Washington State Health Care Authority

Report to the Legislature

2024 internal assessment of indirect costs and staff attrition trends informing administrative needs

HCA workforce staffing analysis

Engrossed Substitute Senate Bill 5950; Section 211(93)(a,b); Chapter 376; Laws of 2024

December 31, 2024

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Acknowledgements

This report was developed by the Employee Resources Division in collaboration with the Financial Services Division within the Health Care Authority (HCA). We'd like to thank the staff who provided data, reporting, analysis and useful examples that supported the development of this report.

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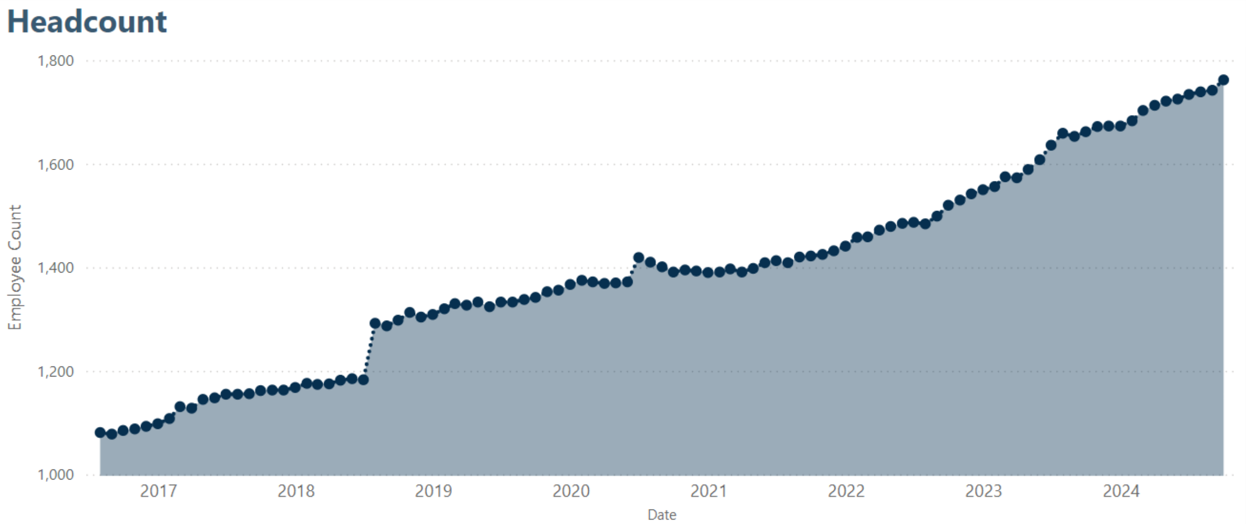
Background: agency growth

The Washington State Health Care Authority (HCA) workforce has grown rapidly over the past 10 years. New programs have been established, including our School Employee Benefits Program. There have been significant expansions in our Apple Health (Medicaid) programs and portfolios, and in 2018, HCA welcomed the Division of Behavioral Health and Recovery (DBHR) from the Department of Social and Health Services. In fiscal year (FY) 2013, our agency had a total of 957 employees. By June of FY2023, we had grown to 1,636 employees, a 71 percent increase in size.[1]

Figure 1: Headcount at HCA, from 2017–2024



Today, we employ almost 1,800 employees. We received funding to create well over 100 additional full-time equivalents (FTEs) during the 2024 legislative session, some of which have since been filled or are being established. To meet the needs of Washington State residents regarding behavioral health and substance use disorder programming, health care access, and health care insurance coverage, it's clear we will continue to grow.

Targeted investments

HCA is central services lean. HCA's ratio of human resources employees to the rest of our workforce was 1.5 in FY2023, lower than the state enterprise average.[2] However, in the last few years we have made strategic investments in critical areas to improve efficiency and meet the needs of a growing organization. HCA currently has four recruiters and one recruitment supervisor (four Human Resource Consultant 3s and one Human Resource Consultant 4).

In 2021, we also established and staffed a Classification and Compensation (C&C) team that regularly reviews all positions going to recruitment to ensure appropriate allocation within the enterprise classification structure. The C&C team is currently made up of one Washington Management Service

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[1] Washington Workforce Metrics Dashboard. Retrieved October 29, 2024.
[2] Workforce Performance Measures Dashboard. Retrieved October 29, 2024.

(WMS) 2 Classification and Compensation Manager, two full-time Human Resource Consultant (HRC) 3s, and another 50 percent FTE HRC3 that is being shared with a different team.

Our IT infrastructure and equipment; legal and contracts work; human resources and payroll functions; and change management, organizational development, and process improvement sections are all impacted as more staff and more projects come onboard. However, unless we secure funding through an indirect funding request, we usually don't receive additional FTEs in these areas to support that growth.

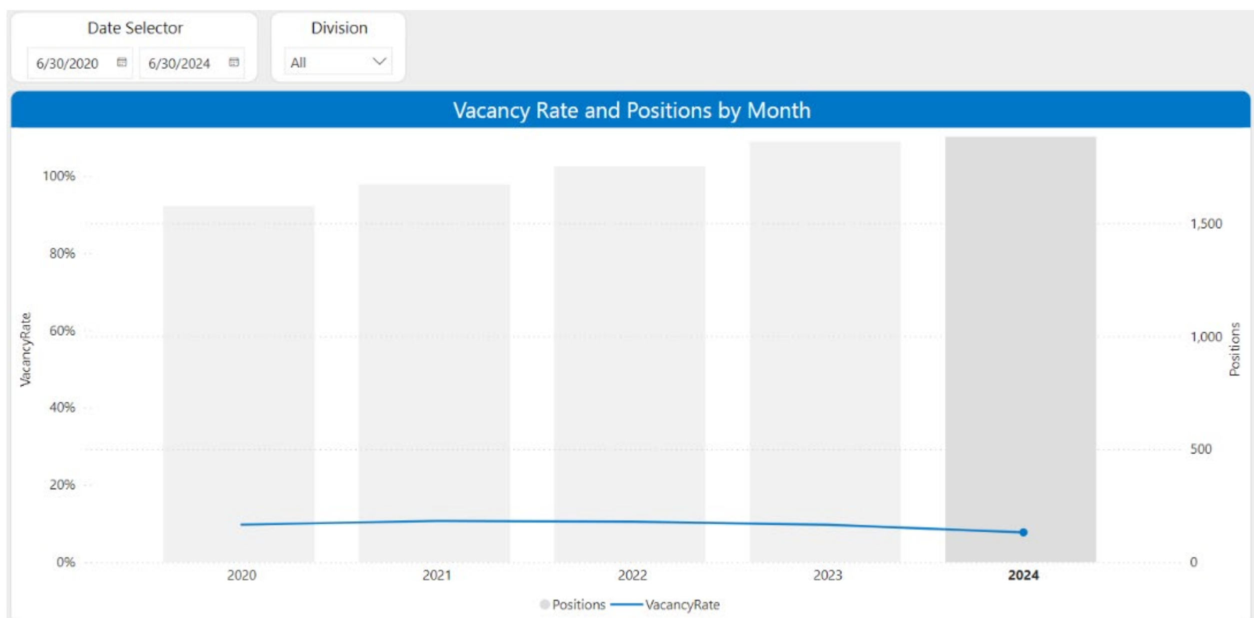
HCA has adopted a model for requesting indirect funding to cover the costs of providing central services support to more employees and more programs. The model, which is called the Public Assistance Cost Allocation Plan (PACAP)—approved by the federal Department of Health and Human Services (HHS)—was used during the last legislative cycle to request indirect funds. The request aims to sustain agency effectiveness in the face of continued growth. The Legislature did include some indirect funding in HCA's 2024–25 budget. In the Employee Resources Division, we used some of the indirect funding received from the Legislature in July 2024 to create the second full-time HRC3 position for the C&C team, since this area had been a bottleneck within the agency.

More details about HCA's indirect funding model are available in Appendix D.

Reducing the vacancy rate

Despite consistent growth through new legislatively funded positions, since May 2023, HCA's vacancy rate has remained below 10 percent. At no time since March 2020 has our monthly vacancy rate exceeded 12 percent. We've kept on top of filling vacancies and recruiting for new positions. So far in FY 2024, our average is 8 percent.[3]

Figure 2: Vacancy rate and positions by month



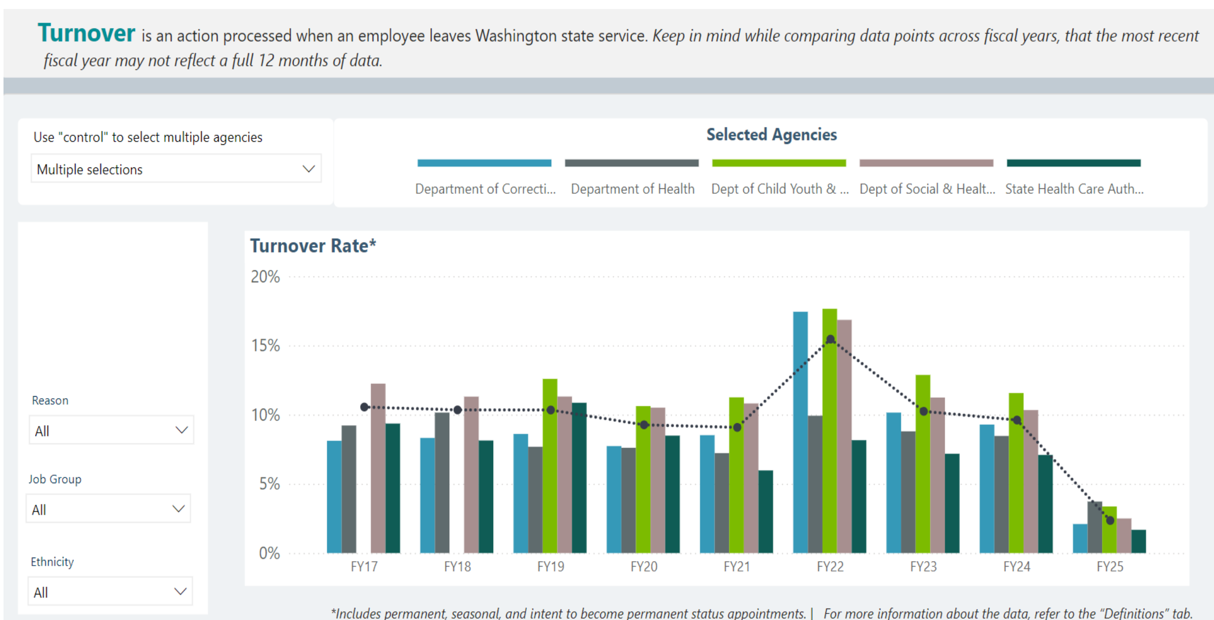
[3] Source: Internal HCA dashboard that draws data from the Human Resources Management System.

Being an Employer of Choice

HCA strives to be an Employer of Choice. Our positive scores on the Statewide Employee Engagement Survey are consistently higher than the enterprise average,[4] indicating that our employees feel HCA is a good place to work. On the 2023 Engagement Survey, 83 percent of HCA participants gave a positive rating on the question: "Overall, I am satisfied with my agency/institution as a place to work." The enterprise average rating on this question was 68 percent.

Our employee turnover rate (attrition) is lower than other HHS Coalition agencies for the last five years.[5] When we see movement of HCA staff to other state agencies, the majority of these moves are for promotional opportunities.

Figure 3: HCA staff turnover



Vacancies and reallocations

HCA allocated additional resources into our recruitment and C&C areas to ensure we can fill positions swiftly. But there are sometimes cases when the agency chooses not to fill positions immediately. There are many reasons for this, including operational challenges, changes in workload or focus for the team, interim assignments where an individual steps into a different role and their normal position is held vacant, etc. These longer-term vacancies are HCA's exceptions to our typical approach to hiring.

Long-term vacancies

As of June 30, 2024, HCA had 11 positions that have been vacant for more than one year. These positions represent less than one percent of HCA positions.

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[4] The State Employee Engagement Survey. Retrieved May 15, 2024.
[5] The Washington Workforce Metrics Dashboard. Retrieved October 29, 2024.

Table 1: Vacancies

Position title	Vacant since	Division	Current status
Integrated Managed Care Program Manager	6/16/2023	MSA	Holding
Medicaid Compliance Officer	11/1/2022	MPD	Position slated for reallocation to address new work related to new federal Medicaid rules
IT Policy and Planning Senior Specialist	11/23/2022	ITICEA	Abolished (9/28/24)
Medical Assistance Program Specialist 2	2/22/2021	DAIO	Filled (8/16/24)
Management Analyst 3	6/16/2022	DAIO	Filled (10/1/24)
Program Integrity Liaison	9/16/2022	DAIO	Filled (8/16/24)
Associate Director of Medical Services	6/1/2022	CQCT	Holding
Medical Assistance Specialist 3	10/16/2022	CQCT	Filled (9/16/24)
Medical Assistance Specialist 3	5/1/2023	CQCT	Filled (11/1/24)
Medical Assistance Program Specialist 3	2/22/2023	DBHR	Filled (10/1/24)
Administrative Assistant 2	1/25/2022	DBHR	Filled (9/16/24)

The positions listed above were vacant as of June 30, 2024. This list may change before we submit this report.

Reallocating or repurposing existing positions

Although the previous examples show that we occasionally set aside vacant positions and delay hiring, we also apply discretion to reallocate or repurpose positions to address workload issues and other operational demands. Some examples from the past few years reflect our creativity and flexibility in reallocating positions to meet our constantly evolving needs:

- During the pandemic, our building occupancy dramatically decreased. Our need for facilities coordination diminished; a **Facilities Coordinator** position was abolished and the funding was used to establish a **Program Assistant** in Human Resources and support the upward reallocation of a different position.
- In the Medicaid Customer Service (MCS) Division, a front-line trainer position **Medical Assistance Specialist 4 (MAS4)** was reallocated to a **Technical Training Consultant.** The goal was to re-envision our workforce training curriculum in support of virtual learning during the pandemic. This position continues to design and develop e-learning for MCS that supplement instructor-led trainings for our newly remote workforce.
- In the Medicaid Policy Division (MPD), a **Medical Assistance Program Specialist (MAPS3)** position (that would have performed similar work to two other staff members) was reallocated into

an **Occupational Nurse Consultant (ONC)** position. This filled a gap in clinical expertise in the areas of "in lieu of services," and reentry case management to meet the clinical oversight need.
- In the division of Clinical Quality and Care Transformation (CQCT), the agency reconfigured a **Management Analyst** position from the Health Information Technology team to the Data Group to work on data exchange landscape monitoring and optimization. They have also reallocated or repurposed positions on their Analysis, Research, and Measurement (ARM) team and reconfigured a **WMS** position to support data strategy portfolio management needs.
- In the Financial Services Division (FSD), two **Budget Analyst 3s** were abolished to allow for the creation of a **Fiscal Information & Data Analyst (WMS 2)** to address the growing workload associated with IT projects.
- The FSD has also used agency indirect funding to reallocate positions to address changes in workload. They reallocated several **Medical Assistance Specialist 3 (MAS3)** positions to **Fiscal Analyst 3s** in the Accounting Section.
- The Division of Audit, Integrity and Oversight (DAIO) abolished a **Medical Assistance Program Specialist 2 (MAPS2)** position to fund reallocations of two other positions, based on a growth in the complexity and level of work assigned. A **Medical Assistance Specialist 2** was reallocated to a **Management Analyst 5**, and a **Management Analyst 5** was reallocated to a **WMS 2**.
- The Enterprise Technology Services (ETS) division eliminated an **Administrative Assistant 4** position to allow for the reallocation of several positions, including lifting an **IT Data Management – Journey** position up to an **IT Data Management – Senior/Specialist** level, and an **IT Business Analyst – Journey** level position up to **an IT Business Analyst – Senior/Specialist** position.

Analysis of the benefits and costs of reallocating positions

Sometimes we reallocate a position that is no longer needed due to a changing workload, the sunsetting of programs or functions, or natural maturations of teams. In other cases, we repurpose that position because another need is more urgent. In these situations, redeploying an available position and funding is likely a very difficult decision to make. When positions are reallocated in this way, we do not get them back again. So, we are cautious when considering repurposing existing positions to meet new workload demands.

The benefit of our adaptability in reallocated positions to meet operational needs is clear: it helps us continue to adjust to the changing demands we face in serving the state of Washington. It is a faster option than the methodical process of requesting new funding and FTEs through the legislative process. The costs are significant as well; we don't always have the flexibility to repurpose or redeploy existing positions to meet new needs. Sometimes all existing positions are critically needed whether vacant or filled. When new projects come down the pipe, we must request additional resources through the legislative process.

Current needs reflected in legislative requests

HCA anticipates significant additional workload demands in the next four to six years due to several new projects, program expansions, and rule updates at the state and local level. A few areas where we expect new work assignments in the next few years include:

- Federal rule alignment on streamlined eligibility

- Medicaid Transformation Project 2.0
- Federal and state interoperability and prior authorization
- The 988 project
- Health Care Management and Coordination System (HCMACS)
- WA CARES
- MAGI Post Eligibility Reviews
- PEBB/SEBB IT resources
- Apple Health Expansion

HCA submitted Decision Packages to the Office of Financial Management (OFM) for consideration and inclusion into the Governor's 2025-26 draft budget. Most of our requests for additional FTEs in the next four years fall into one of the categories above. These categories represent new or expanding work that will have tremendous impacts on the following groups as we seek to ensure that Washington residents have access to better health and better care at a lower cost:

- Medicaid clients
- Individuals experiencing behavioral health crises
- Health care providers and hospitals across the state

A full list of our FTE requests is shown in **Appendix C**.

Conclusion

HCA established effective and thoughtful internal processes for swiftly classifying and recruiting for positions that serve and provide support to Washington State. We have a healthy, inclusive culture reflected by high engagement survey scores year after year and low turnover. Our vacancy rate remains at a healthy level—an average of eight percent this year, well below the enterprise average—and we have a pragmatic approach to reallocating vacant positions and funding when we see opportunities to do so.

While we do have a small number of longer-term (more than 12 month) vacancies, those instances are rare. The positions we are requesting legislative funding to create in the coming biennium are not duplicative of those vacant positions. Instead, these new positions are reflective of our forecasted needs as new projects and work assignments appear on the horizon.

As the number of program employees increases, we adopted a conservative model (PACAP) for requesting indirect funds to support agency growth. When we receive indirect funds, we use them to bolster our central service areas like human resources, finance, and IT and legal services, so these critical business areas can continue supporting HCA's incredible work.

Appendices

Appendix A: Staffing allotments

This appendix shares provides information about Agency Financial Reporting System (AFRS) Staffing Allotments, pulled for June 30, 2024. **View a PDF of Appendix A.**

Appendix B: Vacancy report

View PDF of the Vacancy Report from the Human Resources Management System. Pulled for June 30, 2024.

Appendix C: HCA FTE Decision Package requests

View a PDF of the HCA FTE Decision Package requests for 2025 legislative session.

Appendix D: Indirect Costs Model Briefing

View a PDF of the Indirect Costs Model Briefing Paper. This appendix provides a detailed description of assumptions related to indirect costs used in budget requests.