STATE OF WASHINGTON
HEALTH CARE AUTHORITY
626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

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TO: David Schumacher, Director
Office of Financial Management

FROM: Dorothy Teeter, Director

SUBJECT: Revised Contingency Planning for State Agency Operations on July 1

The Health Care Authority (HCA) is still undertaking significant legal and operational analysis to determine the full impact of a potential government shutdown as of July 1, 2013. Our initial understanding of the potential impact on HCA is summarized below with an indication of staffing needs to ensure continuity of programs that may be legally mandated or are non-appropriated.

The HCA assumes that the Public Employee Benefits (PEB) and Medicaid/Children's Health Insurance Programs (CHIP) would continue, but with limited staffing. Medicaid would continue to operate the ProviderOne Medicaid payment system. Claims submitted for dates of service in the 2011-13 biennium would be paid while fiscal year 2013-15 claims and managed care payments would be held in the system pending appropriation authority. Effective July 1, state-only medical programs (those that do not receive any federal funding), such as Medical Care Services – Aged/Blind/Disabled, Kidney Disease Program, and the Children's Healthcare Program for undocumented children would be discontinued.

PEB are non-appropriated, although the staff to administer the program is appropriated. HCA assumes continuation of PEB.

Under federal law, Medicaid and CHIP are joint federal/state programs, and HCA assumes the existing Medicaid and CHIP state plans will remain in effect pending further consultation with the federal government.

HCA estimates that the minimum level of staff support necessary to continue services under the Medicaid/CHIP and PEB programs is 80 FTEs, which represents just over seven percent of the current staffing level.

HCA would anticipate that serious service degradation would occur at this level of staffing, including elimination or severe curtailment of: call center services, most prior authorization activities, State fiscal year 2013-15 provider payments, premium payments to managed care

organizations, program integrity, contracts administration, eligibility determination timeliness, rulemaking and policy development, health reform implementation, with other administrative delays. Plans and providers are expected to continue providing the same level of service (although this cannot be predicted with certainty) with July Medicaid/CHIP payments delayed until appropriation authority is provided.

This approach further assumes that scheduled ProviderOne releases for implementation of system changes will be suspended. This interrupts all system lifecycle processes in place and introduces critical delays related to system changes required to implement portions of the Affordable Care Act, Medicaid Expansion, correction of system defects and timely implementation of ProviderOne Phase 2.

In addition, HCA believes at this point that some of the foregoing activities would need to be re-started by July 16 in order to comply with federal and state law and to enable as a practical matter, the further continuation of the Medicaid program. Significant provider and client communications would be necessary to create awareness around state-only program impacts and suspended payments.

Our continued analysis may shed further light on necessary program changes if a budget is not approved prior to July 1.

Estimated Staffing Needs by Division for PEB and Medicaid/CHIP:

Division/Current FTE	WMS/Exempt	WGS	Total Essential
Technology Services/71 FTEs	3	6	9
Policy/41 FTEs	0	0	0
Finance/129 FTEs	2	4	6
Health Care Services/100 FTEs	7	4	11
PEB/61 FTEs	5	5	10
Payment and Program Integrity/214 FTEs	1	8	9
Communications/8 FTEs	1	0	1
Administrative Services/76 FTEs	2	3	5
Eligibility Policy and Service Delivery/394 FTEs	4	24	28
Executive/4 FTEs	0	0	0
Chief Medical Officer/5 FTEs	1	0	1
Totals/1103	**26**	**54**	**80**