Agency 107

Washington State Health Care Authority

Recommendation Summary

Dollars in Thousands

	FY 13 FTEs	General Fund State	Other Funds	Total Funds
2011-13 Expenditure Authority	1,056.7	4,065,447	6,141,796	10,207,243
Supplemental Changes				
CPE Adjustment		7,015		7,015
Transfers Between HCA and DSHS	(2.5)	(126)	(172)	(298)
Basic Health Caseload and Litigation		(8,000)		(8,000)
Federal Funds Technical Adjustment				
Additional Local Expenditure Authority			2,437	2,437
Inpatient and Outpatient Rebase		208	728	936
Autism Services	.3	2,221	2,217	4,438
Vaccines for Children		320	595	915
Program Integrity Savings Shortfall		8,500	8,500	17,000
Health Benefit Exchange Shared Costs	.8	446	2,544	2,990
Medicare Part A and B		1,148	1,105	2,253
Medicare Part D Clawback		851		851
Interpreter Services Redesign		307	351	658
Drug Formulary Delay		1,767	1,773	3,540
Children Health Insurance Program Match Audit		19,590	(19,590)	
Children Health Insurance Program Reauthorization Act Bonus		3,762	(3,762)	
Family Planning Waiver		2,350		2,350
Fair Hearings		500	500	1,000
ProviderOne Maintenance and Operation Costs		778	2,408	3,186
Align Expenditures to Revenue			(1,045)	(1,045)
Mandatory Caseload Adjustments		(19,422)	(19,259)	(38,681)
Utilization Changes		(24,535)	(1,960)	(26,495)
Subtotal - Supplemental Changes	(1.5)	(2,320)	(22,630)	(24,950)
Total Proposed Budget	1,056.2	4,063,127	6,119,166	10,182,293
Difference	(.5)	(2,320)	(22,630)	(24,950)
Percent Change	0.0%	(0.1)%	(0.4)%	(0.2)%

SUPPLEMENTAL CHANGES

CPE Adjustment

Funding is provided for Certified Public Expenditure (CPE) hold-harmless and federal settlement payments based upon the November 2012 maintenance level forecast. Under CPE, a hospital will not be paid less than it would have been paid under the hospital payment methodology in place at the time services are rendered. Hold-harmless payments are paid to hospitals when total payments are less under the CPE methodology.

SUPPLEMENTAL BUDGET

Transfers Between HCA and DSHS

Funding and FTE staff transfers are made between the Department of Social and Health Services and the Health Care Authority to align appropriations to where planned expenditures will be incurred. (General Fund-State, General Fund-Federal)

Basic Health Caseload and Litigation

Total projected costs for the subsidized Basic Health (BH) program are expected to be $87.5 million for Fiscal Year 2013; This amount is $5 million less than the appropriated level. This adjustment aligns funding with the latest BH cost projection.

Federal Funds Technical Adjustment

Federal funding expenditure authority is provided to adjust the federal fund source types within the current General Fund-Federal appropriation. This adjustment allows the Health Care Authority to accurately account for the type of federal funds it expects to earn in Fiscal Year 2013. (General Fund-Federal)

Additional Local Expenditure Authority

The Centers for Medicare and Medicaid Services has determined that the current Medicaid Administrative Match program at the Department of Health (DOH) and the University of Washington (UW) will not be eligible for federal matching funds, effective July 1, 2012. To maintain federal match, the Health Care Authority (HCA) will reimburse DOH and UW for total computable expenditures after services are delivered and documentation of matching funds is provided to the HCA. (General Fund-Private/Local)

Inpatient and Outpatient Rebase

Fiscal Year 2013 funding is provided to contract with an expert to rebase outpatient and inpatient payment methodologies. Rebasing will improve payment methodologies and ensue compliance with upcoming ICD-10 technology. (General Fund-State, General Fund-Federal)

Autism Services

Funding is provided to add Applied Behavioral Analysis (ABA) therapy as a covered mental health service for children 20 years of age and younger who are members of the Apple Health for Kid's program. These services are in response to the negotiated settlement agreement from legal action taken against HCA (W.A.A.A vs. Porter). The services will ameliorate the core symptoms of conditions classified as Autism Spectrum Disorders (ASD), improve functionality in communication, and behavior and social skills. This item includes interpreter services and transportation costs associated with delivering these services. (General Fund-State, General Fund-Federal)

Vaccines for Children

Funding is provided so the Health Care Authority can work with the Department of Health (DOH) to continue purchasing vaccines for children enrolled in the Children's Health Insurance Program (CHIP). In previous years DOH was able to purchase vaccines for all children in Washington using a variety of federal and state funding. Recent clarification provided by the Center for Disease Control prohibits DOH from using federal direct assistance funds to purchase vaccines for CHIP children. (General Fund-State, General Fund-Federal)

Program Integrity Savings Shortfall

The HCA contracted with a data matching contractor to find additional third party insurance coverage, to avoid Medicaid expenditures. The HCA relied on the savings estimates presented and entered into a contingency-based contract with the data matching contractor. The savings originally estimated in the 2011-13 biennium were not achieved. This item includes a revised estimate for savings assumed by the hiring contractor to augment the third party liability cost avoidance and recovery activities. (General Fund-State, General Fund-Private/Local)

Health Benefit Exchange Shared Costs
Funding is provided to the Health Care Authority for the Medicaid and Children's Health Insurance Program share of costs allocated from the Washington Health Benefits Exchange for development. (General Fund-State, General Fund-Federal)

Medicare Part A and B
Funding is provided for projected Medicare Part A and Part B premiums paid by the state for dually eligible Medicaid and Medicare clients. Projected expenditures are based upon the November 2012 Medical Assistance Forecast. (General Fund-State, General Fund-Federal)

Medicare Part D Clawback
Funding is provided for Medicare Part D Clawback based on projected November 2012 forecasted expenditures.

Interpreter Services Redesign
The Health Care Authority was directed to replace the current system for delivery of spoken-language interpreter services with a more cost-effective system. Under the new system, specialty contractors, operating within state-defined protocols for service quality, appropriateness, and timeliness, will be responsible for selecting and arranging the most cost-effective method for delivery of spoken-language interpretation appropriate to the patient's medical needs and the service delivery setting. Original anticipated cost saving estimates were not achieved and additional funding is needed to deliver these services. (General Fund-State, General Fund-Federal)

Drug Formulary Delay
The Health Care Authority was directed to achieve savings with the implementation of a drug formulary for Medicaid pharmaceutical coverage through an increased emphasis on generic medications. The savings assumed that at least 90 percent of drug expenditures will be for generic drugs. Savings assumptions have been revised based upon changes in the implementation of the formulary. (General Fund-State, General Fund-Federal)

Children Health Insurance Program Match Audit
The state is required to pay Children Health Insurance Program (CHIP) and Medicaid expenditures and may seek reimbursement from the federal government for eligible costs. The state is reimbursed for approximately 65 percent of its CHIP expenditures and 50 percent of Medicaid expenditures. An audit by the State Auditor's Office found that eligible Medicaid expenditures were not correctly reported for CHIP federal reimbursement. (General Fund-State, General Fund-Federal)

Children Health Insurance Program Reauthorization Act Bonus
Under the federal Children's Health Insurance Program Reauthorization Act, states may receive annual performance bonuses for efforts to increase the number of children enrolled in state/federal medical and dental coverage. The performance bonus for Fiscal Year 2013 is estimated at $18.4 million rather than the original estimate of $22.1 million. (General Fund-State, General Fund-Federal)

Family Planning Waiver
The Health Care Authority was directed to submit a waiver application to the federal Centers for Medicare and Medicaid Services to increase income eligibility to 250 percent of the federal poverty level for family planning services. The waiver was submitted in September of 2011 and approval was granted on June 29, 2012. This expansion is expected to reduce unintended pregnancies and associated costs to the state. Savings assumptions for Fiscal Year 2013 will not, however, be achieved.

SUPPLEMENTAL BUDGET

Fair Hearings

The number of fair hearings associated with medical assistance programs has increased. Additional funding is provided to accommodate this increase in hearings. (General Fund-State, General Fund-Federal)

ProviderOne Maintenance and Operation Costs

The current ProviderOne contract with Client Services Network, Inc., will expire in January 2013. Funding is provided for continued provision of services based upon estimated ProviderOne operation and maintenance costs. ProviderOne is a multi-agency payment system responsible for processing over two million claims per month. (General Fund-State, General Fund-Federal)

Align Expenditures to Revenue

The Emergency Medical Services and Trauma Care Systems Trust Account has been reduced to reflect a reduction in available revenue. (Emergency Medical Services and Trauma Care Systems Trust Account-State)

Mandatory Caseload Adjustments

Funding is provided to reflect in projected costs due to caseload changes identified in the medical assistance November 2012 maintenance level forecast for Fiscal Year 2013. An average of 1.16 million low-income children and adults are projected to receive state and federally-funded medical assistance. This is slightly fewer than the 1.19 million low-income children and adults projected in the February 2012 maintenance level forecast. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Hospital Safety Net Assessment Account-State)

Utilization Changes

Funding is provided to reflect projected costs due to utilization changes identified in the medical assistance November 2012 maintenance level forecast for Fiscal Year 2013. Utilization of medical services are lower than anticipated in the February 2012 maintenance level forecast. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Hospital Safety Net Assessment Account-State)