

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 1313 HB	<b>Title:</b> Health care afford./medicare	<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 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2	35,232,000	37,265,000	72,497,000	74,530,000	74,530,000
<b>Total \$</b>	35,232,000	37,265,000	72,497,000	74,530,000	74,530,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1	35,232,000	37,265,000	72,497,000	74,530,000	74,530,000
General Fund-Federal 001-2	35,232,000	37,265,000	72,497,000	74,530,000	74,530,000
<b>Total \$</b>	70,464,000	74,530,000	144,994,000	149,060,000	149,060,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. 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: Kim Weidenaar	Phone: 360-786-7120	Date: 01/16/2023
Agency Preparation: Sue Eckroth	Phone: 360-725-1899	Date: 01/27/2023
Agency Approval: SUMAN MAJUMDAR	Phone: 360-725-1319	Date: 01/27/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/27/2023

## Part II: Narrative Explanation

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

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

See attached narrative.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached narrative.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached narrative.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	35,232,000	37,265,000	72,497,000	74,530,000	74,530,000
001-2	General Fund	Federal	35,232,000	37,265,000	72,497,000	74,530,000	74,530,000
<b>Total \$</b>			<b>70,464,000</b>	<b>74,530,000</b>	<b>144,994,000</b>	<b>149,060,000</b>	<b>149,060,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	70,464,000	74,530,000	144,994,000	149,060,000	149,060,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>70,464,000</b>	<b>74,530,000</b>	<b>144,994,000</b>	<b>149,060,000</b>	<b>149,060,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

NONE

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

<b>Program</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>2023-25</b>	<b>2025-27</b>	<b>2027-29</b>
HCA Other (200)	70,464,000	74,530,000	144,994,000	149,060,000	149,060,000
<b>Total \$</b>	<b>70,464,000</b>	<b>74,530,000</b>	<b>144,994,000</b>	<b>149,060,000</b>	<b>149,060,000</b>

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# HCA Fiscal Note

Bill Number: 1313 HB

HCA Request #: 23-042

## Part II: Narrative Explanation

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

An act relating to improving health care affordability for individuals on Medicare by increasing the current income limits for the Medicare Savings Programs (MSPs).

Section 2 requires the Washington State Health Care Authority (HCA) to expand MSPs.

Section 2 (3)(a) requires that client is income eligible for the Qualified Medicare Beneficiary (QMB) program if the client's countable income is less than or equal to 138 percent of the federal poverty level (FPL).

Section 2 (3)(b) allows, but does not require, HCA to establish income limits higher than the federally required minimum levels for the QMB and other MSP programs. HCA is required to seek to maximize the availability of the Qualified Individual (QI-1) program through the Centers for Medicare and Medicaid Services (CMS).

Section 2 (3)(c) requires that the MSPs do not require a resource test.

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### II. B - Cash Receipts Impact

Indeterminate

- Section 2 (3)(a) is assumed to be eligible for federal matching funds at 50 percent.
- Section 2 (3)(b) is indeterminate, and would be 100% federal funds.

II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
General Fund-Medicaid 001-C	35,232,000	37,265,000	37,265,000	37,265,000	37,265,000	37,265,000	72,497,000	74,530,000	74,530,000
<b>Totals</b>	<b>\$ 35,232,000</b>	<b>\$ 37,265,000</b>	<b>\$ 37,265,000</b>	<b>\$ 37,265,000</b>	<b>\$ 37,265,000</b>	<b>\$ 37,265,000</b>	<b>\$ 72,497,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>

### II. C – Expenditures

The fiscal impact is greater than \$50,000 but indeterminate to actual cost.

This bill increases the QMB income eligibility threshold from the current 100% of FPL to 138%. Increasing the income eligibility threshold for the QMB program is expected to result in an increased number of eligibles which, in turn, will lead to increased costs for HCA. Based on a recent study conducted by the Washington State Department of Social and Health Services (2022), and assuming fixed caseload and per capita cost in State Fiscal Year 2025 forward, the total service-related fiscal impact is expected to be \$70,464,000 in State Fiscal Year 2024 and \$74,530,000 during each year thereafter. The General Fund-State costs are estimated to be \$35,232,000 in State Fiscal Year 2024 and \$37,265,000 each year thereafter. According to the report, about 50,000 new enrollees are expected in the QMB program, some of whom would be transferring from other MSP programs.

This bill allows, but does not require, HCA to establish income limits higher than the federally required minimum levels for the QMB and other Medicare savings programs (MSPs). If HCA decides to pursue the allowed expansions, there would be additional fiscal impact. The bill does, however, require that HCA seeks to maximize the availability of the QI-1 program through CMS. Since any expansion of the QI-1 program will have to be negotiated with CMS, the fiscal impact of such change is indeterminate at

# HCA Fiscal Note

Bill Number: 1313 HB

HCA Request #: 23-042

this time. The QI-1 program is federally funded and, therefore, the relevant fiscal impact will be entirely General Fund-Federal. Finally, this bill also requires that MSP programs do not require a resource test. No fiscal impact is expected from this requirement as this has already been implemented effective January 2023.

**II. C - Operating Budget Expenditures**

Account	Account Title	Type	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
001-1	General Fund	State	35,232,000	37,265,000	37,265,000	37,265,000	37,265,000	37,265,000	72,497,000	74,530,000	74,530,000
001-C	General Fund	Medicaid	35,232,000	37,265,000	37,265,000	37,265,000	37,265,000	37,265,000	72,497,000	74,530,000	74,530,000
<b>Totals</b>			<b>\$ 70,464,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 144,994,000</b>	<b>\$ 149,060,000</b>	<b>\$ 149,060,000</b>

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

		FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
N	Grants, Benefits & Client Services	70,464,000	74,530,000	74,530,000	74,530,000	74,530,000	74,530,000	144,994,000	149,060,000	149,060,000
<b>Totals</b>		<b>\$ 70,464,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 144,994,000</b>	<b>\$ 149,060,000</b>	<b>\$ 149,060,000</b>

**II. C - Expenditures By Program (optional)**

Program		FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
200	200 - HCA - Other	70,464,000	74,530,000	74,530,000	74,530,000	74,530,000	74,530,000	144,994,000	149,060,000	149,060,000
<b>Totals</b>		<b>\$ 70,464,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 74,530,000</b>	<b>\$ 144,994,000</b>	<b>\$ 149,060,000</b>	<b>\$ 149,060,000</b>

## Reference

Washington State Department of Social and Health Services. 2022. Costs and Benefits of Expanding Medicare Savings Programs and Classic Medicaid Programs to Promote Affordable Care, Premiums, and Cost Sharing for Medicare Enrollees. RDA Report Number 9.124. Available online at: [https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=Medicare%20Cliff%20Proviso%20Report%20-%20FINAL%20001-11-23\\_c3f3dc6f-f440-4647-ac90-2029b26ae22a.pdf](https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=Medicare%20Cliff%20Proviso%20Report%20-%20FINAL%20001-11-23_c3f3dc6f-f440-4647-ac90-2029b26ae22a.pdf) (Accessed January 25, 2023).

## Part IV: Capital Budget Impact

None.

## Part V: New Rule Making Require

None.