

MAINTENANCE LEVEL 2

M2-ME Healthier Washington Savings Restoration

RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests restoration of assumed Healthier Washington savings of \$85,444,000 (\$42,196,000 GF-State) in the 2016 Supplemental. The HCA is unable to meet a portion of the Healthier Washington savings that was assumed in the February 2015 Medical Assistance Forecast since it is only able to implement the Early Adopter pilot, as mandated in Engrossed Second Substitute House Bill 2572 and Second Substitute Senate Bill 6312, in Southwest Washington.

PACKAGE DESCRIPTION

Engrossed Second Substitute House Bill 2572 and Second Substitute Senate Bill 6312 require the HCA and the Department of Social and Health Services to achieve full integration of physical and behavioral health purchasing by 2020. One step to this goal is the implementation of an Early Adopter starting April 2016.

The current budget assumes that the Healthier Washington initiative will achieve \$9.8 million GF-State savings in fiscal year 2016 and \$32.4 million GF-State savings in fiscal year 2017. These savings are based on the assumption that this pilot would span across a broad geographic range, including King and Pierce counties and the southwest portion of Washington State. Since the pilot will only include a smaller section of southwest Washington, the savings estimates assumed in the current budget are too high.

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FISCAL DETAILS/OBJECTS OF EXPENDITURE

	FY 2016	FY 2017	Total
1. Operating Expenditures:			
Fund 001-1 GF-State	\$ 9,824,000	\$ 32,372,000	\$ 42,196,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 12,970,000	\$ 30,278,000	\$ 43,248,000
Total	\$ 22,794,000	\$ 62,650,000	\$ 85,444,000
	FY 2016	FY 2017	Total
2. Staffing:			
Total FTEs	-	-	-

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ 22,794,000	\$ 62,650,000	\$ 85,444,000
Other (specify) -	\$ -	\$ -	\$ -
Total	\$ 22,794,000	\$ 62,650,000	\$ 85,444,000
	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
4. Revenue:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 12,970,000	\$ 30,278,000	\$ 43,248,000
Total	\$ 12,970,000	\$ 30,278,000	\$ 43,248,000

NARRATIVE JUSTIFICATION

WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

This proposal restores unachievable savings from prior legislation (Engrossed Second Substitute House Bill 2572 and Second Substitute Senate Bill 6312) in order to balance the HCA budget.

PERFORMANCE MEASURE DETAIL

Activity Inventory

H010 HCA Apple Health

IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?

This request ensures that the Authority is adequately funded to achieve its mission to create a healthier Washington.

DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?

This request supports Governor Inslee's Results Washington Goal 4: Healthy and Safe Communities.

WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?

It is imperative that the unachievable savings are restored in order to balance the HCA Medicaid budget.

WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?

None

WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?

Without this requested funding, the Authority is at risk of overspending its appropriation as it is unable to achieve the full amount of assumed Healthier Washington savings currently in the February 2015 forecast.

WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?

None

WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?

None

EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS

REVENUE CALCULATIONS AND ASSUMPTIONS:

All federal revenue assumed in this request is derived from the “Step 25: Healthier WA” step that lowered the February 2015 Medical Assistance forecast. The federal revenue figures in this request will need to be updated to reflect the same reduction step in the upcoming October 2015 forecast.

EXPENDITURE CALCULATIONS AND ASSUMPTIONS:

The expenditure figures represented in this request are derived from the “Step 25: Healthier WA” step that lowered the February 2015 Medical Assistance forecast. The expenditure figures in this request will need to be updated to reflect the same reduction step in the upcoming October 2015 forecast.

DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:

All funding in this request are ongoing.

BUDGET IMPACTS IN FUTURE BIENNIA:

All funding in this request will be needed in future biennia.

