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Medicare began charging co-payments on prescriptions filled for eligible members. To reduce the impact to Washington seniors who are eligible for both Medicare and Medicaid, the state reimburses these dually eligible clients for their co-payments. Beginning July 1, 2010, this reimbursement will no longer be available. (General Fund-State, General Fund-Federal)

Suspend Physical/Occupational/Speech Therapy Services

Beginning July 1, 2010, the state Medicaid program will suspend physical, occupational, and speech therapy services for adults. (General Fund-State, General Fund-Federal)

Suspend Podiatry Services

Beginning July 1, 2010, the state Medicaid program will suspend podiatry services for adults. (General Fund-State, General Fund-Federal)

Suspend Adult Hearing Services

Beginning July 1, 2010, the state Medicaid program will suspend hearing services for adults, including services commonly used with audiology, hearing aids, and cochlear implants. Hearing services used to diagnose and treat medical conditions will remain eligible services. (General Fund-State, General Fund-Federal)

Suspend Adult Vision Services

Beginning July 1, 2010, the state Medicaid program will suspend vision services for adults, including examinations, corrective equipment, ocular prosthetics, and certain eye surgeries. Vision services used to diagnose and treat medical conditions (e.g., diabetes) will remain eligible services. (General Fund-State, General Fund-Federal)

Suspend Reimbursement School Based Services

Beginning July 1, 2010, the state Medicaid program will suspend the reimbursement of services provided to eligible clients in a school setting. Certain services provided by school districts, as required by a student's Individual Education Plan, are also reimbursable through Medicaid for eligible students. This reimbursement is not a categorical requirement of Medicaid. (General Fund-State, General Fund-Federal)

Suspend Maternity Support Services

Beginning July 1, 2010, the state Medicaid program will suspend maternity support services for women with at-risk pregnancies. (General Fund-State, General Fund-Federal)

Hospital Hold Harmless

Additional expenditure authority is provided for hold harmless payments to maintain public hospital revenue as if their payments had been paid prior to the implementation of the Certified Public Expenditure method of inpatient hospital reimbursement for client services. (General Fund-State, General Fund-Federal)

Forecast Savings Slippage

The 2009-11 Budget included \$371 million in General Fund-State savings in the Medical Assistance programs. The budget savings are recalculated, corrected for new assumptions, and adjusted to reflect the changes in the underlying forecast. (General Fund-State, General Fund-Federal)

Move General Assistance Unemployable Medical to Managed Care

As directed by the Legislature, the General Assistance Medical program is transitioned to managed care beginning November 1, 2009.

General Assistance Program Changes

Beginning July 1, 2010, the General Assistance (GA) program will institute a time limit for qualifying clients. Clients will have access to services for nine months in a 24-month period. In addition, the social and vocational factors used for eligibility are adjusted to tighten access to the program. These adjustments are necessary for the GA medical program to remain within appropriated levels.

Federally Qualified Health Centers Health Option Enhancement

Federally Qualified Health Centers are paid an additional fee for each Medicaid client they serve which, when combined with the Medicaid service payment, represents the clinic's cost of providing that service. The Centers for Medicaid and Medicare Services identified that Washington was overpaying encounters for clients in the Apple Health Program. This step updates the \$25 million in General Fund-State savings assumed in the budget for the overpayment. (General Fund-State, General Fund-Federal)

Federally Qualified Health Centers Alternative Payment Method

Federally Qualified Health Centers (FQHCs) are paid for the cost of providing services to Medicaid clients. The difference between the payments for services and their cost per client visit is called the encounter rate. As a result of adjustments paid to FQHCs for managed care encounters, an alternative payment methodology has been developed to determine FQHC cost per encounter. This new method was implemented July 1, 2009 and made retroactive to January 1, 2009. (General Fund-State, General Fund-Federal)

Correcting Medical Assistance Administrative Base

The 2009-11 Budget contained administrative reductions for the Medical Assistance program based upon all programs, including services for clients. A portion of the administrative budget for the Medical Assistance program is restored. (General Fund-State, General Fund-Federal)

Federal Funds Technical Adjustment

Adjustments to federal funds are made to realign federal funds to reflect the expected sources of federal earnings. (General Fund-Federal)

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Professional Services Supplemental Payment

As directed by the Legislature and starting retroactively July 1, 2009, the Department of Social and Health Services will implement the professional services supplemental payment program for University of Washington (UW) Medicine professional providers. The program will increase rates to the Average Commercial Rate to maximize allowable payment levels under the Medicare Upper Payment Limit (UPL). UW Medicine is responsible for providing the local match required to obtain federal matching funds for supplemental payments made under the Medicare UPL. (General Fund-Federal, General Fund-Private/Local)

Prisoner Health Care Transfer

The cost of providing inpatient services for Medicaid eligible residents of state correctional facilities is transferred from the Department of Corrections (DOC) to the Department of Social and Health Services. Because services will receive a federal match, only the state share required for the match is transferred, resulting in savings in DOC's budget. (General Fund-State, General Fund-Federal)

Foster Care Health Care to Medical Assistance

Beginning in January 2010, funding for the administration of the Fostering Well Being program will transfer from the Children's Administration to the Medical Assistance Administration. (General Fund-State, General Fund-Federal)

Electronic Health Record Project

Additional federal expenditure authority is provided to develop the Health Information Technology Medicaid Plan, as created in the American Recovery and Reinvestment Act. The Health Care Authority is the lead agency and received funding in the 2009-11 Budget to implement the state efforts. The ten percent state match for the federal expenditure authority is transferred from the Health Care Authority to DSHS. (General Fund-State, General Fund-Federal)

Unemployment Compensation

The Department of Social and Health Services is provided funding in Fiscal Year 2010 to offset increased unemployment insurance reimbursements to the Employment Security Department.

Mandatory Caseload Adjustments

Adjustments are made to reflect caseload changes projected by the Caseload Forecast Council's November 2009 forecast. (General Fund-State, General Fund-Federal)

Utilization Changes

Cost and utilization charges result from the Caseload Forecast Council's November 2009 forecast. (General Fund-State, General Fund-Federal)

Transfers

Transfers between the Department of Social and Health Services programs are made to align appropriations with planned expenditures. The net change is zero at the agency level. (General Fund-State, General Fund-Federal)