



Office of
Financial Management
STATE OF WASHINGTON

Activity Inventory Performance Measure Assessment Health Care Authority

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Based on a review of the following: The agency strategic plan, the budget activity inventory, internal performance measure reports, and an interview with the agency contacts

Budget Activity and Performance Measure Comments and Potential Improvements

- As written and described, the following measures are not very relevant to a budget/policy development audience, and should be replaced with results-oriented measures:
 - The number of agency GMAP sessions completed (Slide 9)
 - The percentage of Basic Health clients recertified (Slide 10)
- There are a number of budget activities that are not associated with any performance measures (See slides 6 & 7). In a performance-oriented budget allocation process, the value of these activities will not be as evident as activities with performance measures.
- The measures that track premium rate increases (slides 11 & 17-22) are based on a continuously resetting and moving data point - The previous years' rate of increase. In addition, all these measures lack sufficient data to see any historical trend. These measures would be better if they reported the actual rates, and the increases were seen in context with a trend line and the overall inflation rate in healthcare costs.
- The measures that track enrollment in the various programs would be more relevant if they tracked the estimated percent of the target population that was eligible, but not enrolled in the programs.
- The language used in the titles of the measures is clear, but the significance of tracking all the different eligibility groups and the use of acronyms keeps the measures from being understandable to readers outside the agency.

Analysis of Current Activity Measure Data

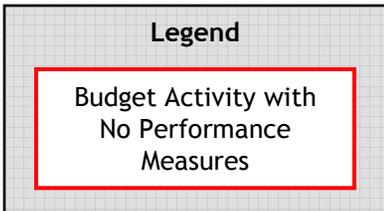
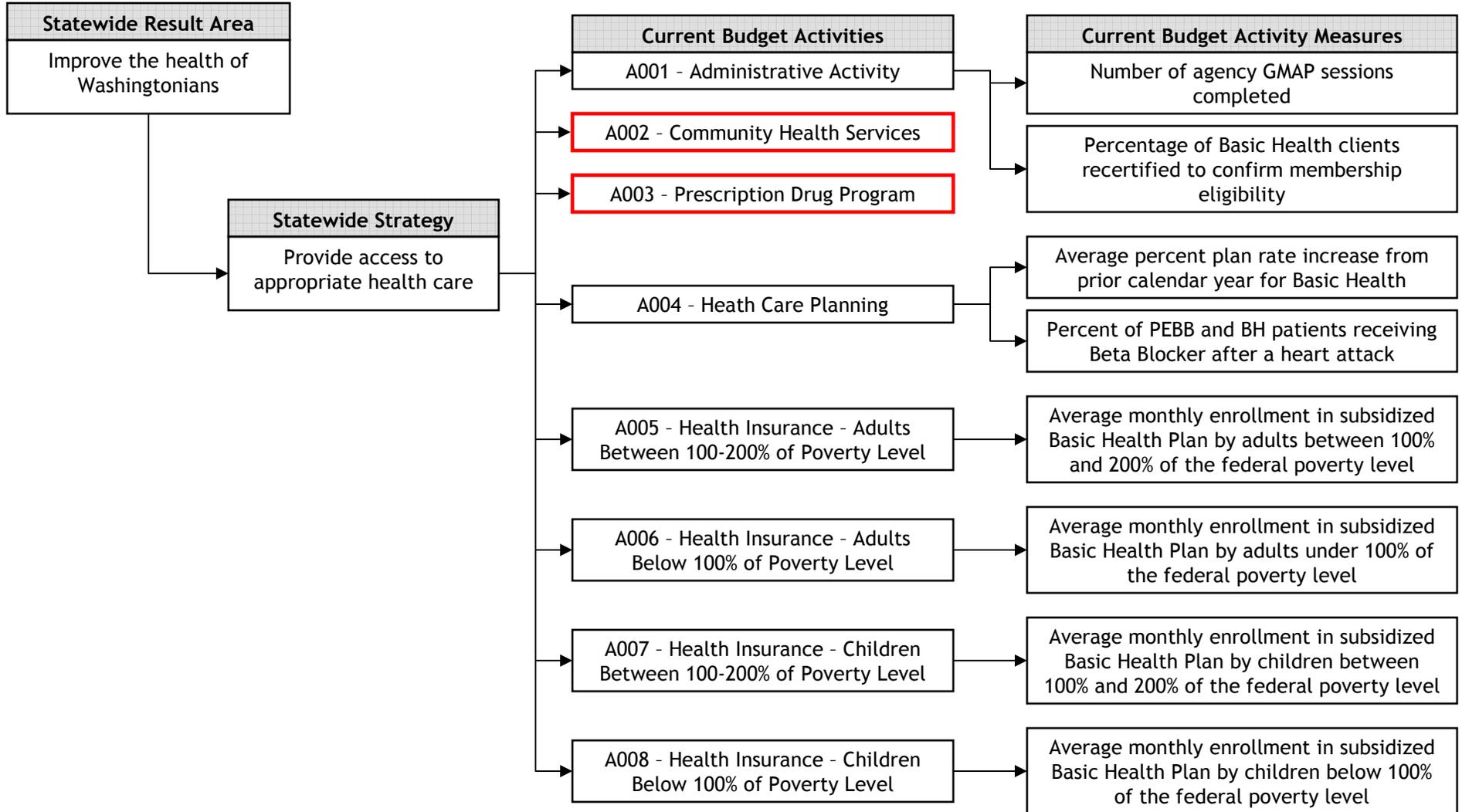
- A number of measures did not have enough data for any analysis. This lack of historical reference combined with their annual reporting cycle, means these measures will not tell a compelling story for many years to come:
 - Basic Health rate increases (slide 11)
 - Heart attack patients receiving beta blockers (slide 12)
 - Public Employees Benefit Board rate increases (slides 17 & 18)
 - Uniform Dental Plan rate increases (slides 19 & 20)
 - UMP-PPO rate increases (slides 21 & 22)
- Enrollment numbers for adults and children between 100-200% of the federal poverty level in the Basic Health Plan (slides 13 & 15) are stable and predictable, neither increasing or decreasing. Targets for the two groups are increasing, which indicates an anticipated change/performance improvement that should continue to be monitored.
- Enrollment numbers for adults and children below 100% of the federal poverty level in the Basic Health Plan (slides 14 & 16) demonstrate stable and predictable trends. The adult trend is increasing while the child trend is decreasing. Future results should follow the trend lines if nothing changes.

Agency Comments and Future Actions

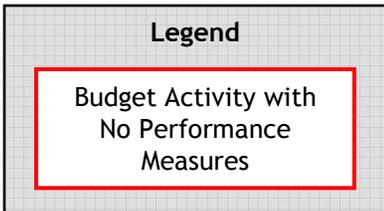
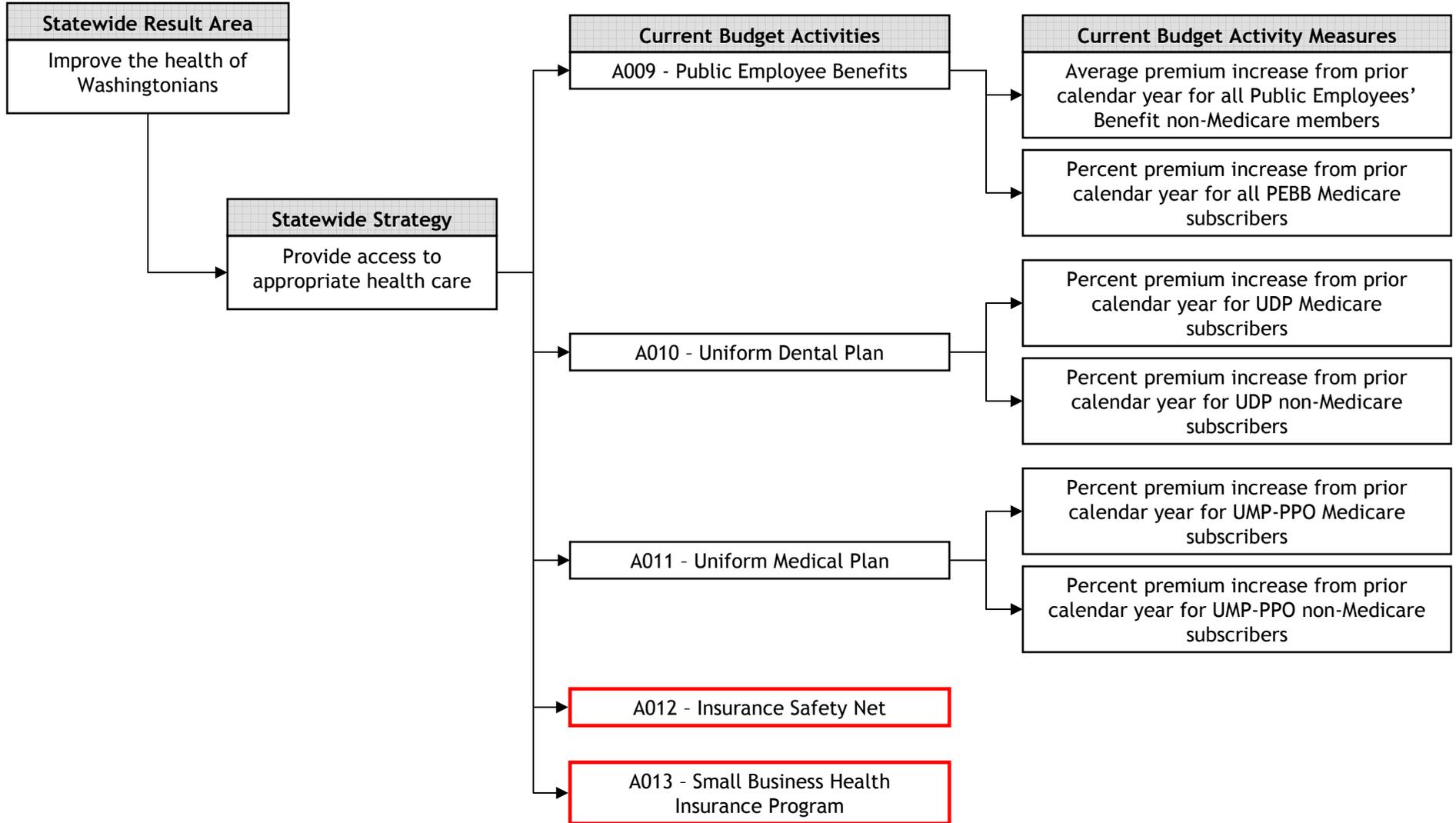
Proposed HCA Budget Activity and Performance Measure Adjustments:

- Consolidate Budget Activities A002, A003, A010, and A012, which are all activities without performance measures. The agency and OFM will develop measures for the new activity
- Delete Performance Measures 0102, 2100, and 4090
- Consolidate budget activities A005, A006, A007, and A008. The activities are breakdowns of Basic Health population enrollment statistics. The agency wants no more than two Basic Health enrollment activities (Adults and children). The agency will also propose two types of performance measures for these budget activities - One that tracks the actual annual premium increase vs. what was budgeted. The other measure will be the quarterly Basic Health expenditures vs. what was budgeted. These measures are important because they focus on how well the agency is doing on managing enrollment within the targets set by the Legislature.
- The agency wants to continue tracking the measures relating to premium increases from the previous year that are associated with budget activities A009 and A011.
- Budget activity A013 was originally set up for the Small Business Health Insurance Program (SEHIP). This program was replaced a year later by the Health Insurance Partnership (HIP) program. The related performance measure will be adjusted to track HIP enrollment.
- The agency will take the opportunity to eliminate acronyms and add more historical data when it begins the process to make the above changes for the 2009-11 budget.

Budget Activity & Performance Measure Linkages

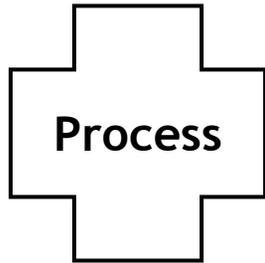


Budget Activity & Performance Measure Linkages (cont.)



Budget Activity Measure Perspectives

⑤ Process characteristics the customers/stakeholders want

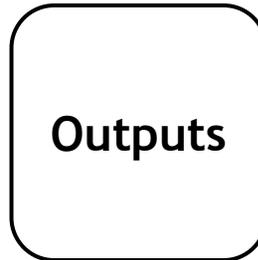


⑥ Process characteristics the agency wants

Number of agency GMAP sessions completed ⑥

Percentage of Basic Health clients recertified to confirm membership eligibility ⑥

③ Product/service attributes customers/stakeholders want



④ Product/service attributes the agency wants

Percent of PEBB and BH patients receiving Beta Blocker after a heart attack ③

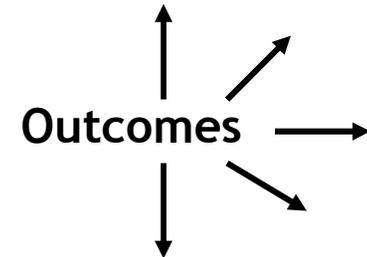
Average monthly enrollment in subsidized Basic Health Plan by adults between 100% and 200% of the federal poverty level ④

Average monthly enrollment in subsidized Basic Health Plan by adults under 100% of the federal poverty level ④

Average monthly enrollment in subsidized Basic Health Plan by children between 100% and 200% of the federal poverty level ④

Average monthly enrollment in subsidized Basic Health Plan by children below 100% of the federal poverty level ④

① Customer/stakeholder desired outcomes



② Agency desired outcomes

Average percent plan rate increase from prior calendar year for Basic Health ①

Average premium increase from prior calendar year for all Public Employees' Benefit non-Medicare members ①

Percent premium increase from prior calendar year for all PEBB Medicare subscribers ①

Percent premium increase from prior calendar year for UDP Medicare subscribers ①

Percent premium increase from prior calendar year for UDP non-Medicare subscribers ①

Percent premium increase from prior calendar year for UMP-PPO Medicare subscribers ①

Percent premium increase from prior calendar year for UMP-PPO non-Medicare subscribers ①

Activity Measure Critique - GMAP Sessions Completed

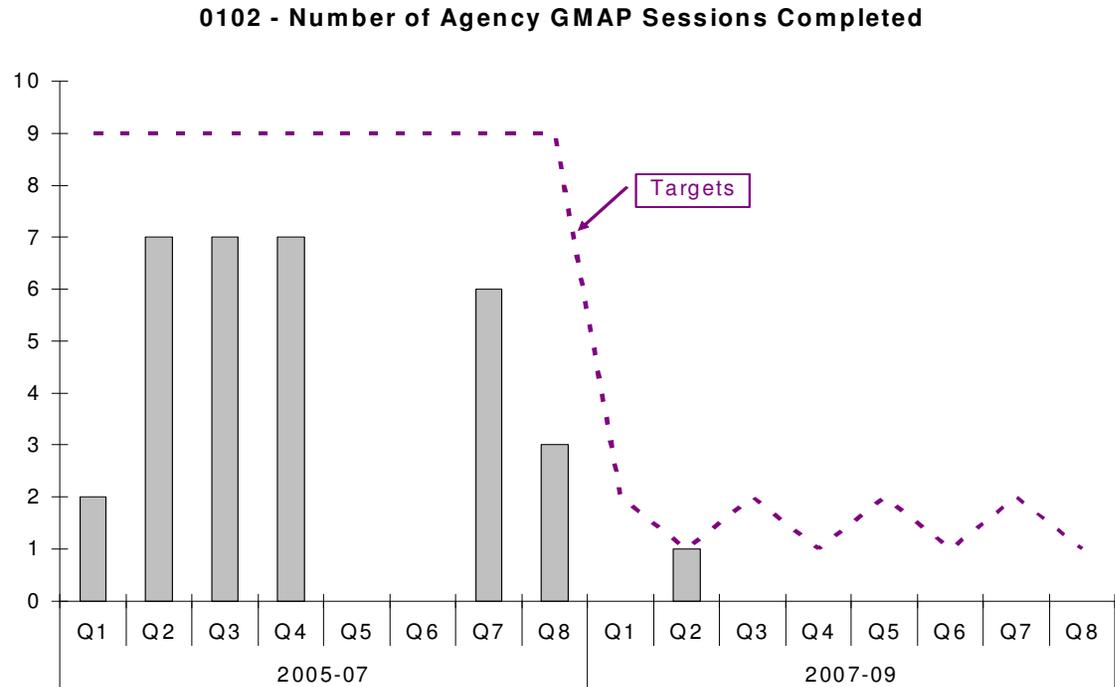
Performance Measure Description: The number of internal management reviews of performance information.

Budget Activity Links: A001 - Administrative Activity

Category of Measure: This is more of a way to describe a process, since GMAP sessions are not really outputs to any process.

Analysis of Variation: The patterns appear to be fairly stable around an average of about three GMAP sessions per quarter.

Analysis of Targeted vs. Actual Performance: Out of the 10 quarters reported, the actual number of sessions has only met the target once, and that was after a precipitous drop in 2007-09.



Comments About Desirable Characteristics

Relevance: Typically, support functions are not relevant to a budget/policy development audience.

Timeliness: Data for the most recently-completed quarter was available at the time of this assessment.

Understandability: The term "GMAP" is well understood within government circles, but is really jargon that needs to be defined for non-state government readers.

Reliability: Should be good

Comparability: There is no apparent value to benchmarking this to other organizations.

Cost Effectiveness: There should not be any significant extra cost associated with collecting this data.

General Comments & Explanations:

Activity Measure Critique - Basic Health Client Recertification

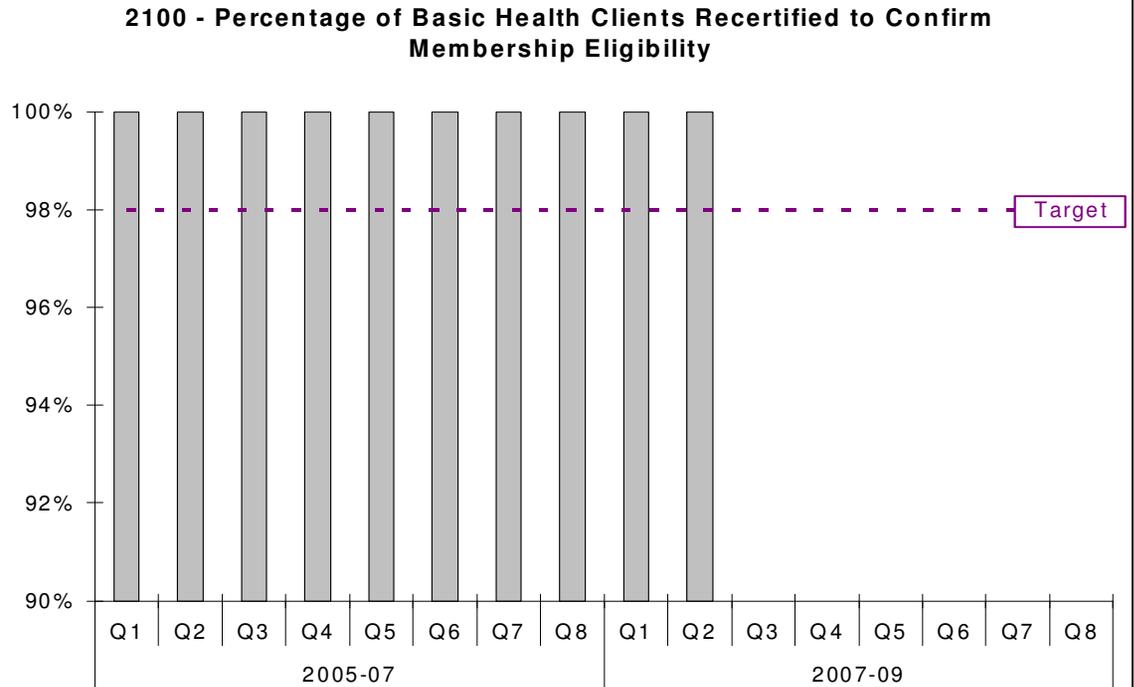
Performance Measure Description: A financial eligibility review. The frequency depends on whether a client has a Social Security Number or not.

Budget Activity Links: A001 - Administrative Activity

Category of Measure: A process-level measure

Analysis of Variation: There is no variation at this measurement frequency.

Analysis of Targeted vs. Actual Performance: The 98% target was exceeded in every quarter reported.



Comments About Desirable Characteristics

Relevance: Typically, support functions are not relevant to a budget/policy development audience.

Timeliness: Data for the most recently-completed quarter was available at the time of this assessment.

Understandability: The words are all understandable, but when chained together the term, "Recertified to Confirm Membership Eligibility" becomes jargon.

Reliability: Should be good

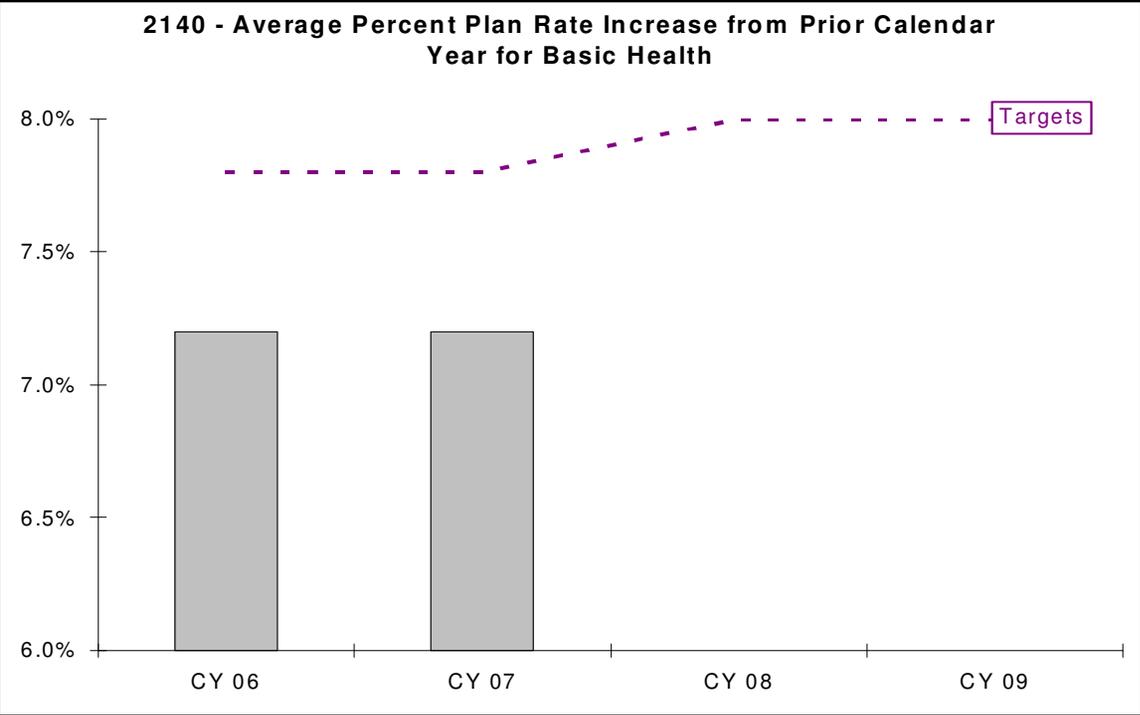
Comparability: There is no apparent value to benchmarking this to other organizations.

Cost Effectiveness: There should not be any significant extra cost associated with collecting this data.

General Comments & Explanations:

Activity Measure Critique - Basic Health Rate Increase

Performance Measure Description: The premium rate increase as compared to the previous year.
Budget Activity Links: A004 - Health Care Planning
Category of Measure: An undesirable immediate outcome of cost containment practices.
Analysis of Variation: Not enough data for any analysis.
Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.



Comments About Desirable Characteristics

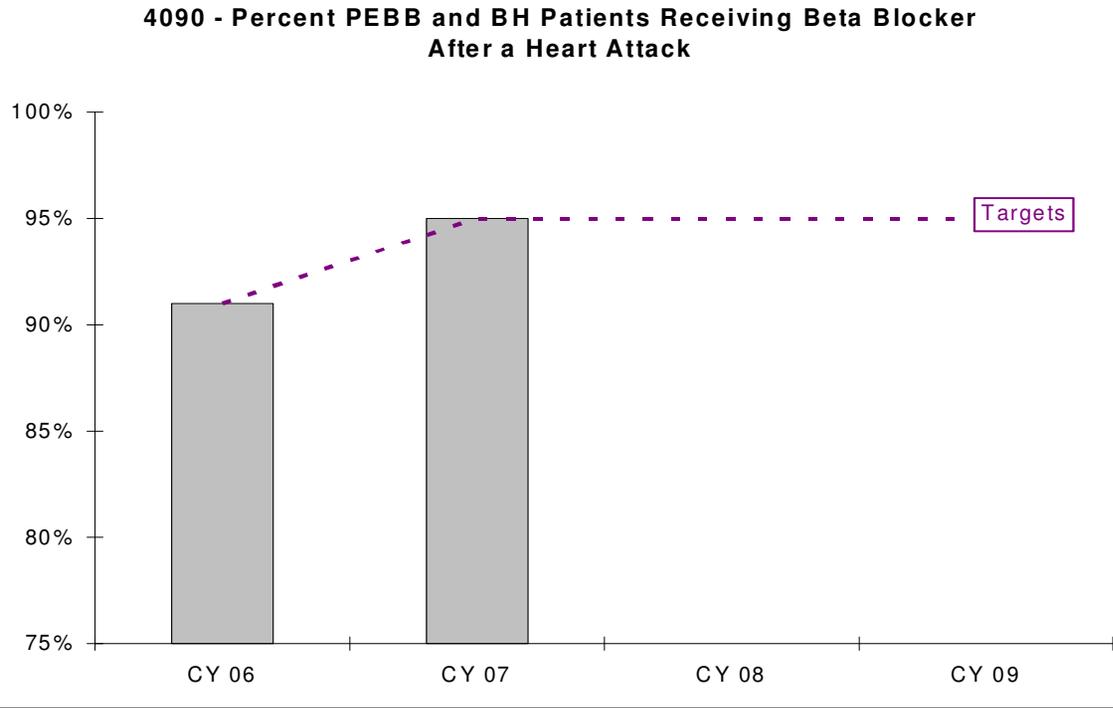
Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.	Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.
Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.	Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.
Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.	Cost Effectiveness: Collecting this information should not be pose any significant additional costs.

General Comments & Explanations:

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Activity Measure Critique - Beta Blocker Recipients

Performance Measure Description: PEBB = Public Employees Benefit Board and BH = Basic Health
Budget Activity Links: A004 - Health Care Planning
Category of Measure: An output
Analysis of Variation: Not enough data for any analysis
Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance met the targets.



Comments About Desirable Characteristics	
Relevance: How this relates to this particular budget activity is not evident. The footnotes do not tell why beta blockers are important, and there is no connection to an outcome like a reduced fatality rate.	Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.
Understandability: “PEBB” and “BH” are acronyms that should be spelled out or eliminated.	Reliability: Data comes from automated collection systems using codes to determine what had been delivered to patients.
Comparability: Unknown	Cost Effectiveness: Collecting this information should not be pose any significant additional costs.

General Comments & Explanations:

Activity Measure Critique - Adult Basic Health Plan Enrollment 100-200% FPL

Performance Measure Description: Enrollees pay portions of the premium costs based on income level and family size.

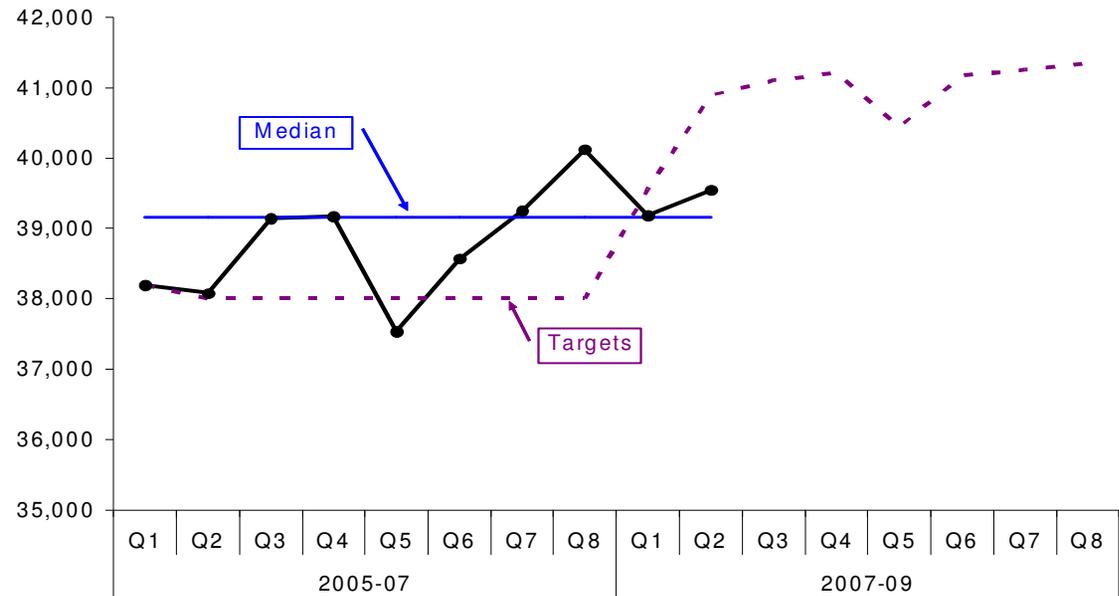
Budget Activity Links: A005 - Health Insurance - Adults Between 100-200% of Poverty Levels

Category of Measure: An output of the processes used to recruit and screen applicants

Analysis of Variation: Preliminary analysis indicates that current variation patterns are stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: Performance levels met or exceeded the targets in 2005-07 most of the time. The increased targets for 2007-09 will be difficult to reach without some significant process improvements.

2050 - Average Monthly Enrollment in Subsidized Basic Health Plan by Adults Between 100% and 200% of the Federal Poverty Level



Comments About Desirable Characteristics

Relevance: Could be improved by tracking the number enrolled vs. allowed by the budget. Is there unmet need or reserve capacity?

Timeliness: Data from the most recently completed quarter were available at the time of this assessment.

Understandability: The eligibility criteria should be moved to the footnotes, and the title should also simply explain the significance of this grouping.

Reliability: The difficulty is not with the measurement process, rather it lies with ensuring uniform application and interpretation of the eligibility criteria.

Comparability: Interesting comparisons could come from a drill-down to detect underserved geographic areas/ethnic groups.

Cost Effectiveness: The large numbers hint that this requires considerable effort to collect this data.

General Comments & Explanations:

Activity Measure Critique - Adult Basic Health Plan Enrollment <100% FPL

Performance Measure Description: Enrollees pay portions of the premium costs based on income level and family size.

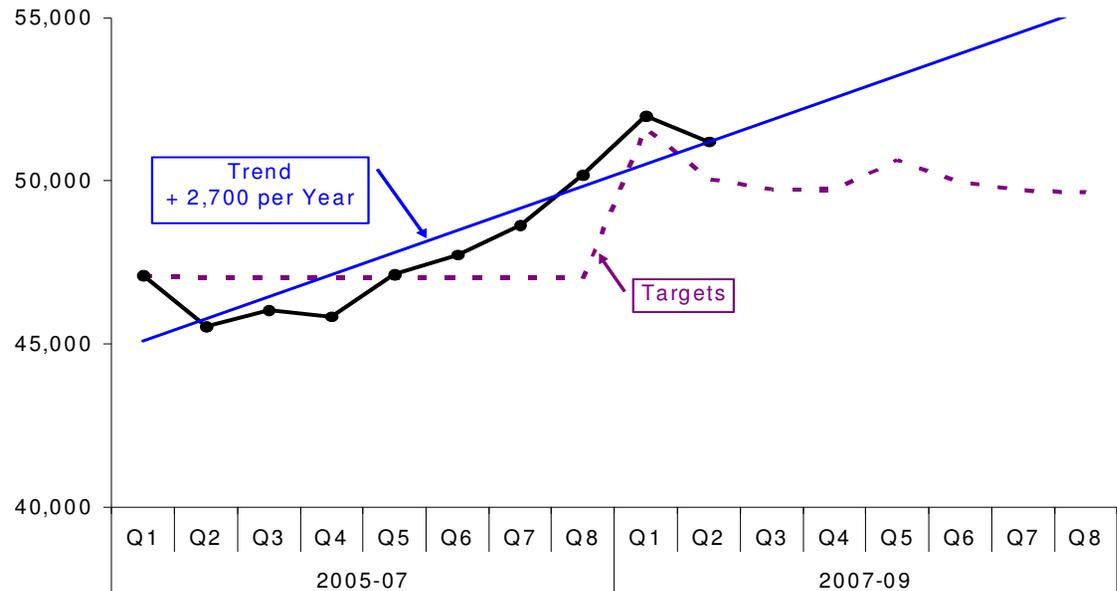
Budget Activity Links: A006 - Health Insurance - Adults Below 100% of Poverty level.

Category of Measure: An output of the processes used to recruit and screen applicants

Analysis of Variation: A stable and predictable increasing (desirable) trend is evident in the data. If nothing changes, future results should be expected to follow the trend line.

Analysis of Targeted vs. Actual Performance: If the increasing trend continues at its present rate, the targets will soon be obsolete. The last five quarters' data have exceeded the performance targets.

2030 - Average Monthly Enrollment in Subsidized Basic Health Plan by Adults Under 100% of the Federal Poverty Level



Comments About Desirable Characteristics

Relevance: Could be improved by tracking the number enrolled vs. allowed by the budget. Is there unmet need or reserve capacity?

Timeliness: Data from the most recently completed quarter were available at the time of this assessment.

Understandability: The eligibility criteria should be moved to the footnotes, and the title should also simply explain the significance of this grouping.

Reliability: The difficulty is not with the measurement process, rather it lies with ensuring uniform application and interpretation of the eligibility criteria.

Comparability: Interesting comparisons could come from a drill-down to detect underserved geographic areas/ethnic groups.

Cost Effectiveness: The large numbers hint that this requires considerable effort to collect this data.

General Comments & Explanations:

Activity Measure Critique - Child Basic Health Plan Enrollment 100-200% FPL

Performance Measure Description: Enrollees pay portions of the premium costs based on income level and family size.

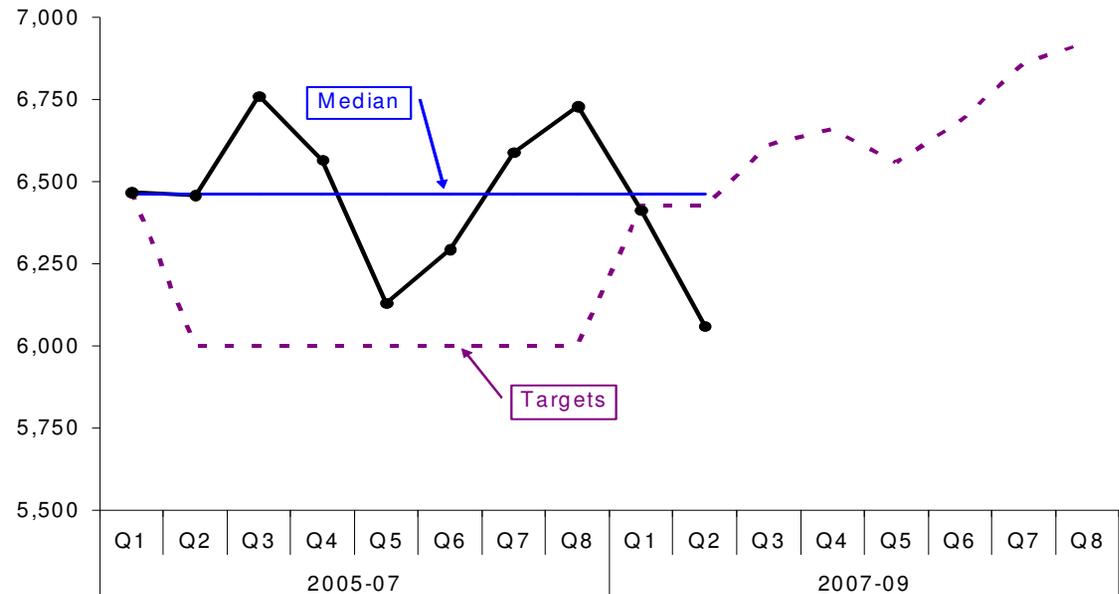
Budget Activity Links: A007 - Health Insurance - Children Between 100-200% of Property Level

Category of Measure: An output of the processes used to recruit and screen applicants

Analysis of Variation: Preliminary analysis indicates that current variation patterns are stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: Performance levels met or exceeded the targets in 2005-07 most of the time. The increased targets for 2007-09 will be difficult to reach without some significant process improvements.

2030 - Average Monthly Enrollment in Subsidized Basic Health Plan by Children Between 100% and 200% of the Federal Poverty Level



Comments About Desirable Characteristics

Relevance: Could be improved by tracking the number enrolled vs. allowed by the budget. Is there unmet need or reserve capacity?

Timeliness: Data from the most recently completed quarter were available at the time of this assessment.

Understandability: The eligibility criteria should be moved to the footnotes, and the title should also simply explain the significance of this grouping.

Reliability: The difficulty is not with the measurement process, rather it lies with ensuring uniform application and interpretation of the eligibility criteria.

Comparability: Interesting comparisons could come from a drill-down to detect underserved geographic areas/ethnic groups.

Cost Effectiveness: The large numbers hint that this requires considerable effort to collect this data.

General Comments & Explanations:

Activity Measure Critique - Child Basic Health Plan Enrollment <100% FPL

Performance Measure Description: Enrollees pay portions of the premium costs based on income level and family size.

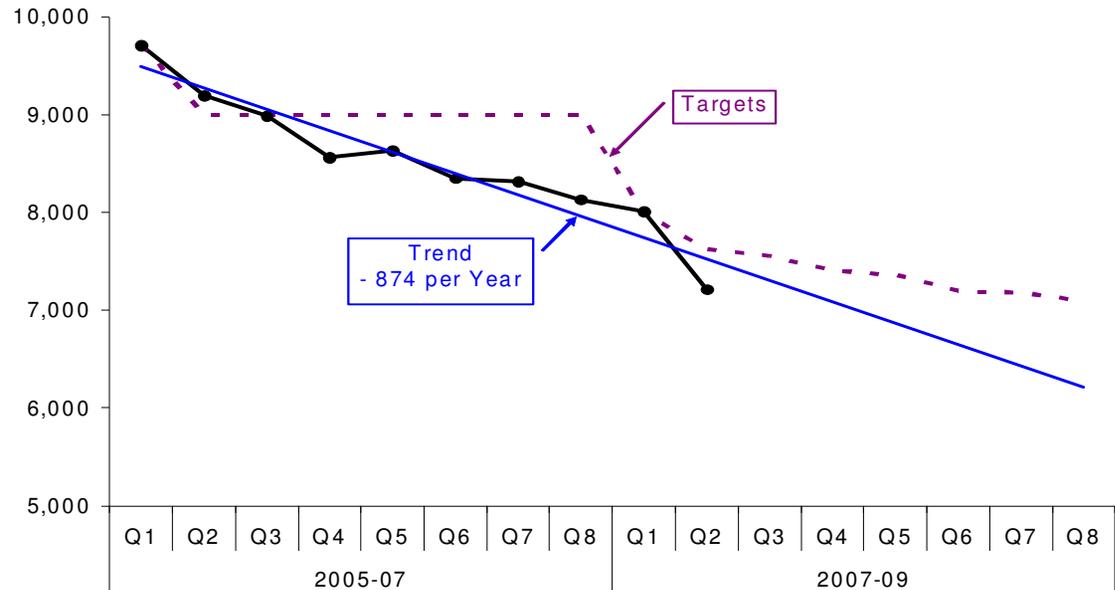
Budget Activity Links: A008 - Health Insurance - Children Below 100% of Poverty Level

Category of Measure: An output of the processes used to recruit and screen applicants

Analysis of Variation: A stable and predictable decreasing (undesirable) trend is evident in the data. If nothing changes, future results should be expected to follow the trend line.

Analysis of Targeted vs. Actual Performance: Adjusting the targets down with the data makes them look like estimates, or it looks like fewer children enrolled is desirable.

2020 - Average Monthly Enrollment in Subsidized Basic Health Plan by Children Below 100% of the Federal Poverty Level



Comments About Desirable Characteristics

Relevance: Could be improved by tracking the number enrolled vs. allowed by the budget. Is there unmet need or reserve capacity?

Timeliness: Data from the most recently completed quarter were available at the time of this assessment.

Understandability: The eligibility criteria should be moved to the footnotes, and the title should also simply explain the significance of this grouping.

Reliability: The difficulty is not with the measurement process, rather it lies with ensuring uniform application and interpretation of the eligibility criteria.

Comparability: Interesting comparisons could come from a drill-down to detect underserved geographic areas/ethnic groups.

Cost Effectiveness: The large numbers hint that this requires considerable effort to collect this data.

General Comments & Explanations:

Agency Comments:

- Targets are set by the legislature based on funding levels.
- Enrollment was high in the past because the DSHS kids healthcare program was unfunded for a while, which shifted enrollment over to Basic Health.
- Now that the DSHS program has funding, the eligible children are transferring back to their original health care program.

Activity Measure Critique - PEBB Non-Medicare Premium Increases

Performance Measure Description: No additional explanation needed

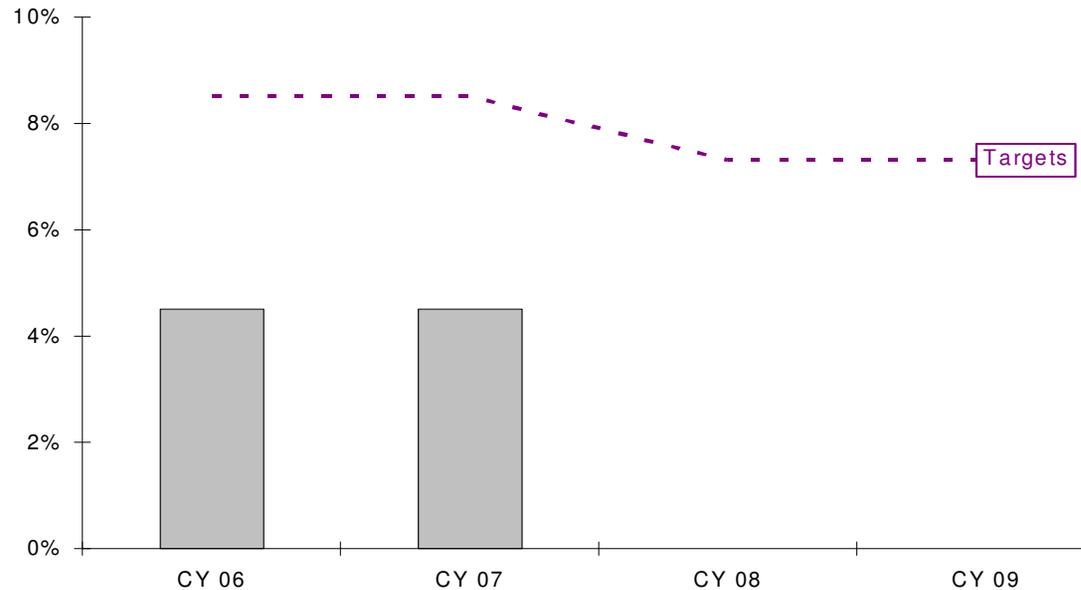
Budget Activity Links: A009 - Public Employee Benefits

Category of Measure: An undesirable immediate outcome of cost containment practices.

Analysis of Variation: Not enough data for any analysis.

Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.

4070 - Average Premium Increase from Prior Calendar Year for all Public Employees' Benefit non-Medicare Members



Comments About Desirable Characteristics

Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.

Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.

Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.

Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.

Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.

Cost Effectiveness: Collecting this information should not be pose any significant additional costs.

General Comments & Explanations:

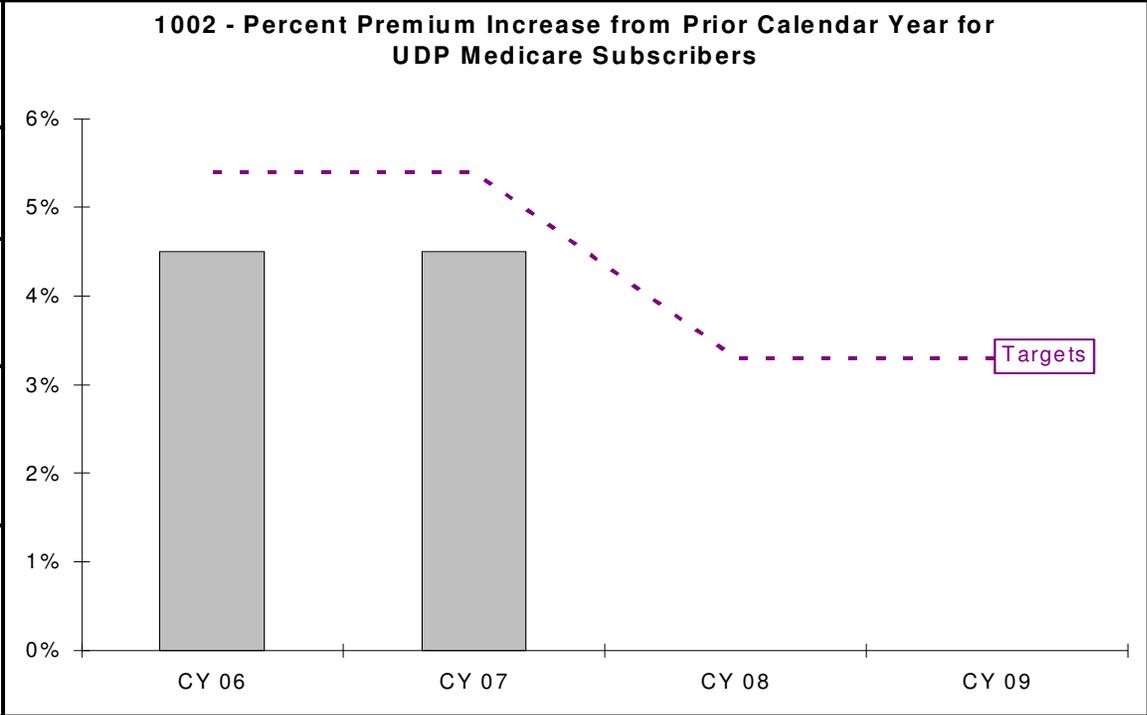
Activity Measure Critique - PEBB Medicare Premium Increases

<p>Performance Measure Description: PEBB = Public Employees Benefit Board and BH = Basic Health</p>	<p style="text-align: center;">4075 - Percent Premium Increase from Prior Calendar Year for all PEBB Medicare Subscribers</p> <p>The chart displays the percent premium increase for PEBB Medicare subscribers from CY 06 to CY 09. The y-axis ranges from 0% to 12%. Actual data is shown for CY 06 and CY 07, both at approximately 3.5%. A dashed purple line represents the target, which is at 10% for CY 06 and CY 07, and then drops to approximately 9% for CY 08 and CY 09.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual Increase (%)</th> <th>Target (%)</th> </tr> </thead> <tbody> <tr> <td>CY 06</td> <td>~3.5</td> <td>10</td> </tr> <tr> <td>CY 07</td> <td>~3.5</td> <td>10</td> </tr> <tr> <td>CY 08</td> <td>-</td> <td>~9</td> </tr> <tr> <td>CY 09</td> <td>-</td> <td>~9</td> </tr> </tbody> </table>	Year	Actual Increase (%)	Target (%)	CY 06	~3.5	10	CY 07	~3.5	10	CY 08	-	~9	CY 09	-	~9
Year		Actual Increase (%)	Target (%)													
CY 06		~3.5	10													
CY 07		~3.5	10													
CY 08		-	~9													
CY 09	-	~9														
<p>Budget Activity Links: A009 - Public Employee Benefits</p>																
<p>Category of Measure: An undesirable immediate outcome of cost containment practices.</p>																
<p>Analysis of Variation: Not enough data for any analysis.</p>																
<p>Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.</p>																

Comments About Desirable Characteristics		General Comments & Explanations:
<p>Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.</p>	<p>Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.</p>	
<p>Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.</p>	<p>Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.</p>	
<p>Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.</p>	<p>Cost Effectiveness: Collecting this information should not be pose any significant additional costs.</p>	

Activity Measure Critique - Uniform Dental Plan Medicare Premiums

Performance Measure Description: UDP = Uniform Dental Plan
Budget Activity Links: A010 - Uniform Dental Plan
Category of Measure: An undesirable immediate outcome of cost containment practices.
Analysis of Variation: Not enough data for any analysis.
Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.



Comments About Desirable Characteristics	
Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.	Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.
Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.	Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.
Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.	Cost Effectiveness: Collecting this information should not be pose any significant additional costs.

General Comments & Explanations:

18

Activity Measure Critique - Uniform Dental Plan non-Medicare Premiums

Performance Measure Description: UDP = Uniform Dental Plan

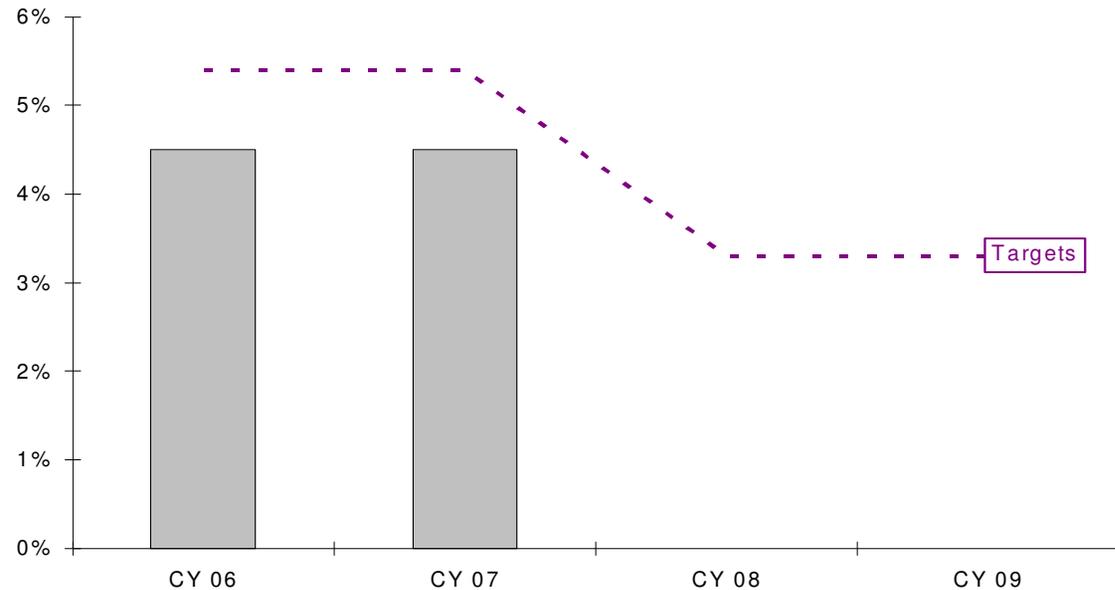
Budget Activity Links: A010 - Uniform Dental Plan

Category of Measure: An undesirable immediate outcome of cost containment practices.

Analysis of Variation: Not enough data for any analysis.

Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.

1001 - Percent Premium Increase from Prior Calendar Year for UDP non-Medicare Subscribers



Comments About Desirable Characteristics

Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.

Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.

Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.

Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.

Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.

Cost Effectiveness: Collecting this information should not pose any significant additional costs.

General Comments & Explanations:

Activity Measure Critique - UMP-PPO Medicare Premiums

Performance Measure Description: Inpatient, outpatient, and professional services to treat neuropsychiatric, mental, or personality disorders.

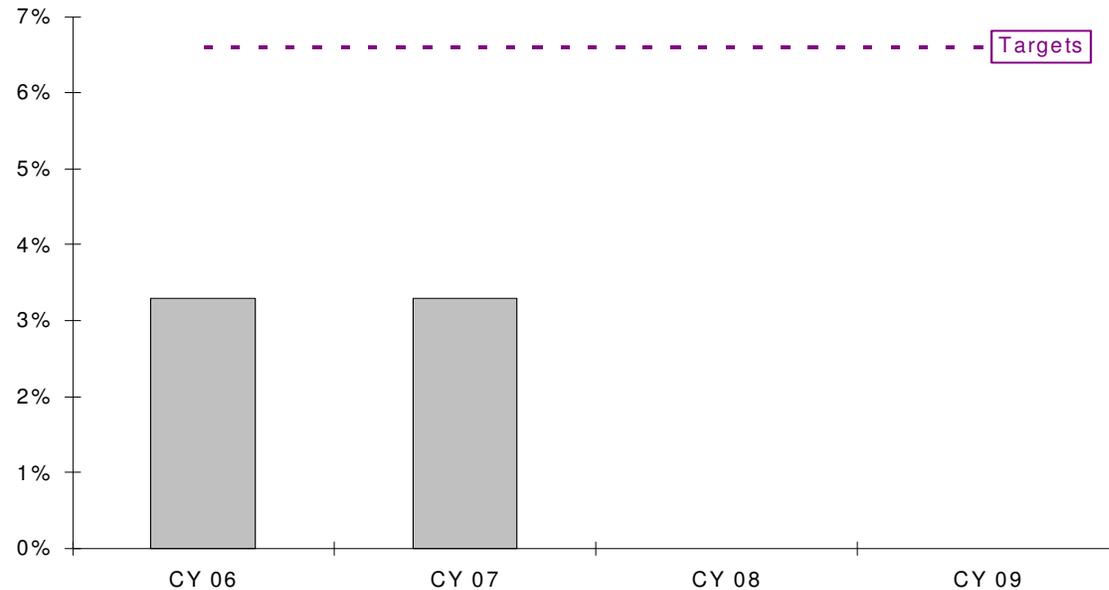
Budget Activity Links: A011 - Uniform Medical Plan

Category of Measure: An undesirable immediate outcome of cost containment practices.

Analysis of Variation: Not enough data for any analysis.

Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.

1102 - Percent Premium Increase from Prior Calendar Year for UMP-PPO Medicare Subscribers



Comments About Desirable Characteristics

Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.

Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.

Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.

Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.

Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.

Cost Effectiveness: Collecting this information should not be pose any significant additional costs.

General Comments & Explanations:

Activity Measure Critique - UMP-PPO non-Medicare Premiums

Performance Measure Description: Inpatient, outpatient, and professional services to treat neuropsychiatric, mental, or personality disorders.

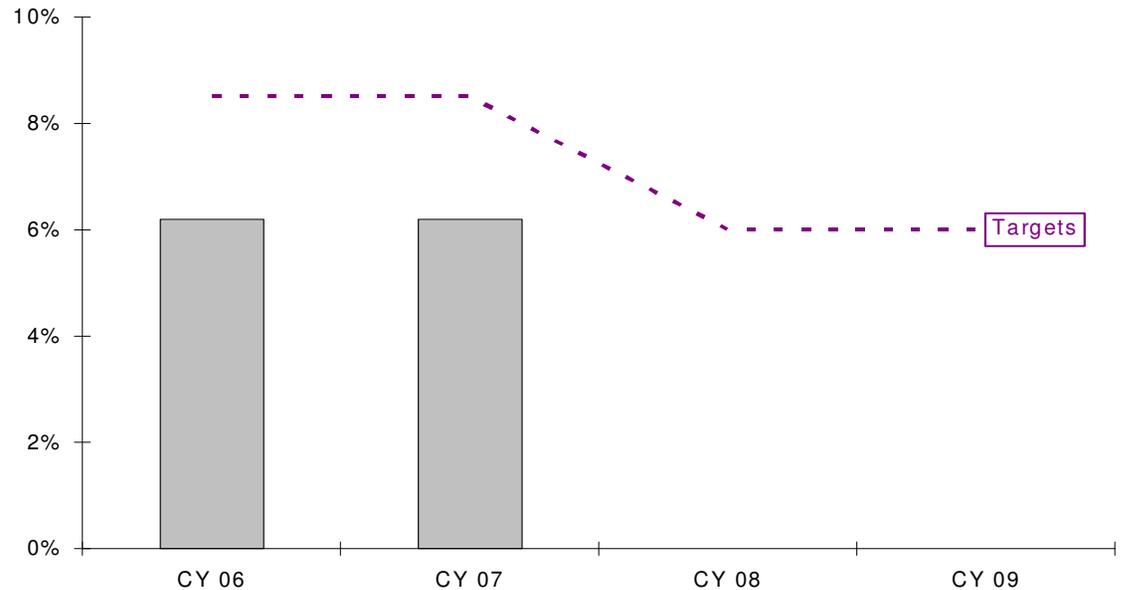
Budget Activity Links: A011 - Uniform Medical Plan

Category of Measure: An undesirable immediate outcome of cost containment practices.

Analysis of Variation: Not enough data for any analysis.

Analysis of Targeted vs. Actual Performance: For the two years reported, the actual performance was kept below the specified limit.

1101 - Percent Premium Increase from Prior Calendar Year for UMP-PPO non-Medicare Subscribers



Comments About Desirable Characteristics

Relevance: A more compelling story might be possible as more data (either historic or future) becomes available.

Understandability: Reporting the actual rates and calculating the slope of the trend line would be more understandable.

Comparability: This rate of increase should be compared with the overall inflation rate in health care costs.

Timeliness: Annual data is never timely, and the lack of historical data exacerbates the problem of telling a compelling story that is actionable.

Reliability: This measure is always going to be based on a moving point in time - The previous year's rate.

Cost Effectiveness: Collecting this information should not pose any significant additional costs.

General Comments & Explanations: