

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures
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## Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	0	0	245,000	0	0	464,000	0	0	464,000
Department of Social and Health Services	0	0	154,000	0	0	298,000	0	0	298,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>399,000</b>	<b>0</b>	<b>0</b>	<b>762,000</b>	<b>0</b>	<b>0</b>	<b>762,000</b>

## Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of the State Actuary	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	2.0	265,000	265,000	510,000	3.9	502,000	502,000	966,000	3.9	502,000	502,000	966,000
Department of Social and Health Services	1.0	174,000	174,000	328,000	2.0	334,000	334,000	632,000	2.0	334,000	334,000	632,000
Department of Children, Youth, and Families	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>3.0</b>	<b>439,000</b>	<b>439,000</b>	<b>838,000</b>	<b>5.9</b>	<b>836,000</b>	<b>836,000</b>	<b>1,598,000</b>	<b>5.9</b>	<b>836,000</b>	<b>836,000</b>	<b>1,598,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the State Actuary	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Jason Brown, OFM	<b>Phone:</b> (360) 742-7277	<b>Date Published:</b> Revised 1/25/2022
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures	<b>Agency:</b> 035-Office of the State Actuary
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

<b>Legislative Contact:</b> Sandy Stith	<b>Phone:</b> 786-7710	<b>Date:</b> 01/08/2022
<b>Agency Preparation:</b> Aaron Gutierrez	<b>Phone:</b> 3607866152	<b>Date:</b> 01/13/2022
<b>Agency Approval:</b> Darren Painter	<b>Phone:</b> 360-786-6155	<b>Date:</b> 01/13/2022
<b>OFM Review:</b> Marcus Ehrlander	<b>Phone:</b> (360) 489-4327	<b>Date:</b> 01/14/2022

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 creates the Medicaid Expenditure Forecast Work Group. This work group would provide technical support to the Governor's office and the fiscal committees of the Legislature. An actuary from OSA is required to participate in a work group.

OSA does not employ any health care actuaries. However, OSA contracts with an actuarial consulting firm to provide health care consulting to the Legislature. OSA would utilize its existing contract to provide a health care actuary to serve on this group. We expect it would cost up to \$43,000 a year for a contracted health care actuary to provide up to 66 hours of consulting/attending meetings a year.

This cost would be funded out of OSA's current budget appropriation for health care consulting. As a result, this bill has no expected impact on OSA's current budget.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

## **Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

<b>Legislative Contact:</b> Sandy Stith	<b>Phone:</b> 786-7710	<b>Date:</b> 01/08/2022
<b>Agency Preparation:</b> Allyson Bazan	<b>Phone:</b> 360-586-3589	<b>Date:</b> 01/19/2022
<b>Agency Approval:</b> Dianna Wilks	<b>Phone:</b> 360-709-6463	<b>Date:</b> 01/19/2022
<b>OFM Review:</b> Tyler Lentz	<b>Phone:</b> (360) 790-0055	<b>Date:</b> 01/20/2022

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.

No fiscal impact. This legislation is not expected to generate any costs or savings for the Attorney General’s Office (AGO). The AGO completed an analysis for legal services and fiscal impact from the most likely state agencies.

The AGO Social and Health Division (SHO) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Health Care Authority (HCA). SHO will advise the HCA’s Program integrity to ensure that the Managed Care Organizations (MCO’s) be “updated as appropriate to reflect program integrity requirements”. The MCO contracts will need to reflect the new requirements by either adding a new clause or altering an existing clause. New legal services are nominal and costs are not included in this request.

The AGO Medicaid Fraud Control Unit has reviewed this bill and determined it will not significantly increase or decrease the division’s workload.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

## **Part V: New Rule Making Required**



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

<b>Legislative Contact:</b> Sandy Stith	<b>Phone:</b> 786-7710	<b>Date:</b> 01/08/2022
<b>Agency Preparation:</b> Kathy Cody	<b>Phone:</b> (360) 480-7237	<b>Date:</b> 01/12/2022
<b>Agency Approval:</b> Jamie Langford	<b>Phone:</b> 360-902-0422	<b>Date:</b> 01/12/2022
<b>OFM Review:</b> Tyler Lentz	<b>Phone:</b> (360) 790-0055	<b>Date:</b> 01/14/2022

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.

Section 5 describes in detail the process by which OFM and other entities will implement the Medicaid forecast. The section is extremely specific about governance and staffing. The interpretation of minimal impact stems from the fact that this governance structure is essentially already in place; the bill mostly takes the existing and agreed upon “Guidelines for Completing the Forecast” document and makes it a statute.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures	<b>Agency:</b> 107-Washington State Health Care Authority
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
General Fund-Federal 001-2		245,000	245,000	464,000	464,000
<b>Total \$</b>		245,000	245,000	464,000	464,000

### Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	3.9	2.0	3.9	3.9
<b>Account</b>					
General Fund-State 001-1	0	265,000	265,000	502,000	502,000
General Fund-Federal 001-2	0	245,000	245,000	464,000	464,000
<b>Total \$</b>	0	510,000	510,000	966,000	966,000

### 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: Sandy Stith	Phone: 786-7710	Date: 01/08/2022
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 01/21/2022
Agency Approval: Michael Paquette	Phone: 360-725-0875	Date: 01/21/2022
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/22/2022

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

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	265,000	265,000	502,000	502,000
001-2	General Fund	Federal	0	245,000	245,000	464,000	464,000
Total \$			0	510,000	510,000	966,000	966,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		3.9	2.0	3.9	3.9
A-Salaries and Wages		240,000	240,000	480,000	480,000
B-Employee Benefits		93,000	93,000	186,000	186,000
C-Professional Service Contracts					
E-Goods and Other Services		27,000	27,000	54,000	54,000
G-Travel		3,000	3,000	6,000	6,000
J-Capital Outlays		30,000	30,000	6,000	6,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		117,000	117,000	234,000	234,000
9-					
Total \$	0	510,000	510,000	966,000	966,000

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
FISCAL ANALYST 3	63,000		0.9	0.5	0.9	0.9
MANAGEMENT ANALYST 3	70,000		1.0	0.5	1.0	1.0
MANAGEMENT ANALYST 4	81,000		1.0	0.5	1.0	1.0
MANAGEMENT ANALYST 5	89,000		1.0	0.5	1.0	1.0
Total FTEs			3.9	2.0	3.9	3.9

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

**Part V: New Rule Making Required**

# HCA Fiscal Note

Bill Number: 5620 SB

HCA Request #: 22-019-3

## Part II: Narrative Explanation

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

This bill relates to Medicaid expenditures.

Section 1: New section and states that the intention of the bill is to ensure Medicaid programs administered by state agencies are fiscally sound by requiring program integrity and oversight from the Health Care Authority (HCA).

Section 2: Amends RCW 74.04.50 to require HCA to:

- Provide reasonable oversight of all federally required Medicaid program integrity activities.
- Establish and maintain internal controls over any state agency that receives Medicaid funding in compliance with federal regulation.

Section 3: New section added to chapter 74.09 RCW to require HCA to:

- (1) Provide administrative oversight for all funds received under the medical assistance program. to ensure that:
  - (a) Funds are spent according to federal regulations.
  - (b) Delivery of services aligning with federal regulations.
  - (c) Corrective Action plans if expenditures or services do not align with federal regulations.
  - (d) Sound fiscal stewardship of Medicaid funding in all agencies where Medicaid funding is provided.
- (2) Develop a strategic plan and performance measures for Medicaid program integrity activities. Strategic Plan must include agreed upon: objectives, performance measures, and a system to monitor progress and hold responsible parties accountable. HCA to create a management information and reporting strategy with performance and management reports.
- (3) Oversee the Medicaid program resources of any state agency expending Medicaid funding, including:
  - (a) Regularly reviewing work.
  - (b) Jointly reviewing required reports on terminated and sanction providers, compliance data, and application data.
  - (c) Requiring assurances that operational functions have been implemented.
  - (d) Reviewing audits performed in the sister state agency.
  - (e) Assisting with risk assessments, goal setting, and developing policies and procedures.
- (4) Develop and maintain a single, statewide Medicaid fraud and abuse prevention plan consistent with federal best practices.
- (5) Follow best practices for identifying improper Medicaid spending when implementing its program integrity activities including:
  - (a) Conducting risk assessments or evaluating leads.
  - (b) Relying on data analytics to generate leads.
  - (c) Conducting a preliminary review of incoming leads.
  - (d) Determining the credibility of all allegations of potential fraud prior to referral to the states Medicaid fraud control unit.
  - (e) Analyzing all leads under review.
  - (f) Working with federally recognized experts that help integrity programs improve their data analytics and identifying potential fraud.
  - (g) Maintaining a current fraud and abuse detection system.

## HCA Fiscal Note

Bill Number: 5620 SB

HCA Request #: 22-019-3

Section 4: New section added to chapter 74.09 RCW to require:

- (1) HCA's contracts with managed care organizations (MCOs) must clearly detail each party's requirements for maintaining program integrity and consequences if requirements are not met. Contract must ensure penalties are adequate to ensure compliance.
- (2) HCA to follow program integrity practices as recommended by Center for Medicare and Medicaid Services (CMS) including:
  - (a) Monthly reporting and quarterly meetings with MCOs to discuss program integrity issues and findings of fraud and other improper payments.
  - (b) Financial penalties for failure to fulfill program integrity requirements including damages.
  - (c) Directly auditing providers and recovering payments.
  - (d) Ensuring recoveries are properly applied.
  - (e) Ensuring all contracts with MCOs are updated as appropriate to reflect program integrity requirements.

Section 5: New section added to chapter 43.41 RCW to require a creation of the Medicaid Expenditure Forecast work group managed by Office of Financial Management (OFM).

- (6) Members from HCA to provide all data, documents, information, and responses to work group as necessary.
- (11) HCA is required to:
  - (a) Provide access to all information relating to the forecast.
  - (b) Work with contracted actuary and work group to develop methods and metrics related to managed care program integrity activities. This will be completed during normal course of rate setting with the work group.
  - (c) Work with work group to ensure the results of program integrity activity are incorporated into the managed care rate setting process in a transparent, timely, measurable, quantifiable manner. This activity shall be done during the normal course of rate setting with the work group.
  - (d) Submit reports and data to the work group as soon as available and will provide additional raw, program-level data or information as needed.

### II. B - Cash Receipts Impact

HCA assumes that the fiscal impact associated with the staff cost would be eligible for Federal Financial Participation (FFP). HCA estimates an average FFP of 48.05%.

#### II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2022	FY-2023	2021-23	2023-25	2025-27
General Fund-Medicaid 001-C	-	245,000	245,000	464,000	464,000
<b>Totals</b>	<b>\$ -</b>	<b>\$245,000</b>	<b>\$245,000</b>	<b>\$ 464,000</b>	<b>\$ 464,000</b>

### II. C – Expenditures

Fiscal impact.

The proposed bill requires implementation of recommendations stemming from the State Auditor's Office (SAO) Performance Audit of HCA's Division of Program Integrity's activities. The bill requires direct administrative oversight of other agencies receiving/expending Medicaid funds, including corrective action when there is noncompliance with federal rules. HCA has been working to establish "reasonable oversight" of other agencies since publication of the SAO Performance Audit, Fall 2021. The



## HCA Fiscal Note

Bill Number: 5620 SB

HCA Request #: 22-019-3

added requirements as described in this bill, will require establishment of new work streams for creating, establishing, and monitoring the addition of “internal controls”.

HCA requests \$393,000 (\$204,000 GF-S) and 3.0 Full time Equivalent (FTE) staffs in fiscal year (FY) 2023, \$366,000 (\$190,000 GF-S) and 3.0 FTEs in FY 2024 and on-going to implement Sections 2, 3 and 4 of this bill. If the definition of a state agency includes more than Department of Children, Youth and Family (DCYF) and Department of Social Health and Services (DSHS), then HCA will likely require additional FTEs.

1. 1.0 FTE Management Analyst 5 beginning July 1, 2022 and on-going to develop processes and systems needed to establish oversight and to supervise staff doing the work.
2. 1.0 FTE Management Analyst 4 beginning July 1, 2022 and on-going for program monitoring, on-going metrics monitoring and development of corrective action plans.
3. 1.0 FTE Management Analyst 3 beginning July 1, 2022 and on-going ensuring contract language and agreements with agencies complies with law and monitoring of on-going compliance with contracts, memorandum of understandings and service level agreements.

Administrative costs are calculated at \$39,000 per 1.0 FTE. This cost is included in Object T based on HCA's federally approved indirect rate and are included as Fiscal Analyst 3 classification. HCA requests \$117,000 (\$61,000 GF-S) and 0.9 FTEs in FY 2023 and on-going.

Section 5 of this bill formalizes the current and existing forecasting process. The roles and responsibilities distribution between HCA and OFM will not change as the result of this bill.

### By Fund:

#### II. C - Operating Budget Expenditures

Account	Account Title	Type	FY-2022	FY-2023	2021-23	2023-25	2025-27
001-1	General Fund	State	-	265,000	265,000	502,000	502,000
001-C	General Fund	Medicaid	-	245,000	245,000	464,000	464,000
<b>Totals</b>			<b>\$ -</b>	<b>\$510,000</b>	<b>\$510,000</b>	<b>\$ 966,000</b>	<b>\$ 966,000</b>

### By Object:

#### II. C - Expenditures by Object Or Purpose

		FY-2022	FY-2023	2021-23	2023-25	2025-27
<b>FTE</b>		<b>0.0</b>	<b>3.9</b>	<b>2.0</b>	<b>3.9</b>	<b>3.9</b>
A	Salaries and Wages	-	240,000	240,000	480,000	480,000
B	Employee Benefits	-	93,000	93,000	186,000	186,000
E	Goods and Other Services	-	27,000	27,000	54,000	54,000
G	Travel	-	3,000	3,000	6,000	6,000
J	Capital Outlays	-	30,000	30,000	6,000	6,000
T	Intra-Agency Reimbursements	-	117,000	117,000	234,000	234,000
<b>Totals</b>		<b>\$ -</b>	<b>\$510,000</b>	<b>\$510,000</b>	<b>\$ 966,000</b>	<b>\$ 966,000</b>

### By FTE:

## HCA Fiscal Note

Bill Number: 5620 SB

HCA Request #: 22-019-3

**II. C - Operating FTE Detail:** List FTEs by classification and corresponding annual compensation.

Job title	Salary	FY-2022	FY-2023	2021-23	2023-25	2025-27
FISCAL ANALYST 3	63,000	0.0	0.9	0.5	0.9	0.9
MANAGEMENT ANALYST 3	70,000	0.0	1.0	0.5	1.0	1.0
MANAGEMENT ANALYST 4	81,000	0.0	1.0	0.5	1.0	1.0
MANAGEMENT ANALYST 5	89,000	0.0	1.0	0.5	1.0	1.0
<b>Totals</b>		<b>0.0</b>	<b>3.9</b>	<b>2.0</b>	<b>3.9</b>	<b>3.9</b>

### Part IV: Capital Budget Impact

None

### Part V: New Rule Making Required

None

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures	<b>Agency:</b> 300-Department of Social and Health Services
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
General Fund-Federal 001-2		154,000	154,000	298,000	298,000
<b>Total \$</b>		154,000	154,000	298,000	298,000

### Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	2.0	1.0	2.0	2.0
<b>Account</b>					
General Fund-State 001-1	0	174,000	174,000	334,000	334,000
General Fund-Federal 001-2	0	154,000	154,000	298,000	298,000
<b>Total \$</b>	0	328,000	328,000	632,000	632,000

### 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: Sandy Stith	Phone: 786-7710	Date: 01/08/2022
Agency Preparation: Cliff Hicks	Phone: 360-902-8240	Date: 01/18/2022
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/18/2022
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/18/2022

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.

Section 1 (2): The Legislature finds that the Health Care Authority (HCA) is responsible for overseeing all of Washington's Medicaid programs, including those administered by other state agencies. Effective oversight by HCA will advance the Legislature's objective of ensuring that the right services are delivered to the right person at the right time with measurable outcomes.

Section 3 (1): HCA shall provide administrative oversight for all funds received under the medical assistance program, as codified in Title XIX of the Federal Social Security Act.

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.

A portion of the costs incurred to implement this legislation will be funded with federal Title XIX-Grants to States for Medical Assistance funds.

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.

Developmental Disabilities Administration (DDA) staffing cost:  
DDA requires one FTE Washington Management Service (WMS) 2 for work relating to Medicaid program integrity arising from this bill. This includes:

- \* Responsiveness to the HCA;
- \* Payment review;
- \* Data reporting;
- \* Risk assessment;
- \* Data integrity checks and reconciliation.

Fiscal Year 2023: \$162,000 (\$91,000 GF-State)  
Fiscal Year 2024 and beyond: \$156,000 (\$87,000 GF-State)

Aging Long-Term Support Administration (ALTSA) staffing cost:  
Home and Community Services requires one FTE WMS2 for work related to Medicaid program integrity arising from this bill. This includes:

- \* Updating service level agreements in the cooperative agreement;
- \* Complying with reporting requirements;
- \* Responsiveness to HCA oversight requirements.

Fiscal Year 2023: \$166,000 (\$83,000 GF-State)  
Fiscal Year 2024 and beyond: \$160,000 (\$80,000 GF-State)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	0	174,000	174,000	334,000	334,000
001-2	General Fund	Federal	0	154,000	154,000	298,000	298,000
Total \$			0	328,000	328,000	632,000	632,000

**III. B - Expenditures by Object Or Purpose**

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		2.0	1.0	2.0	2.0
A-Salaries and Wages		226,000	226,000	452,000	452,000
B-Employee Benefits		70,000	70,000	140,000	140,000
C-Professional Service Contracts					
E-Goods and Other Services		12,000	12,000	24,000	24,000
G-Travel					
J-Capital Outlays		12,000	12,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		8,000	8,000	16,000	16,000
9-					
<b>Total \$</b>	0	328,000	328,000	632,000	632,000

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
WMS 2 (ALTSA)	115,104		1.0	0.5	1.0	1.0
WMS 2 (DDA)	110,976		1.0	0.5	1.0	1.0
<b>Total FTEs</b>			2.0	1.0	2.0	2.0

**III. D - Expenditures By Program (optional)**

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Developmental Disabilities Administration (040)		162,000	162,000	312,000	312,000
Aging Long-Term Support Administration (050)		166,000	166,000	320,000	320,000
<b>Total \$</b>		328,000	328,000	632,000	632,000

**Part IV: Capital Budget Impact****IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout***Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5620 SB	<b>Title:</b> Medicaid expenditures	<b>Agency:</b> 307-Department of Children, Youth, and Families
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

<b>Legislative Contact:</b> Sandy Stith	<b>Phone:</b> 786-7710	<b>Date:</b> 01/08/2022
<b>Agency Preparation:</b> Ashley McEntyre	<b>Phone:</b> 2533064501	<b>Date:</b> 01/19/2022
<b>Agency Approval:</b> Crystal Lester	<b>Phone:</b> 360-628-3960	<b>Date:</b> 01/19/2022
<b>OFM Review:</b> Robyn Williams	<b>Phone:</b> (360) 704-0525	<b>Date:</b> 01/20/2022

## 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.*

Sections 1-4 of this bill authorize the Health Care Authority (HCA) to provide administrative oversight for all Medicaid funds received under the medical assistance program and to detail requirements for maintaining program integrity and penalties for not doing so into contracts with managed care organizations.

Section 5 of this bill creates a Medicaid expenditure forecast work group managed by the Office of Financial Management.

### 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.*

None.

### 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.*

No Fiscal Impact.

Sections 1 through 4 of this bill require HCA to establish and maintain internal controls over state agencies that receive Medicaid funding, as well as develop a strategic plan and reporting strategies. The Department of Children, Youth, and Families (DCYF) Audit and Accounting requirements are assumed to stay the same as our current process. If HCA determines that additional reporting or audit review requirements are needed, additional resources may be needed in these two support areas.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

None.

**Part V: New Rule Making Required**