

Multiple Agency Fiscal Note Summary

Bill Number: 5497 SB	Title: Medicaid expenditures
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	0	0	354,000	0	0	358,000	0	0	358,000
Department of Social and Health Services	0	0	432,000	0	0	424,000	0	0	424,000
Total \$	0	0	786,000	0	0	782,000	0	0	782,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	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	3.5	439,000	439,000	793,000	3.5	444,000	444,000	802,000	3.5	444,000	444,000	802,000
Department of Social and Health Services	3.0	574,000	574,000	1,006,000	3.0	564,000	564,000	988,000	3.0	564,000	564,000	988,000
Department of Children, Youth, and Families	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Corrections	Fiscal note not available											
Total \$	6.5	1,013,000	1,013,000	1,799,000	6.5	1,008,000	1,008,000	1,790,000	6.5	1,008,000	1,008,000	1,790,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	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
Department of Corrections	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Preliminary 2/ 7/2023
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Individual State Agency Fiscal Note

Bill Number: 5497 SB	Title: Medicaid expenditures	Agency: 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.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 01/26/2023
Agency Preparation: Melinda Aslakson	Phone: 3607866161	Date: 01/31/2023
Agency Approval: Lisa Won	Phone: 360-786-6150	Date: 01/31/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/31/2023

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.

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 the 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 \$45,300 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

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.

None

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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)

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

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.

Individual State Agency Fiscal Note

Bill Number: 5497 SB	Title: Medicaid expenditures	Agency: 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.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 01/26/2023
Agency Preparation: Allyson Bazan	Phone: 360-586-3589	Date: 02/01/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/01/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/02/2023

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.

The AGO Social & Health Services 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) as SHO currently advises the Program Integrity Unit.

The bill will not result in any significant changes to HCA's current program integrity practices because the bill seems to largely require what HCA already does. New legal services are nominal, and costs are not included in this request.

The AGO Revenue and Finance Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Office of Financial Management (OFM). Section 5 creates the Medicaid expenditure workgroup that would be managed by OFM. New legal services are nominal, and costs are not included in this request.

The AGO Medicaid Fraud Control Division has reviewed this bill and determined it will not significantly increase or decrease the division's workload. New legal services are nominal, and costs are not included in this request.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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)

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

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.

Individual State Agency Fiscal Note

Bill Number: 5497 SB	Title: Medicaid expenditures	Agency: 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.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 01/26/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 02/01/2023
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/01/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/01/2023

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.

Section 5 creates a Medicaid Expenditure Forecast Work Group to be managed by OFM. The Work Group shall:

- o Prepare and coordinate Medicaid expenditure forecasting products.
- o Provide technical support to the Governor's Office and the fiscal committees of the Legislature.
- o Prepare and submit an official forecast.

The work described in this section is already accomplished by OFM, and therefore, has no fiscal impact.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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)

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

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.

Individual State Agency Fiscal Note

Bill Number: 5497 SB	Title: Medicaid expenditures	Agency: 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	175,000	179,000	354,000	358,000	358,000
Total \$	175,000	179,000	354,000	358,000	358,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.4	3.5	3.5	3.5	3.5
Account					
General Fund-State 001-1	217,000	222,000	439,000	444,000	444,000
General Fund-Federal 001-2	175,000	179,000	354,000	358,000	358,000
Total \$	392,000	401,000	793,000	802,000	802,000

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: 01/26/2023
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 02/01/2023
Agency Approval: Madina Cavendish	Phone: 360-725-0902	Date: 02/01/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/01/2023

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	217,000	222,000	439,000	444,000	444,000
001-2	General Fund	Federal	175,000	179,000	354,000	358,000	358,000
Total \$			392,000	401,000	793,000	802,000	802,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.4	3.5	3.5	3.5	3.5
A-Salaries and Wages	281,000	288,000	569,000	576,000	576,000
B-Employee Benefits	103,000	105,000	208,000	210,000	210,000
C-Professional Service Contracts					
E-Goods and Other Services	8,000	8,000	16,000	16,000	16,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	392,000	401,000	793,000	802,000	802,000

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 2024	FY 2025	2023-25	2025-27	2027-29
CONTRACTS SPECIALIST 3	81,000	0.4	0.5	0.5	0.5	0.5
MANAGEMENT ANALYST 3	72,000	1.0	1.0	1.0	1.0	1.0
MANAGEMENT ANALYST 4	83,000	1.0	1.0	1.0	1.0	1.0
MANAGEMENT ANALYST 5	92,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.4	3.5	3.5	3.5	3.5

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

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: 5497 SB

HCA Request #: 23-079

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.

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

HCA Fiscal Note

Bill Number: 5497 SB

HCA Request #: 23-079

- (1) Beginning January 1, 2024, 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 and sanctions.
 - (c) Directly auditing providers and recovering overpayments from the providers; or assessing liquidated damages against the MCOs.
 - (d) Ensuring recoveries and liquidated damages from overpayments are properly accounted for and 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 44.7%.

II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	2023-25	2025-27	2027-29
General Fund-Medicaid 001-C	175,000	179,000	354,000	358,000	358,000
Totals	\$ 175,000	\$ 179,000	\$ 354,000	\$ 358,000	\$ 358,000

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: 5497 SB

HCA Request #: 23-079

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 \$793,000 (\$439,000 GF-S) and 3.5 Full time Equivalent (FTE) staffs in 2023-25 biennium 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, 2023 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, 2023 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, 2023 and on-going for contract management 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.
4. 0.5 FTE Contracts Specialist 3 beginning September 1, 2023 and on-going for contracting activities, including language, agreements, work orders and memorandum of understandings with managed care organizations, agencies and contractors.

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-2024	FY-2025	2023-25	2025-27	2027-29
001-1	General Fund	State	217,000	222,000	439,000	444,000	444,000
001-C	General Fund	Medicaid	175,000	179,000	354,000	358,000	358,000
Totals			\$ 392,000	\$ 401,000	\$ 793,000	\$ 802,000	\$ 802,000

By Object:

II. C - Expenditures by Object Or Purpose

		FY-2024	FY-2025	2023-25	2025-27	2027-29
FTE		3.4	3.5	3.5	3.5	3.5
A	Salaries and Wages	281,000	288,000	569,000	576,000	576,000
B	Employee Benefits	103,000	105,000	208,000	210,000	210,000
E	Goods and Other Services	8,000	8,000	16,000	16,000	16,000
Totals		\$ 392,000	\$ 401,000	\$ 793,000	\$ 802,000	\$ 802,000

By FTE:

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

Job title	Salary	FY-2024	FY-2025	2023-25	2025-27	2027-29
CONTRACTS SPECIALIST 3	81,000	0.4	0.5	0.5	0.5	0.5
MANAGEMENT ANALYST 3	72,000	1.0	1.0	1.0	1.0	1.0
MANAGEMENT ANALYST 4	83,000	1.0	1.0	1.0	1.0	1.0
MANAGEMENT ANALYST 5	92,000	1.0	1.0	1.0	1.0	1.0
Totals		3.4	3.5	3.5	3.5	3.5

Part IV: Capital Budget Impact

None

HCA Fiscal Note

Bill Number: 5497 SB

HCA Request #: 23-079

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 5497 SB	Title: Medicaid expenditures	Agency: 300-Department of Social and Health Services
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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	220,000	212,000	432,000	424,000	424,000
Total \$	220,000	212,000	432,000	424,000	424,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
Account					
General Fund-State 001-1	292,000	282,000	574,000	564,000	564,000
General Fund-Federal 001-2	220,000	212,000	432,000	424,000	424,000
Total \$	512,000	494,000	1,006,000	988,000	988,000

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: 01/26/2023
Agency Preparation: Bill Jordan	Phone: 360-902-8183	Date: 01/31/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/31/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/31/2023

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.

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

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.

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

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.

Department of Social and Health Services (DSHS) will have work related to the Medicaid program integrity arising from this bill. The work includes but is not limited to:

- Responsiveness to HCA oversight requirements
- Payment review
- Data reporting
- Risk assessment
- Data integrity checks and reconciliation
- Updating service level agreements in the cooperative agreement
- Complying with reporting requirements

The DSHS programs that require an FTE each to handle the additional workload are:

- Developmental Disabilities Administration
- Aging and Long-Term Support Administration
- Economic Services Administration

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	292,000	282,000	574,000	564,000	564,000
001-2	General Fund	Federal	220,000	212,000	432,000	424,000	424,000
Total \$			512,000	494,000	1,006,000	988,000	988,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	352,000	352,000	704,000	704,000	704,000
B-Employee Benefits	110,000	110,000	220,000	220,000	220,000
C-Professional Service Contracts					
E-Goods and Other Services	20,000	20,000	40,000	40,000	40,000
G-Travel					
J-Capital Outlays	18,000		18,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	12,000	12,000	24,000	24,000	24,000
9-					
Total \$	512,000	494,000	1,006,000	988,000	988,000

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 2024	FY 2025	2023-25	2025-27	2027-29
WMS Band 2 (ALTSA)	118,848	1.0	1.0	1.0	1.0	1.0
WMS Band 2 (DDA)	114,588	1.0	1.0	1.0	1.0	1.0
WMS Band 2 (ESA)	118,101	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.0	3.0	3.0	3.0	3.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Developmental Disabilities Administration (040)	167,000	161,000	328,000	322,000	322,000
Aging and Long-Term Support Administration (050)	173,000	167,000	340,000	334,000	334,000
Economic Services Administration (060)	172,000	166,000	338,000	332,000	332,000
Total \$	512,000	494,000	1,006,000	988,000	988,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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.

Individual State Agency Fiscal Note

Bill Number: 5497 SB	Title: Medicaid expenditures	Agency: 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.

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Agency Approval: James Smith	Phone: 360-764-9492	Date: 01/31/2023
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 01/31/2023

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.

SB 5497 Medicaid Expenditures establishes the Health Care Authority as the designated agency to ensure that the Medicaid program is operating under sound fiscal stewardship.

Section 1 establishes that the HCA is responsible for overseeing all of Washington's Medicaid programs, including those administered by other state agencies.

Section 2(2) is amended to establish that HCA is responsible for providing reasonable oversight of all Medicaid program integrity activities required by federal regulation and must establish and maintain effective internal control over any other state agencies that receive Medicaid funding.

Section 3 adds a new section to chapter 74.09 RCW to detail the level of administrative oversight HCA will have for all funds received under the Medical Assistance program.

Section 4 adds a new section to chapter 74.09 RCW to establish HCA contract requirements with managed care organizations (MCOs) and leading program integrity practices as recommended by the centers for medicare and Medicaid services.

Section 5 adds a new section to chapter 43.41 RCW to establish a forecast workgroup.

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.

None.

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.

No impact to DCYF.

This bill requires that DCYF provide reports on expenditure activity on funding designated for youth and priorities connected to Medicaid. DCYF assumes this work can be absorbed within existing resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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)

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

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.