

Multiple Agency Fiscal Note Summary

Bill Number: 1879 S HB PL	Title: Foster children health care
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Social and Health Services	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Social and Health Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Estimated Capital Budget Impact

NONE

Prepared by: Danielle Cruver, OFM	Phone: (360) 902-0575	Date Published: Final 5/ 4/2015
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 42210

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1879 S HB PL	Title: Foster children health care	Agency: 107-Wash State Health Care Authority
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/24/2015
Agency Preparation: Kate LaBelle	Phone: 360-725-1846	Date: 04/28/2015
Agency Approval: Carl Yanagida	Phone: 360-725-1033	Date: 04/28/2015
OFM Review: Danielle Cruver	Phone: (360) 902-0575	Date: 05/04/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached narrative

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attached narrative

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached narrative

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

See attached narrative

HCA Fiscal Note

Bill Number: 1879 SHB.PL

HCA Request #: 15-122

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

The bill provides more detail about the required elements of the procurement process for managed care for Foster Children. The new language requires the Health Care Authority to include: development of a service delivery system, benefit design, reimbursement mechanisms and standards for contracting with health plans.

This bill requires the Health Care Authority (HCA) to require a second opinion review for all prescriptions of one or more antipsychotic medications of all children in the foster care system within existing resources. Thirty days of medication will be dispensed during this review period.

This bill differs from the substitute because it adds the second opinion review, and removes reference to the T.R. v. Dreyfus and Porter settlement. It does not include the option for the HCA to purchase supplement services.

II. B - Cash Receipts Impact

For the second opinion review, HCA will incur costs, which will be eligible for Medicaid funding. The table below reflects the amount of federal funding anticipated for the second opinion review.

Cash Receipts			FY16	FY17	FY18	FY19	FY20	FY21
001	GF-Federal Medicaid Title XIX	C	176,375	167,375	167,375	167,375	167,375	167,375
			176,375	167,375	167,375	167,375	167,375	167,375
Total			176,375	167,375	167,375	167,375	167,375	167,375
Biennial total				343,750		334,750		334,750

II. C - Expenditures

HCA has both a known and indeterminate impact from this bill.

- Assumptions:
 - It is not feasible for the HCA to complete work within the existing budget.
 - It is assumed that there are no additional costs with dispensing thirty days of medication while undergoing a second opinion.
 - The proposed legislation requires HCA to submit a RFP to provide integrated managed health and behavioral health care for foster children receiving care through the medical assistance program.
 - The HCA is unable to determine the feasibility and costs for the mental health service required until the RFP is completed.
 - This bill assumes foster children will need more intensive services, especially for mental health and possibly substance use disorder for adolescent children. These services will not be paid for by HCA. The behavioral health dollars would come from the Department of Social and Health Services.
 - It is assumed this bill impacts children actively in Foster Care, and does not include children for whom the state provides Adoption Support services.
 - If Adoption Support children are included the volume of requests would be 1300, and all costs associated would increase for a total fiscal impact of \$629,500 in fiscal year 16, \$606,500 in fiscal years 17 through 21. If Adoption Support children are not included, the

HCA Fiscal Note

Bill Number: 1879 SHB.PL

HCA Request #: 15-122

volume of requests would be reduced to 650, resulting in a total fiscal impact of \$319,750 in fiscal year 16, and \$304,750 in fiscal years 17 through 21.

Known Impacts:

- Based on CY2014 data, it is assumed that an additional 650 reviews per year will be required
- Prior Authorization staff workload is calculated based on 650 reviews requiring an average of 3.5 authorization 'actions' per request, with an average of 14 processing steps performed per FTE per working day. (650 cases / 12 months / 20 working days per month * 3.5 authorization actions per request / 14 action per day FTE capacity = .70 FTE)
- Pharmacist 4 staff workload calculated as an average of 25 total minutes spent per Second Opinion Network (SON) case, a 450 minute working day, and an average of 20 working days per month (650*25 minutes / 450 minutes per day / 12 months / 20 working days = .2 FTE)
- \$178,750 in SON review fees (650 reviews at \$275 each)
 - The current rate for the non-polypharmacy SON review is \$225 per review
 - Due to the more intensive review required by this bill, the current contractor states that the review per fee would increase to \$275 per review

Expenditures			FY16	FY17	FY18	FY19	FY20	FY21
001	GF-State	I	143,375	137,375	137,375	137,375	137,375	137,375
001	GF-Federal Medicaid Title XIX	C	176,375	167,375	167,375	167,375	167,375	167,375
Total			319,750	304,750	304,750	304,750	304,750	304,750
Biennial Total				624,500		609,500		609,500

Objects			FY16	FY17	FY18	FY19	FY20	FY21
A	Salaries & Wages		76,000	76,000	76,000	76,000	76,000	76,000
B	Employee Benefits		36,000	37,000	37,000	37,000	37,000	37,000
C	Personal Serv Contr		178,750	178,750	178,750	178,750	178,750	178,750
E	Goods and Services		12,000	12,000	12,000	12,000	12,000	12,000
G	Travel		1,000	1,000	1,000	1,000	1,000	1,000
J	Capital Outlays		16,000	-	-	-	-	-
M	Inter Agency Fund Transfers							
N	Grants, Benefits Services		-	-	-	-	-	-
P	Debt Service							
S	Interagency Reimbursement							
T	Intra-Agency Reimbursement							
9			-	-	-	-	-	-
Total			319,750	304,750	304,750	304,750	304,750	304,750

Job title	Salary		FY16	FY17	FY18	FY19	FY20	FY21
Medical Assistance Spec	90,780		0.7	0.7	0.7	0.7	0.7	0.7
Pharmacist 4	98,580		0.2	0.2	0.2	0.2	0.2	0.2
-	-		0.0	0.0	0.0	0.0	0.0	0.0
Total	189,360		0.8	0.8	0.8	0.8	0.8	0.8

Indeterminate Impacts:

- Provider one to Point of Sale (POS) system interface modifications, these costs are currently indeterminate.
- Funding for behavioral health services for foster children is in the Department of Social and Health Services (DSHS) – Division of Behavioral Health and Recovery (DBHR) budget. The bill directs HCA to implement an integrated delivery system for both behavioral and medical services for this population, requiring funding for foster children's' behavioral health care to be transferred from DSHS to HCA. The funding transfer would not result in additional cost at the

HCA Fiscal Note

Bill Number: 1879 SHB.PL

HCA Request #: 15-122

State level; the increase in HCA funding would be offset by a reduction in funding at DSHS-DBHR. The amount of funding to be transferred is unknown at this point; funding can be determined through actuarial analysis of the services provided by DBHR to this population if the transfer of funds from HCA to DBHR is required.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

This bill requires that the managed care rules be updated and address specifically the Foster Care Managed Care program.

Individual State Agency Fiscal Note

Bill Number: 1879 S HB PL	Title: Foster children health care	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/24/2015
Agency Preparation: Tula Habb	Phone: 360-902-8182	Date: 04/29/2015
Agency Approval: Kelci Karl-Robinson	Phone: 360-902-8174	Date: 04/29/2015
OFM Review: Rayanna Williams	Phone: (360) 902-0553	Date: 05/01/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill directs the Health Care Authority (HCA), under a new section added to RCW 74.09, to issue a request for proposal (RFP) for integrated managed health and behavioral health services for foster children receiving Medicaid services. The date at which behavioral health services must be integrated into the managed health care plan for foster children is changed from January 1, 2018, to October 1, 2018. The RFP must address program elements described under the T.R. v. Dreyfus and Porter settlement including service system delivery, benefit design, reimbursement mechanisms, incorporation of coordination of services currently provided by the regional support networks, and standards for contracting with health plans.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The fiscal impact to cash receipts is indeterminate at this point until an actuarial study can be confirmed to determine the appropriate service amounts. In addition, any funding identified in the actuarial study would be transferred to the HCA to support the individuals with complex behavioral and mental health needs that would now begin to receive services from the HCA. The department assumes a 50.01% Federal Medical Assistance Percentage (FMAP) in Fiscal Year 2016 and a standard 50% FMAP in Fiscal Year 2017.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Background

The HCA and DSHS both offer mental health services for Medicaid eligible children. HCA provides services for less acute mental health care through a fee for service model whereas the department provides more intensive services that the regional support networks (RSNs) administer.

Fiscal Analysis

This bill would transfer integrated mental health and behavioral health services for foster children the department provides to the HCA. The fiscal impact of this bill is indeterminate because we will not know the funding amounts that would be transferred until after the request for proposal is complete and determined feasible. The funding that would be transferred is based on base rates paid by the department and a monthly case rate that is paid in addition to the base rate. The case rate is only for kids with the highest need. The funding transfer would not result in additional cost at the state level; the reduction in funding at DSHS-BHSIA would be offset by an increase in HCA funding.

Actuary Study. An actuarial analysis will need to be completed to identify the funding that is currently paid to support these populations; however, for the purposes of this fiscal note the department has approximated what these costs might be. This study would also include chemical dependency services offered to children in foster care. The cost of the actuarial analysis is \$150,000 Total Funds (\$75,000 GF-State) in Fiscal Year 2016 and \$150,000 Total Funds (\$75,000 GF-State) in Fiscal Year 2017.

Estimated Forecast. The fiscal impact for this item is unknown until an actuarial analysis is performed. For illustrative purposes only, the department has provided estimates of the amounts these costs could be. Based on the February forecast, costs for disabled foster children and disabled foster adults (up to age 26) would be about \$2,678,000 Total Funds (\$1,339,000 GF-State) in Fiscal Year 2019 and \$2,689,000 Total Funds (\$1,345,000 GF-State) in Fiscal Year 2020 and thereafter. This provides an estimate of what may be transferred to the HCA and the findings of the actuary study will provide the true fiscal impact for this item.

WISe Program. The fiscal impact for this item is unknown until an actuarial analysis is performed. For illustrative purposes only, the department has provided estimates of the amounts these costs could be. About 25% of the funding for the Wraparound with Intensive Services (WISe) program is for services purchased on behalf of foster care children. Therefore, the department also assumes that about 25% of funding for the WISe program would also be transferred to the HCA under if this bill were to pass for these mental health and behavioral health services. The funding impact of transferring 25% of the WISe program is \$7,246,000 Total Funds (\$3,622,000 GF-State) in Fiscal Year 2019 and \$11,218,000 Total Funds (\$5,609,000 GF-State) in Fiscal Year 2020. This provides an estimate of what may be transferred to the HCA and the findings of the actuary study will provide the true fiscal impact for this item.

Though an actuary study is needed, the department estimates the total potential fiscal impact of this bill to be a transfer of \$9,924,000 Total Funds (\$4,961,000 GF-State) in Fiscal Year 2019 and \$13,907,000 Total Funds (\$6,954,000 GF-State) in Fiscal Year 2020.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.