

Multiple Agency Fiscal Note Summary

Bill Number: 5807 SB	Title: Basic health plan
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Estimated Cash Receipts

Agency Name	2003-05		2005-07		2007-09	
	GF- State	Total	GF- State	Total	GF- State	Total
Washington State Health Care Authority	0	(21,168,141)	0	(31,623,090)	0	(31,623,090)
Department of Social and Health Services	0	13,105,000	0	17,198,000	0	17,198,000
Total \$	0	(8,063,141)	0	(14,425,090)	0	(14,425,090)

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2003-05			2005-07			2007-09		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Washington State Health Care Authority	2.7	0	(176,034,486)	.1	0	(248,499,634)	.1	0	(248,499,634)
Department of Social and Health Services	59.0	13,105,000	26,210,000	31.0	17,200,000	34,398,000	31.0	17,200,000	34,398,000
Total	61.7	\$13,105,000	\$(149,824,486)	31.1	\$17,200,000	\$(214,101,634)	31.1	\$17,200,000	\$(214,101,634)

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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Prepared by: Elise Greef, OFM	Phone: 360-902-0539	Date Published: Final 3/14/2003
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 5807 SB	Title: Basic health plan	Agency: 107-Wash State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2004	FY 2005	2003-05	2005-07	2007-09
General Fund-Federal 001-2	65,029	19,419	84,448	38,838	38,838
Basic Health Plan Trust Account-Non-Appropriated 172-6	(6,886,988)	(14,365,601)	(21,252,589)	(31,661,928)	(31,661,928)
Total \$	(6,821,959)	(14,346,182)	(21,168,141)	(31,623,090)	(31,623,090)

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	5.3	0.1	2.7	0.1	0.1
Fund					
General Fund-Federal 001-2	65,029	19,419	84,448	38,838	38,838
Basic Health Plan Trust Account-Non-Appropriated 172-6	(6,886,988)	(14,365,601)	(21,252,589)	(31,661,928)	(31,661,928)
Health Services Account-State 760-1	(50,347,715)	(104,518,630)	(154,866,345)	(216,876,544)	(216,876,544)
Total \$	(57,169,674)	(118,864,812)	(176,034,486)	(248,499,634)	(248,499,634)

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: Jonathan Seib	Phone: (360)786-7427	Date: 02/15/2003
Agency Preparation: Dale Fry	Phone: (360) 923-2741	Date: 02/17/2003
Agency Approval: Pete Cutler	Phone: (360) 923-2720	Date: 03/03/2003
OFM Review: Elise Greef	Phone: 360-902-0539	Date: 03/04/2003

Request # 03-29-1

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.

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.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	5.3	0.1	2.7	0.1	0.1
A-Salaries and Wages	311,816	139,715	451,531	279,430	279,430
B-Employee Benefits	70,003	31,366	101,369	62,732	62,732
C-Personal Service Contracts					
E-Goods and Services	192,791	756	193,547	1,512	1,512
G-Travel	868	12	880	24	24
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(57,745,152)	(119,036,661)	(176,781,813)	(248,843,332)	(248,843,332)
Total:	\$(57,169,674)	\$(118,864,812)	\$(176,034,486)	\$(248,499,634)	\$(248,499,634)

III. B - 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 2004	FY 2005	2003-05	2005-07	2007-09
Fiscal Analyst 3	42,588	(0.8)	(1.5)	(1.2)	(1.5)	(1.5)
Health Ins Benefits Specialist 2	35,797	6.7	3.3	5.0	3.3	3.3
HIBS 3	38,543	0.4	0.5	0.4	0.5	0.5
HIBS 4	40,509	(0.1)	(0.3)	(0.2)	(0.3)	(0.3)
Office Asst	25,200	(1.4)	(2.8)	(2.1)	(2.8)	(2.8)
Office Asst Sr	26,988	0.4	0.5	0.4	0.5	0.5
WMS 3	75,348	0.2	0.3	0.3	0.3	0.3
Total FTE's		5.3	0.1	2.6		0.0

III. C - Expenditures By Program (optional)

Program	FY 2004	FY 2005	2003-05	2005-07	2007-09
Basic Health (020)	575,477	171,849	747,326	343,698	343,698
BH Benefits (070)	(57,745,151)	(119,036,661)	(176,781,812)	(248,843,332)	(248,843,332)
Total \$	(57,169,674)	(118,864,812)	(176,034,486)	(248,499,634)	(248,499,634)

Part IV: Capital Budget Impact

Request # 03-29-1

Bill # 5807 SB

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.

HCA Fiscal Note

Bill Number: SB 5807 Changes to the Basic Health Plan

HCA Request #:03-29

Part II: Narrative Explanation

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

This bill is a major revision of the Basic Health Plan's (BH) enrollment eligibility and benefit design (including cost sharing), impacting multiple facets of the program. Unless otherwise described below, all changes would go into effect on 1 January 2004. The changes in this bill are as follows:

Section 2 revises the Basic Health eligibility criteria in RCW 70.47.020 to

- Add a "resource" limit of \$7,500 for BH enrollees. Certain assets would be excluded from the limit, such as the house the member lives in, household furnishings, car with a value of no more than \$5,000, and any other resource that the BH administrator "determines is necessary and is being used by the applicant or enrollee to increase his or her income."
- Make those who are eligible for Medicaid ineligible for BH, whether the person chooses to access coverage through Medicaid or not.
- Reduce the maximum income from 200% to 150% of the Federal Poverty Level (FPL). For a single individual, 200% FPL is currently \$17,720, and 150% FPL is currently \$13,290
- Limit BH coverage to 60 months. Currently, a member of BH can remain enrolled as long as he or she meets the eligibility standards.

Section 5 revises RCW 70.47.060 to

- Require the administrator to base subscriber premiums on "wellness activities." For example, a smoker, as determined by written declaration upon application for enrollment and recertification, would be charged a higher premium than a nonsmoker, with the smoker being able to reduce his or her premium by completing a smoking cessation course offered and covered by the health plans.
- Raise minimum subscriber premiums for all subsidized members. Our assumption is this would include Home Care Agency Workers, Personal Care Workers and Foster Parents who would go from \$10.00 member premium shares to \$12.50.
- Currently, an employer or financial sponsor may pay the subscriber premium for its employees / members indefinitely. This bill limits such sponsorship by any one organization to two years, prospectively.
- Currently, certain financial sponsors (provider sponsors) pay a premium of \$15.00/\$20.00 to the State for their sponsorees who are below 100% FPL, and 100%-125% FPL respectively. With the increase in minimum premiums referenced above, the minimum provider sponsor payments will be increased to \$20.00 and \$25.00, respectively.
- Explicitly authorize the BH administrator to disenroll members, if required, to remain within budget. BH would then have to create a waiting list of those disenrolled for budgetary considerations and offer them re-enrollment ahead of new enrollees. Currently, it is not clear whether the BH administrator may disenroll current Basic Health members.
- Include dependent's earned income in the family income calculations.

HCA Fiscal Note

Bill Number: SB 5807 Changes to the Basic Health Plan

HCA Request #:03-29

Section 8 adds a new section to RCW 70.47 to

- Require BH to design and implement a benefits package that is actuarially equivalent to a 25% reduction of the benefit package in force for January 1, 2003 (the current package).

Section 9 adds a new section to RCW 70.47 to

- Require that BH contract only with plans that reasonably expect an 87% or higher loss ratio for BH. Currently, all BH plans meet this requirement.

II. B – Cash Receipts Impact

Cash receipts impacts cited in the following narrative correspond to FY 06, the first fiscal year where costs reach a steady state. These impacts correspond to those shown in the attached “Summary of Impacts” table.

- Based on the present BH population, increasing the minimum premiums for those less than 125% FPL will yield an income increase of about \$3.9 million to Fund 172-6 (BH Trust Account) over the biennium. A corresponding reduction in expenditures from Fund 760-1 (Health Services Account [HSA] – State) means a savings of \$3.9 million for the state.
- Increasing smokers premiums by \$5 for those less than 65% FPL, \$6 for 65% - 100%, \$7 for 100% - 125%, and approximately \$8 for 125% - 200% (current eligibility limits) generates about \$1.4 million in savings through the same fund mechanism for minimum premium increases.
- Increasing provider sponsoring organization’s fees may generate about \$1,500 in savings, again by the same fund mechanism. Provider sponsors may reduce participation and attempt to shift enrollment to financial sponsored organizations, and additional anticipated revenue may not be realized at all.
- A small net change is estimated to the Federal Medicaid administrative revenue earned as a result of the net change to workload costs. However, if this bill impacts the Basic Health Plus coordination workload, the actual change may be different.

II. C – Expenditures

The baseline for Basic Health benefits and associated administrative workload is assumed to be the June 2003 enrollment population of 120,777, with benefits expenditures of \$335 million and 132 FTE/\$ 8.5 million in administrative costs. Benefits assumptions for the baseline are the current Basic Health benefits package, trended forward at 9%/year (10.6% Health Services Account). A comparison of this bill to the baseline and the Governor’s proposed budget is available in the attachment “BH sub/nonsub impact”.

HCA Fiscal Note

Bill Number: SB 5807 Changes to the Basic Health Plan

HCA Request #:03-29

Expenditure impacts cited in the following narrative correspond to FY 06, the first fiscal year where costs reach a steady state. These impacts correspond to those shown in the attached "Summary of Impacts" table.

- **Resource limit of \$7,500** BH eligibility currently depends upon the applicant's earned and unearned income but not on his or her total assets. Certain assets would be excluded from the limit, such as the house the member lives in, household furnishings, car with a value of no more than \$5,000, and other resources the BH administrator "determines is necessary and is being used by the applicant or enrollee to increase his or her income." For the purposes of this fiscal note, it is estimated that adding a resource limit of \$7,500 could cause 2% of the BH population to become ineligible and save \$4.3 million in benefits.

The workload impact of this eligibility change will likely require significant additional administrative resources, depending on how much effort is required to analyze enrollee's resources during the application process. We estimate an additional 15.91 FTEs (primarily Health Insurance Benefits Specialists - HIBS) will be required. In addition, all BH HIBS staff may require re-classification, potentially resulting in a 5% salary increase. A one-time data systems modification costing \$140,000 would also be incurred in FY 04.

Total ongoing cost for admin workload is estimated at 20.9 FTE and \$1.2 million.

- **Screen out Medicaid eligibles** Currently, BH eligibility is independent of whether the member is also eligible for Medicaid. This bill makes those who are eligible for Medicaid ineligible for BH, whether the person chooses to apply for coverage through their Medicaid benefit or not. For purposes of this fiscal note, we assume that this should have a minimal fiscal impact on BH staff, since determination of a person's eligibility for Medicaid is made by the Department of Social and Health Services (DSHS), not BH. However, it is assumed that there will be a reduction in the number of members whose income is less than 100% of the Federal Poverty Level (FPL) and who are eligible for BH.

Eliminating persons eligible for Medicaid will reduce enrollment by about 5,000 and save \$10.6 million. This is based on the estimate that of the 11,187 parents at less than 100% FPL who had children enrolled in BH Plus (in Oct 02), about 50% may be Medicaid eligible and would be disenrolled. There should be little HCA administrative impact for this; however there will likely be additional administrative and benefits impact for DSHS.

- **Reduce income eligibility to 150% FPL** The fiscal impact includes additional staff and communications costs to inform those between 150% and 200% FPL that they would be disenrolled in FY 04, and to process responses from those members. Also a large decrease in total BH enrollment would occur.

Reducing maximum FPL eligibility from 200% to 150% will eliminate about 25,000 enrollees, saving \$38.9 million. It will reduce FTEs by 21.3 for the enrollment decrease. However it will require an additional 5.2 FTEs in FY 04 for call center volume, member appeals increases, income verification, as well as tracking the order of any further disenrollment for budgetary reasons.

Total ongoing cost for admin workload is estimated at \$1 million savings.

- **Limit BH coverage to 60 months** This is a lifetime limit, so months of enrollment prior to the effective date of the bill would be counted toward the 60-month limit. BH data exists to track this efficiently as of January 2000, so it is assumed that no one would be disenrolled until Jan 05; the number of enrollees affected during the 03-05 Biennium is likely to be negligible. There may be future benefits savings but they are not included here.

HCA Fiscal Note

Bill Number: SB 5807 Changes to the Basic Health Plan

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Retrospectively limiting individual enrollment to 60 months will require a one-time \$10,000 charge for systems modifications in FY 04, but no additional FTEs.

- **25% reduction to CY 03 benefit** Design options for such a package include limiting no-cost preventive services, increasing co-payments, adding deductibles, adding coinsurance with annual out-of-pocket maximum, imposing an annual total benefit cap, and others. The fiscal impact will be that of reducing state costs for covering enrollees who use the new services.

Reducing the actuarial value of the current BH benefit saves \$72.3 million in benefits costs. It is assumed that this reduction is a one-time action, and the benefits do not erode as medical trends increase. A collateral effect of the benefit change may be a drop in enrollment if members lose interest in purchasing a lower level of coverage than what they have today; however, this impact has not been factored into these estimates.

- **Base subscriber premiums on “wellness activities.”** For purposes of this fiscal note, we assume that the initial activity considered would be smoking cessation, and that declared smokers would pay a higher premium until completion of a smoking cessation program. The fiscal impact is likely to have no effect on state costs depending on how many enrollees smoke, and how many take advantage of the wellness benefit.

It is assumed that 30% of the population smokes and one-third of them will use the cessation service offered. Requiring the plans to include smoking cessation as a covered benefit results in an estimated cost increase of \$1 per member per month (pmpm) or \$1.6 million in total cost. However, this cost is completely covered by the smokers premium increase described in the Cash Receipts section. Therefore, including smoking cessation as a covered benefit produces a state costs savings of \$1.4 million.

- **Raise minimum subscriber premiums** for all subsidized members. Our assumption is that the minimum premiums for eligible Home Care Agency Workers, Personal Care Workers and Foster Parents as well as regular subsidized members would go from \$10.00 total member premium shares to \$12.50. The premiums would change from \$10.00 to \$12.50 for in the less than 65% FPL band, \$14.50 to \$19.00 for the 65% - 100% FPL band, and \$17.00 to \$22.50 for the 100% to 125% band. These increases would be in addition to the wellness benefit premium increase for smokers. The premium increases will reduce BH state costs by an estimated \$3.9 million per year.
- **Limit financial sponsorship to 2 years** The fiscal impact is primarily for staff to track enrollees who may move from one financial sponsor to another to remain under the two-year limit. A small BH data system modification would also be required. Prospectively limiting employer or financial sponsorship by any one organization to two years would require 0.5 additional FTE (HIBS), costing \$26,037.
- **Increase minimum sponsor premiums** Currently, certain financial sponsors (provider sponsors) pay a premium of \$15.00/\$20.00 to the state for their sponsorees who are below 100% FPL and 100%-125% FPL respectively. With the minimum premiums for those below 125% FPL having been increased, the provider sponsor payments will be increased to \$20.00/\$25.00. This should cause little change in present revenues from these sponsors, since currently fewer than 700 enrollees are provider sponsored.
- **Include dependent’s earned income in the family income calculations** Since dependents are not assumed to earn enough to produce a significant change in total family income, no benefits impact is included here. Additional staff time for application processing complexity is estimated at 2.15 FTE and included in the 150% FPL eligibility limit change.

HCA Fiscal Note

Bill Number: SB 5807 Changes to the Basic Health Plan

HCA Request #:03-29

- With the large number of changes to eligibility and coverage, BH anticipates a doubling in the number of its member appeals. Additional staff to process these appeals is estimated at .33 FTE and included in the cost estimates for the 150% eligibility limit change.
- Currently, state law explicitly authorizes the administrator to control total enrollment to avoid a budget over-expenditure by limiting the number of new enrollees. This bill authorizes the program administrator to actually disenroll members, if required, to remain within budget. BH would then have to create a waiting list of those disenrolled for budgetary considerations and offer them re-enrollment ahead of new enrollees. Additional staff time to maintain the list is estimated at 0.5 FTE and included in the cost estimates for the 150% FPL eligibility limit change.
- As a result of all the eligibility requirements, the total enrollment demand and state cost is expected to drop well below June 2003 baseline of 120,777. However, those that continue to enroll and remain in the program may be less healthy than the current BH population, which could cause the BH risk pool to deteriorate. This impact has not been included in our calculations, but average and total state premium costs will increase should this occur.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Many WACs would have to be rewritten due to the major changes in eligibility and benefit design.

HCA Fiscal Note

Bill #: SB 5807

Summary of impacts

HCA Request: 03-29

ANNUAL IMPACT (FY 06) -- 1st full year that all changes take complete effect

Eligibility/Benefits Change	FY 06 average enrollment change	FY 06 avg HSA pmpm change	Benefits Cost Changes		Administration Cost Changes			Total Cost Changes	
			HSA (2)	Total	FTE (3)	HSA	Total	HSA	Total
Current Benefit	120,777	\$ 200.24	\$ 290,219,838	\$ 334,780,258	132.55	7,501,515	8,457,176	297,721,353	343,237,434
Increase minimum premiums	-	\$ (2.71)	\$ (3,920,712)	\$ -	-	\$ -	\$ -	\$ (3,920,712)	\$ -
Smokers cessation premiums	-	\$ (0.95)	\$ (1,375,720)	\$ 1,613,692	-	\$ -	\$ -	\$ (1,375,720)	\$ 1,613,692
25% actuarial benefit reduction (4)	-	\$ (45.26)	\$ (65,594,701)	\$ (72,241,330)	-	\$ -	\$ -	\$ (65,594,701)	\$ (72,241,330)
Membership < 150% FPL	(16,944)	\$ 4.96	\$ (24,589,456)	\$ (38,927,466)	(21.33)	\$ (954,815)	\$ (1,076,454)	\$ (25,544,271)	\$ (40,003,920)
Eliminate Mcaid eligibles	(4,871)	\$ (0.22)	\$ (9,402,642)	\$ (10,573,530)	-	\$ -	\$ -	\$ (9,402,642)	\$ (10,573,530)
Implement resource test	(1,979)	\$ 0.00	\$ (3,706,732)	\$ (4,293,032)	20.90	\$ 1,084,150	\$ 1,222,266	\$ (2,622,582)	\$ (3,070,766)
Increase provider sponsor payments	-	\$ (0.00)	\$ (739)	\$ -	0.50	\$ 23,095	\$ 26,037	\$ 22,356	\$ 26,037
Subtotal	(23,795)	\$ (44.18)	\$ (108,590,702)	\$ (124,421,666)	0.07	\$ 152,430	\$ 171,849	\$ (108,438,272)	\$ (124,249,817)
Remaining	96,982	\$ 156.07	\$ 181,629,136	\$ 210,358,592	132.62	\$ 7,653,945	\$ 8,629,025	\$ 189,283,081	\$ 218,987,617

Notes: Annual impact based on FY 06 steady state costs. The individual fiscal impacts are valid for the benefits change sequence shown. A different ordering of the benefit changes will result in different levels of incremental savings, but the total impact will be the same as shown.

- (1) The membership change due to the 150% FPL limit is based on current and projected populations. The Medicaid membership change is approximately 50% of the number of parents with incomes less than 100% FPL who have children in BH Plus—it is a mid-range estimate. The resource test membership change is a 2% across all income levels reduction and is an estimate without a hard data source.
- (2) The smokers cessation figure is based on an actuarial figure that 30% of the population smokes and one-third of smokers might use the offered benefit.
- (3) FTE changes are for a variety of job classifications, each influenced by each benefit change. The changes shown are where the major breakpoints occur. Transitory FTEs during FY 04 are not shown.
- (4) The benefit reduction is a net 25% savings over the current benefit structure. It consists of a 2% reduction due to premium increases and a 23% reduction due to benefit design. The reduction is assumed to be a one-time action with no further eroding of benefits as medical trends increase costs.

HCA Fiscal Note

Bill #: SB 5807

BH Sub & Non sub

HCA Request: 03-29

BENEFITS ONLY

FN Baseline	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
760-1 (HSA)	\$ 250,431,650	\$ 276,329,648	\$ 290,219,837	\$ 290,219,837	\$ 290,219,837	\$ 290,219,837
172-6 (Sub enrollee premiums)	\$ 39,925,677	\$ 42,699,558	\$ 44,560,420	\$ 44,560,420	\$ 44,560,420	\$ 44,560,420
761-6 (Non sub enrollee premiums)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 290,357,327	\$ 319,029,206	\$ 334,780,257	\$ 334,780,257	\$ 334,780,257	\$ 334,780,257

SB 5807 Costs

760-1 (HSA)	\$ 199,573,486	\$ 171,658,588	\$ 181,629,135	\$ 181,629,135	\$ 181,629,135	\$ 181,629,135
172-6 (Sub enrollee premiums)	\$ 33,038,689	\$ 28,333,957	\$ 28,729,456	\$ 28,729,456	\$ 28,729,456	\$ 28,729,456
761-6 (Non sub enrollee premiums)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 232,612,175	\$ 199,992,545	\$ 210,358,591	\$ 210,358,591	\$ 210,358,591	\$ 210,358,591

DELTA

760-1 (HSA)	\$ (50,858,164)	\$ (104,671,060)	\$ (108,590,702)	\$ (108,590,702)	\$ (108,590,702)	\$ (108,590,702)
172-6 (Sub enrollee premiums)	\$ (6,886,988)	\$ (14,365,601)	\$ (15,830,964)	\$ (15,830,964)	\$ (15,830,964)	\$ (15,830,964)
761-6 (Non sub enrollee premiums)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (57,745,152)	\$ (119,036,661)	\$ (124,421,666)	\$ (124,421,666)	\$ (124,421,666)	\$ (124,421,666)

03-05 Comparison Table	Average Biennial Enrollment	Average State pmpm	Average Subscriber pmpm
FN Baseline	120,777	\$ 180.36	\$ 28.51
Gov's budget revised	91,650	\$ 133.97	\$ 25.48
SB 5807	103,158	\$ 148.58	\$ 24.79

FY 03-05 BASIC HEALTH PROJECTED REGULAR SUBSIDY PREMIUM COSTS

Health Care Authority

Fiscal Note Baseline

Total Population
 Based on actuarial state share trend of 10.6%.
 Additional benchmark counties in CY 03: Clallam
 FN Baseline Enrollment
 Feb 03 Data (AET corrected)

	6 mo proj		CY 2004, 2nd half Total/Avg	CY 2005, 1st half Total/Avg	
	CY 2003, 2nd half Total/Avg	CY 2004, 1st half Total/Avg			
Plan Premium					
Adult Rated	\$ 206.96	\$ 228.89	\$ 226.90	\$ 250.91	
Child Rated 0-22	\$ 78.33	\$ 85.37	\$ 85.36	\$ 93.05	
Foster Parents	\$ 206.96	\$ 228.89	\$ 226.90	\$ 250.91	
Average	\$ 189.08	\$ 208.95	\$ 207.79	\$ 229.63	
Subscriber Share					
Adult Rated	\$ 28.41	\$ 31.03	\$ 30.36	\$ 33.26	
Child Rated 0-22	\$ 13.34	\$ 13.76	\$ 13.66	\$ 14.12	
Foster Parents	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	
Average	\$ 26.26	\$ 28.57	\$ 28.05	\$ 30.62	
Adjusted Average	\$ 26.39	\$ 28.70	\$ 28.18	\$ 30.75	Empl Grps & Prov Spons
State Share					
Adult Rated	\$ 178.55	\$ 197.86	\$ 196.54	\$ 217.65	
Child Rated 0-22	\$ 64.99	\$ 71.61	\$ 71.70	\$ 78.93	
Foster Parents	\$ 196.96	\$ 218.89	\$ 216.90	\$ 240.91	
Average	\$ 162.82	\$ 180.38	\$ 179.74	\$ 199.01	
Adjusted Average	\$ 162.69	\$ 180.25	\$ 179.61	\$ 198.88	Empl Grps & Prov Spons
Enrollment					
Adult Rated	103,656	103,669	104,138	104,167	
Child Rated 0-22	16,793	16,781	16,310	16,281	
Foster Parents	328	328	329	329	
Grand Total	120,777	120,777	120,777	120,777	
	CY 2003, 2nd half 6	CY 2004, 1st half 6	CY 2004, 2nd half 6	CY 2005, 1st half 6	Biennium Total
Total Costs					
Adult Rated	\$ 128,718,355	\$ 142,371,598	\$ 141,773,637	\$ 156,822,753	
Child Rated 0-22	\$ 7,891,972	\$ 8,594,898	\$ 8,353,545	\$ 9,088,933	
Foster Parents	\$ 406,789	\$ 449,937	\$ 448,048	\$ 495,607	
Total	\$ 137,017,116	\$ 151,416,434	\$ 150,575,229	\$ 166,407,294	\$ 605,416,072
Cost paid by Subscribers					
Adult Rated	\$ 17,671,743	\$ 19,303,065	\$ 18,971,928	\$ 20,789,837	
Child Rated 0-22	\$ 1,344,444	\$ 1,385,687	\$ 1,336,566	\$ 1,379,489	
Foster Parents	\$ 19,655	\$ 19,658	\$ 19,747	\$ 19,752	
Empl Group Rev	\$ 86,104	\$ 86,114	\$ 86,504	\$ 86,528	
Provider Spons Rev	\$ 4,604	\$ 4,604	\$ 4,604	\$ 4,604	
Other	\$ -	\$ -	\$ -	\$ -	
Total	\$ 19,126,549	\$ 20,799,127	\$ 20,419,348	\$ 22,280,210	\$ 82,625,235
Cost paid by State					
Adult Rated	\$ 111,046,612	\$ 123,068,534	\$ 122,801,709	\$ 136,032,916	
Child Rated 0-22	\$ 6,547,528	\$ 7,209,211	\$ 7,016,979	\$ 7,709,444	
Foster Parents	\$ 387,134	\$ 430,280	\$ 428,301	\$ 475,855	
Less Empl Group Rev	\$ (86,104)	\$ (86,114)	\$ (86,504)	\$ (86,528)	
Less Prov Spons Rev	\$ (4,604)	\$ (4,604)	\$ (4,604)	\$ (4,604)	
Calculated Subtotal	\$ 117,890,567	\$ 130,617,306	\$ 130,155,881	\$ 144,127,084	\$ 522,790,837
Other (Communications, CAHPS)	\$ 197,608	\$ 197,608	\$ 218,554	\$ 218,554	\$ 832,324
Alternative Contracting	\$ 764,281	\$ 764,281	\$ 845,294	\$ 764,281	\$ 3,138,136
Actual Total	\$ 118,852,455	\$ 131,579,195	\$ 131,219,729	\$ 145,109,919	\$ 526,761,297
Estimated State Costs					
		FY 04		FY 05	BIENNIUM
Total		\$ 250,431,650		\$ 276,329,648	\$ 526,761,297
FN Baseline					\$ 526,761,297
					0.00%

FY 03-05 BASIC HEALTH PROJECTED REGULAR SUBSIDY PREMIUM COSTS

Health Care Authority

SB 5807 Final cost

All Population, \$12.50/\$19/\$22.50, 33% smokers +\$1 bid +\$5/\$6/\$7/4% premium weighted, benefit .77/.326/10.48%, < 150% FPL (keep 68% band E), Mcaid keep 93% band A and B, resource test -2% of remaining, prov sponsors + 10%
Based on actuarial state share trend of 10.6%.

Additional benchmark counties in CY 03: Clallam
FN Baseline Enrollment
Feb 03 Data (AET corrected)

	6 mo proj				
	CY 2003, 2nd half	CY 2004, 1st half	CY 2004, 2nd half	CY 2005, 1st half	
	Total/Avg	Total/Avg	Total/Avg	Total/Avg	
Plan Premium					
Adult Rated	\$ 206.96	\$ 178.95	\$ 177.34	\$ 198.79	
Child Rated 0-22	\$ 78.33	\$ 55.94	\$ 55.94	\$ 61.80	
Foster Parents	\$ 206.96	\$ 178.95	\$ 177.34	\$ 198.79	
Average	\$ 189.08	\$ 161.05	\$ 160.21	\$ 179.40	
Subscriber Share					
Adult Rated	\$ 28.41	\$ 25.01	\$ 24.91	\$ 25.91	
Child Rated 0-22	\$ 13.34	\$ 16.61	\$ 16.59	\$ 16.67	
Foster Parents	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	
Average	\$ 26.26	\$ 23.75	\$ 23.70	\$ 24.56	
Adjusted Average	\$ 26.39	\$ 23.87	\$ 23.83	\$ 24.69	Empl Grps & Prov Spons
State Share					
Adult Rated	\$ 178.55	\$ 153.94	\$ 152.43	\$ 172.88	
Child Rated 0-22	\$ 64.99	\$ 39.33	\$ 39.35	\$ 45.13	
Foster Parents	\$ 196.96	\$ 168.95	\$ 167.34	\$ 188.79	
Average	\$ 162.82	\$ 137.30	\$ 136.51	\$ 154.84	
Adjusted Average	\$ 162.69	\$ 137.18	\$ 136.38	\$ 154.71	Empl Grps & Prov Spons
Enrollment					
Adult Rated	103,656	82,738	83,684	82,992	
Child Rated 0-22	16,793	14,137	13,788	13,728	
Foster Parents	328	261	264	262	
Grand Total	120,777	97,137	97,737	96,982	
	CY 2003, 2nd half	CY 2004, 1st half	CY 2004, 2nd half	CY 2005, 1st half	Biennium
	6	6	6	6	Total
Total Costs					
Adult Rated	\$ 128,718,355	\$ 88,833,699	\$ 89,042,983	\$ 98,986,965	
Child Rated 0-22	\$ 7,891,972	\$ 4,745,117	\$ 4,627,964	\$ 5,090,300	
Foster Parents	\$ 406,789	\$ 280,741	\$ 281,403	\$ 312,829	
Total	\$ 137,017,116	\$ 93,859,558	\$ 93,952,349	\$ 104,390,093	\$ 429,219,116
Cost paid by Subscribers					
Adult Rated	\$ 17,671,743	\$ 12,414,895	\$ 12,506,854	\$ 12,902,909	
Child Rated 0-22	\$ 1,344,444	\$ 1,408,756	\$ 1,372,896	\$ 1,373,077	
Foster Parents	\$ 19,655	\$ 15,689	\$ 15,868	\$ 15,737	
Empl Group Rev	\$ 86,104	\$ 68,728	\$ 69,513	\$ 68,939	
Provider Spons Rev	\$ 4,604	\$ 4,073	\$ 4,098	\$ 4,066	
Other	\$ -	\$ -	\$ -	\$ -	
Total	\$ 19,126,549	\$ 13,912,140	\$ 13,969,229	\$ 14,364,728	\$ 61,372,646
Cost paid by State					
Adult Rated	\$ 111,046,612	\$ 76,418,804	\$ 76,536,129	\$ 86,084,056	
Child Rated 0-22	\$ 6,547,528	\$ 3,336,362	\$ 3,255,068	\$ 3,717,223	
Foster Parents	\$ 387,134	\$ 265,053	\$ 265,535	\$ 297,092	
Less Empl Group Rev	\$ (86,104)	\$ (68,728)	\$ (69,513)	\$ (68,939)	
Less Prov Spons Rev	\$ (4,604)	\$ (4,073)	\$ (4,098)	\$ (4,066)	
Calculated Subtotal	\$ 117,890,567	\$ 79,947,418	\$ 79,983,120	\$ 90,025,365	\$ 367,846,470
Other (Communications,CAHPS)	\$ 197,608	\$ 158,929	\$ 176,861	\$ 175,496	\$ 708,894
Alternative Contracting	\$ 764,281	\$ 614,684	\$ 684,039	\$ 613,706	\$ 2,676,711
Actual Total	\$ 118,852,455	\$ 80,721,031	\$ 80,844,020	\$ 90,814,568	\$ 371,232,074
Estimated State Costs					
		FY 04	FY 05	BIENNIUM	
Total		\$ 199,573,486	\$ 171,658,588	\$ 371,232,074	
FN Baseline				\$ 526,761,297	-38.13%

FY 03-05 BASIC HEALTH PROJECTED REGULAR SUBSIDY PREMIUM COSTS
Health Care Authority

Governor's budget Revised

Base + Noncitizens 4Front \$200/\$500 deductible split @100% FPL
 Based on actuarial state share trend of 10.6%.
 Additional benchmark counties in CY 03: Clallam
 Affordable enrollment with childless adults removed in Jul 03 (Governor's budget)
 Feb 03 Data

	6 mo proj		CY 2004, 2nd half	CY 2005, 1st half	
	CY 2003, 2nd half	CY 2004, 1st half			
	Total/Avg	Total/Avg	Total/Avg	Total/Avg	
Plan Premium					
Adult Rated	\$ 183.99	\$ 171.70	\$ 168.79	\$ 190.03	
Child Rated 0-22	\$ 82.51	\$ 66.86	\$ 66.84	\$ 72.79	
Foster Parents	\$ 183.99	\$ 171.70	\$ 168.79	\$ 190.03	
Average	\$ 165.42	\$ 152.48	\$ 150.68	\$ 169.19	
Subscriber Share					
Adult Rated	\$ 28.21	\$ 27.47	\$ 26.54	\$ 29.47	
Child Rated 0-22	\$ 14.40	\$ 13.80	\$ 13.80	\$ 14.08	
Foster Parents	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	
Average	\$ 25.63	\$ 24.91	\$ 24.23	\$ 26.67	
Adjusted Average	\$ 25.75	\$ 25.02	\$ 24.35	\$ 26.79	Empl Grps & Prov Spons
State Share					
Adult Rated	\$ 155.78	\$ 144.24	\$ 142.25	\$ 160.56	
Child Rated 0-22	\$ 68.11	\$ 53.06	\$ 53.04	\$ 58.71	
Foster Parents	\$ 173.99	\$ 161.70	\$ 158.79	\$ 180.03	
Average	\$ 139.79	\$ 127.58	\$ 126.45	\$ 142.52	
Adjusted Average	\$ 139.67	\$ 127.46	\$ 126.33	\$ 142.40	Empl Grps & Prov Spons
Enrollment					
Adult Rated	74,585	74,561	75,080	75,068	
Child Rated 0-22	16,776	16,800	16,281	16,293	
Foster Parents	290	290	290	290	
Grand Total	91,650	91,650	91,650	91,650	
	CY 2003, 2nd half	CY 2004, 1st half	CY 2004, 2nd half	CY 2005, 1st half	Biennium
	\$	\$	\$	\$	Total
Total Costs					
Adult Rated	\$ 82,339,039	\$ 76,812,520	\$ 76,037,519	\$ 85,590,484	
Child Rated 0-22	\$ 8,304,650	\$ 6,739,376	\$ 6,529,223	\$ 7,116,201	
Foster Parents	\$ 319,756	\$ 298,391	\$ 293,337	\$ 330,244	
Total	\$ 90,963,445	\$ 83,850,287	\$ 82,860,079	\$ 93,036,929	\$ 350,710,741
Cost paid by Subscribers					
Adult Rated	\$ 12,626,366	\$ 12,287,046	\$ 11,957,835	\$ 13,273,388	
Child Rated 0-22	\$ 1,449,328	\$ 1,391,355	\$ 1,347,875	\$ 1,376,862	
Foster Parents	\$ 17,379	\$ 17,379	\$ 17,379	\$ 17,379	
Empl Group Rev	\$ 61,955	\$ 61,935	\$ 62,366	\$ 62,356	
Provider Spons Rev	\$ 3,494	\$ 3,494	\$ 3,494	\$ 3,494	
Other	\$ -	\$ -	\$ -	\$ -	
Total	\$ 14,158,522	\$ 13,761,208	\$ 13,388,949	\$ 14,733,478	\$ 56,042,157
Cost paid by State					
Adult Rated	\$ 69,712,673	\$ 64,525,474	\$ 64,079,683	\$ 72,317,097	
Child Rated 0-22	\$ 6,855,322	\$ 5,348,021	\$ 5,181,348	\$ 5,739,339	
Foster Parents	\$ 302,377	\$ 281,012	\$ 275,959	\$ 312,865	
Less Empl Group Rev	\$ (61,955)	\$ (61,935)	\$ (62,366)	\$ (62,356)	
Less Prov Spons Rev	\$ (3,494)	\$ (3,494)	\$ (3,494)	\$ (3,494)	
Calculated Subtotal	\$ 76,804,924	\$ 70,089,079	\$ 69,471,130	\$ 78,303,451	\$ 294,668,584
Other (Communications, CAHPS)	\$ 149,952	\$ 149,952	\$ 165,847	\$ 165,847	\$ 631,600
Alternative Contracting	\$ 579,966	\$ 579,966	\$ 641,442	\$ 641,442	\$ 2,442,816
Actual Total	\$ 77,534,842	\$ 70,818,997	\$ 70,278,420	\$ 79,110,741	\$ 297,743,000
Estimated State Costs					
		FY 04		FY 05	BIENNIUM
Total		\$ 148,353,840		\$ 149,389,160	\$ 297,743,000
Governor's Budget					\$ 297,743,000

HCA Fiscal Note Table 3, Other Admin

Bill #: SB 5807

Other Admin

HCA Request: 03-29

SIX YEAR EXPENDITURE ESTIMATE FOR:	Title: Basic Health Plan									
Bill #: SB 5807										
HCA Request: 03-29	FY04	FY05	1st Biennium	FY06	FY07	2nd Biennium	FY08	FY09	3rd Biennium	Six Year Total
FTE	5.3	0.1	2.7	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Salaries	202,428	30,327	232,755	30,327	30,327	60,654	30,327	30,327	60,654	354,063
Benefits	45,445	6,808	52,253	6,808	6,808	13,616	6,808	6,808	13,616	79,485
Personal Service Contracts	0	0	0	0	0	0	0	0	0	0
Goods and Services	192,791	756	193,547	756	756	1,512	756	756	1,512	196,571
1. Supplies	2,486	34	2,520	34	34	68	34	34	68	2,656
2. Telephone	1,814	25	1,839	25	25	50	25	25	50	1,939
3. Facilities Mgmt. (EC, ED, & EK)	25,149	347	25,496	347	347	694	347	347	694	26,884
4. Printing / Copies	1,169	16	1,185	16	16	32	16	16	32	1,249
5. Employee Training	994	14	1,008	14	14	28	14	14	28	1,064
6. Personnel Service Charge	1,215	182	1,397	182	182	364	182	182	364	2,125
7. Data Processing Charges "EL"	9,964	138	10,102	138	138	276	138	138	276	10,654
8. Attorney General Revolving Fund "EM"	0	0	0	0	0	0	0	0	0	0
9. "Special " Data Processing	0	0	0	0	0	0	0	0	0	0
10. Misc Goods & Services "EZ"	0	0	0	0	0	0	0	0	0	0
11. IS System Mod for Resource Test "SPECIAL"	140,000	0	140,000	0	0	0	0	0	0	140,000
12. IS Mod for Max 60 month limit	10,000	0	10,000	0	0	0	0	0	0	10,000
13. "SPECIAL" Goods & Services	0	0	0	0	0	0	0	0	0	0
14. "SPECIAL" Goods & Services	0	0	0	0	0	0	0	0	0	0
Travel	868	12	880	12	12	24	12	12	24	928
Equipment	0	0	0	0	0	0	0	0	0	0
Other - Baseline HIBS salary increase	109,388	109,388	218,776	109,388	109,388	218,776	109,388	109,388	218,776	656,328
Other - Baseline HIBS benefits increase	24,558	24,558	49,116	24,558	24,558	49,116	24,558	24,558	49,116	147,348
Other -	0	0	0	0	0	0	0	0	0	0
Total	575,478	171,849	747,327	171,849	171,849	343,698	171,849	171,849	343,698	1,434,723

11% 001-1 General Fund - Fed	65,029	19,419	84,448	19,419	19,419	38,838	19,419	19,419	38,838	162,124
0% 418-1 St Health Care Authority Ad	0	0	0	0	0	0	0	0	0	0
89% 760-1 Health Services Acct	510,449	152,430	662,879	152,430	152,430	304,860	152,430	152,430	304,860	1,434,723
Total Funds	575,478	171,849	747,327	171,849	171,849	343,698	171,849	171,849	343,698	1,596,847

	FY04	FY05	1st Bien.	FY06	FY07	2nd Bien.	FY08	FY09	3rd Bien.	6 Year Total
Non-appropriated			0			0			0	0
Non-appropriated			0			0			0	0
Total Non-appropriated funds	0	0	0	0	0	0	0	0	0	0

Individual State Agency Fiscal Note

Bill Number: 5807 SB	Title: Basic health plan	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2004	FY 2005	2003-05	2005-07	2007-09
General Fund-Federal 001-2	3,581,000	9,524,000	13,105,000	17,198,000	17,198,000
Total \$	3,581,000	9,524,000	13,105,000	17,198,000	17,198,000

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	42.0	76.0	59.0	31.0	31.0
Fund					
General Fund-State 001-1	3,581,000	9,524,000	13,105,000	17,200,000	17,200,000
General Fund-Federal 001-2	3,581,000	9,524,000	13,105,000	17,198,000	17,198,000
Total \$	7,162,000	19,048,000	26,210,000	34,398,000	34,398,000

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: Jonathan Seib	Phone: (360)786-7427	Date: 02/15/2003
Agency Preparation: Steve Cole	Phone: 360-902-8067	Date: 03/03/2003
Agency Approval: Dave Daniels	Phone: 360-902-8174	Date: 03/13/2003
OFM Review: Elise Greef	Phone: 360-902-0539	Date: 03/14/2003

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 2 of the bill contains language that stipulates that in order to be eligible for the basic health plan (BHP), an individual must not: 1) be eligible for Medicaid; 2) have gross family income in excess of 150 percent of the federal poverty level (FPL); and have household resources that exceed \$7,500.

Section 13 stipulates that provisions in the bill that pertain to these changes in eligibility standards will become effective January 1, 2004.

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.

These are federal Title XIX administrative and FMAP matching funds that are anticipated to result from this bill.

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.

The primary fiscal impacts from this bill for the Department of Social and Health Services (DSHS) stem from the requirement that an individual not be eligible for Medicaid in order to be BHP-eligible. This new requirement is assumed to apply to both current BHP enrollees and new applicants. For purposes of this fiscal note, it is assumed that both DSHS administrative and programmatic costs would increase. Administrative costs would grow because of an anticipated increase in the number of persons who apply for Medicaid benefits as new BHP applicants and as BHP enrollees who must also meet the Medicaid eligibility test before being recertified for continued BHP eligibility. Programmatic costs are projected to rise with an increase in the monthly Medicaid caseload attributed to the part of the new applicant and recertifying populations who are found to be Medicaid eligible. Although not included in this fiscal note, there would be a reduction in Health Care Authority's (HCA) Health Services Account (HSA) expenditures due to a reduction in BHP enrollees.

This fiscal note assumes that BHP applicants will have to have a Medicaid denial letter as part of their documentation. It is therefore assumed that there is no application coordination between HCA and DSHS, and that each agency will conduct separate and independent application reviews.

MEDICAID ELIGIBILITY WORKLOAD

This estimate indicates that DSHS' Medical Assistance Administration's (MAA) Medicare Eligibility Determination Services (MEDS) unit eligibility determinations would increase from the current average of about 1,550 applications per month to an estimated 5,438 applications per month with the change to a "Medicaid first" BH eligibility test. This represents a net increase of 4,477 applications per month and would result in the MEDS unit needing an additional 42 FTEs in SFY 2004, increasing to 76 FTEs during SFY 2005, and reaching a "steady state" level of 31 FTEs by SFY 2006. The increase in projected FTE need during SFY 2005 is related to eligibility determinations for current BH beneficiaries being recertified as their recertification anniverseries come due during the period between January 2004 and December 2004. FTE-related costs for the projected workload are \$2.9 million in SFY 2004, \$3.6 million in SFY 2004, falling to \$1.8 million in SFY 2006. The largest portion of the increase is anticipated to result from BH recertifications as it is assumed that persons seeking BH recertification would be required to present documented evidence of official denial for Medicaid eligibility. The number of additional applications for Medicaid coverage that result from new BH applicants is smaller in comparison with 1,784 new applications coming from that source, while 2,693 would result from BH

recertifications.

CASELOAD IMPACTS

Presently, about 8,000 recertifications are processed each month by the BH program. HCA anticipates that implementation of the 150% FPL income eligibility standard contained in this bill will result in the BH program having 21.2 percent fewer beneficiaries. These higher income persons would not likely be eligible for Medicaid. This fiscal note assumes that the total number of recertifications will be reduced by a like percentage, declining to about 6,300 recertifications each month. This reduced volume of recertifications are further adjusted to capture the assumed effects of the following:

- an estimated 30.8% of remaining recertifications will include persons with incomes between 100-150% FPL.
- another 2% of remaining recertifications will involve persons whose resources exceed the \$7500 limit state in the bill.

The resulting adjusted "recertifications" population is further adjusted to attempt to account for circumstances that would result in a person being ineligible for Medicaid benefits:

- 36.4% of remaining recertifications will involve single, childless adults a component that are generally assumed to be ineligible for Medicaid

The remaining number of potentially eligible persons is adjusted downward by another 60%, a "best guess" adjustment to account for persons who will not bother with the application process, are generally healthy and feel they don't need health coverage, are not US citizens, or for whatever other reason, would or could not participate. Taking all of these adjustments into account yields a net estimate of 1,077 new Medicaid eligible persons per month resulting from recertifications.

Caseload impacts from new BH applicants are assumed to be much smaller given that the MAA MEDS Unit currently handles about 1,500 BH-related applications including approximately 615 per month for BH+ children and 251 per month for BH pregnant women. The overall anticipated increase in new applications is estimated to be 1,784 after adjusting for the assumed decline in BH beneficiaries. After taking into account the current volume of BH-related applications handled by MEDS and adjusting for the same values assigned to other eligibility factors, as with the recertifications estimate, the net anticipated increase in caseload from new BH applicants is estimated at 582 per month.

Please see the attached worksheet, "03-5807-1 Attachments.xls" for details regarding calculations and assumptions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	42.0	76.0	59.0	31.0	31.0
A-Salaries and Wages	1,697,000	2,177,000	3,874,000	2,316,000	2,316,000
B-Employee Benefits	430,000	552,000	982,000	586,000	586,000
C-Personal Service Contracts					
E-Goods and Services	753,000	804,000	1,557,000	556,000	556,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	4,241,000	15,459,000	19,700,000	30,878,000	30,878,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	41,000	56,000	97,000	62,000	62,000
Total:	\$7,162,000	\$19,048,000	\$26,210,000	\$34,398,000	\$34,398,000

III. B - 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 2004	FY 2005	2003-05	2005-07	2007-09
Clerical Secretary	31,000	1.0	2.0	1.5	1.0	1.0
CSS 1	30,000	1.0	2.0	1.5	1.0	1.0
Medical Assistance Specialist 3	38,600	28.0	50.0	39.0	19.0	19.0
Medical Assistance Specialist 4	42,500	2.0	4.0	3.0	2.0	2.0
Medical Assistance Specialist 5	48,000	2.0	4.0	3.0	2.0	2.0
Senior Office Assistant	30,000	6.0	10.0	8.0	4.0	4.0
WMS II	59,000	2.0	4.0	3.0	2.0	2.0
Total FTE's		42.0	76.0	59.0	31.0	31.0

Part IV: Capital Budget Impact

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.

New Medicaid Beneficiaries & Costs resulting from SB 5807

<u>New Basic Health Applicants</u>			<u>Current Basic Health Beneficiary Recertifications</u>		
[a]	BH/BH+ Applicants/month	2,650	[aa]	Assumed recertification volumes per month	6,304
[a-1]	BH+ Applications currently referred to MEDS	615			
[a-2]	BH Pregnant Women Apps "	251			
[b]	% of Current Beneficiaries - 100-150% FPL	30.8%	[bb]	% of Current Beneficiaries - 100-150% FPL	30.8%
[c]	% of Current Beneficiaries w/ Asset over \$7,500	2.0%	[cc]	% of Current Beneficiaries w/ Asset over \$7,500	2.0%
[d]	Remaining BH Applicants w/Potential Medicaid Eligibility	915	[dd]	Remaining Recertified BH w/Potential Medicaid Eligibility	4,236
[e]	Assumed % remaining applicants single, childless adults	36.4%	[ee]	Assumed % of beneficiaries who are single, childless adults	36.4%
			[ff]	Estimated Medicaid eligible "recertified" BH Beneficiaries	2,693
			[gg]	BH beneficiaries choosing "no coverage" & non-citizens	60.0%
[f]	Net estimated Medicaid eligible BH applicants	582	[hh]	Net Monthly Medicaid Eligible Beneficiaries thru Recertification	1,077
	MEDS Unit - Workload Increase [a-(b+c)]	1,784		MEDs Unit - Workload Increase	2,693
[i]	PMPM Healthy Options Cost	\$ 295.88	[ii]	PMPM Healthy Options Cost	\$ 295.88

<u>New BH Applicants to Medicaid - Caseload Projection</u>			<u>Current BH Beneficiaries to Medicaid - Caseload Projection</u>			<u>Totals - BH to Medicaid</u>	
	Eligibles	Cost		Eligibles	Cost	Eligibles	Expenditures
Jan-04	582	\$ 172,063	Jan-04	1,077	\$ 318,719	1,659	\$ 490,782
Feb-04	684	\$ 202,365	Feb-04	1,267	\$ 374,848	1,951	\$ 577,214
Mar-04	786	\$ 232,667	Mar-04	1,457	\$ 430,978	2,243	\$ 663,645
Apr-04	889	\$ 262,969	Apr-04	1,646	\$ 487,107	2,535	\$ 750,077
May-04	991	\$ 293,271	May-04	1,836	\$ 543,237	2,827	\$ 836,508
Jun-04	1,094	\$ 323,573	Jun-04	2,026	\$ 599,366	3,119	\$ 922,939
Jul-04	1,196	\$ 353,875	Jul-04	2,215	\$ 655,495	3,411	\$ 1,009,371
Aug-04	1,298	\$ 384,177	Aug-04	2,405	\$ 711,625	3,704	\$ 1,095,802
Sep-04	1,401	\$ 414,479	Sep-04	2,595	\$ 767,754	3,996	\$ 1,182,233
Oct-04	1,503	\$ 444,781	Oct-04	2,785	\$ 823,883	4,288	\$ 1,268,665
Nov-04	1,606	\$ 475,083	Nov-04	2,974	\$ 880,013	4,580	\$ 1,355,096
Dec-04	1,708	\$ 505,385	Dec-04	3,164	\$ 936,142	4,872	\$ 1,441,527
Jan-05	1,810	\$ 535,687	Jan-05	2,974	\$ 880,013	4,785	\$ 1,415,700
Feb-05	1,913	\$ 565,989	Feb-05	2,785	\$ 823,883	4,697	\$ 1,389,873
Mar-05	2,015	\$ 596,291	Mar-05	2,595	\$ 767,754	4,610	\$ 1,364,045
Apr-05	2,118	\$ 626,593	Apr-05	2,405	\$ 711,625	4,523	\$ 1,338,218
May-05	2,220	\$ 656,895	May-05	2,215	\$ 655,495	4,436	\$ 1,312,390
Jun-05	2,323	\$ 687,197	Jun-05	2,026	\$ 599,366	4,348	\$ 1,286,563
FY04 Avg Monthly Caseload - Total Est Cost	419	\$ 1,486,910	FY04 Avg Monthly Caseload - Total Est Cost	776	\$ 2,754,255	1,195	\$ 4,241,165
GF-S		\$ 743,455	GF-S		\$ 1,377,127		\$ 2,120,583
Federal		\$ 743,455	Federal		\$ 1,377,127		\$ 2,120,583
FY05 Avg Monthly Caseload - Total Est Cost	1,759	\$ 6,246,434	FY05 Avg Monthly Caseload - Total Est Cost	2,595	\$ 9,213,049	4,354	\$ 15,459,483
GF-S		\$ 3,123,217	GF-S		\$ 4,606,524		\$ 7,729,741
Federal		\$ 3,123,217	Federal		\$ 4,606,524		\$ 7,729,741

NOTES / ASSUMPTIONS:

- [a] HCA communication - K. Eberle - 3/4/03
- [a-1,2] MAA/MEDS communication - M. Pannderle - 3/4/03
- [aa] HCA communication from 3/4/03 estimated total monthly average recertifications at 8,000, which was adjusted to account for current HCA BH recertification backlog. adjusted to reflect estimated percentage of BH population with income over 150% FPL (21.2%)
- [b]-[bb] 30.8% - Inferred using difference between HCA estimate of persons over 150% (21.2% / 1,696) and BH population with income over 100% FPL (45.5% / 3,640). The latter factor is taken from "A Study of Washington State Basic Health Program", Page 22, June 2002.
- [c]-[cc] HCA worksheet, "SB 5807 Parlette BH Redesign.xls", 3/4/03
- [e]-[ee] HCA communication - K. Eberle - 3/4/03
- BH Avg Monthly Caseload 120,777
- Estimated BH Beneficiaries - Single Adults w/ no Children 36.4% 44,000
- It is assumed that single, childless adults Medicaid-ineligible, regardless of income status. It is also assumed that income status for new BH applicants will be determined by the MAA MEDS Unit while income status for BH recertifications will be determined by HCA.
- [i] MAA worksheet, "BHP-CNTANF Conversion Est (022003).xls", R. Gantz
- [ee] Estimate assumes that HCA BH recertification process will screen single-adults with no children from pool of BH beneficiaries reviewed for Medicaid eligibility.
- [gg] Estimated factor to account for beneficiaries that won't bother with paperwork, choose not to accept "welfare", are ineligible due to nationality, etc.

SB 5807 - MEDS Unit Staffing Estimate - BH to 150% FPL Workload

Current Cost Basis - MAA MEDS Unit

	FTEs	Annual		Total cost
		Cost/FTE	FTE	
MAS 3	24.0	\$58,750	\$4,896	\$1,410,000
Office Asst. Senior	5.0	\$49,000	\$4,083	\$245,000
Office Trainee	2.0	\$47,000	\$3,917	\$94,000
Secretary Admin.	1.0	\$50,000	\$4,167	\$50,000
CSS 1	1.0	\$49,000	\$4,083	\$49,000
MAS 4	2.0	\$63,000	\$5,250	\$126,000
MAS 5	2.0	\$69,000	\$5,750	\$138,000
WMS 1 & 2	2.0	\$79,000	\$6,583	\$158,000
WMS 3 - Manager	1.0	\$98,000	\$8,167	\$98,000
Annual cost	38.0			\$2,368,000

New Workload Cost Estimates

	Apps/month	Cost/month	FY04 Cost	FY05 Cost	FY06 Cost
New Applications Cost	1,784	\$146,654	\$1,026,577	\$1,759,847	1,759,847
		GFS \$73,327	\$513,289	\$879,923	879,923
		Fed \$73,327	\$513,289	\$879,923	879,923
Recertificatons Cost **	2,693	\$221,376	\$1,549,634	\$1,549,634	-
		GFS \$110,688	\$774,817	\$774,817	-
		Fed \$110,688	\$774,817	\$774,817	-
Total Annual Costs		\$368,030	\$2,576,211	\$3,309,481	\$1,759,847
		GFS \$184,015	\$1,288,106	\$1,654,740	\$879,923
		Fed \$184,015	\$1,288,106	\$1,654,740	\$879,923

Monthly cost \$197,333
 Cost per application \$82

* Children are charged to HSA; all other clients are charged to GFS
 ** Assume that cost only applies to those who may be Medicaid eligible

Staffing Results

		FY04							SFY 04
		front line MAS3	Off Asst Senior	clerical SEC	CSS 1	leads MAS4	supervisors MAS5	WMS WMS2	Total
A. salaries	\$3,215	\$2,500	\$2,583	\$2,500	\$3,542	\$4,000	\$4,917	\$23,257	
B. benefits	\$819	\$750	\$750	\$750	\$833	\$875	\$1,000	\$5,778	
E. goods & services - continuing	\$781	\$750	\$750	\$750	\$792	\$792	\$833	\$5,448	
Tz. DIS	\$80	\$83	\$83	\$83	\$83	\$83	\$83	\$580	
Total monthly FTE Costs	\$4,896	\$4,083	\$4,167	\$4,083	\$5,250	\$5,750	\$6,833	\$35,063	
Annual	\$38,583	\$30,000	\$31,000	\$30,000	\$42,500	\$48,000	\$59,000		
FTEs	49	10	2	2	4	4	4	75	
Months	7	7	7	7	7	7	7	7	
Staff Months	341	71	14	14	28	28	27	525	
Equivalent FTEs	28	6	1	1	2	2	2	42	
FY04 OBJECTS									
A. salaries	\$1,096,000	\$178,000	\$37,000	\$36,000	\$101,000	\$114,000	\$135,000	\$1,697,000	
B. benefits	\$279,000	\$53,000	\$11,000	\$11,000	\$24,000	\$25,000	\$27,000	\$430,000	
E. goods & services	\$496,000	\$102,000	\$19,000	\$19,000	\$39,000	\$39,000	\$39,000	\$753,000	
Tz. DIS	\$27,000	\$6,000	\$1,000	\$1,000	\$2,000	\$2,000	\$2,000	\$41,000	
Total	\$1,898,000	\$339,000	\$68,000	\$67,000	\$166,000	\$180,000	\$203,000	\$2,921,000	
FY04 FUNDS									
GF-S	\$949,000	\$169,500	\$34,000	\$33,500	\$83,000	\$90,000	\$101,500	\$1,460,500	
Federal	\$949,000	\$169,500	\$34,000	\$33,500	\$83,000	\$90,000	\$101,500	\$1,460,500	

		FY05							
		front line MAS3	Off Asst Senior	clerical SEC	CSS 1	leads MAS4	supervisors MAS5	WMS WMS2	Total
A. salaries	\$3,215	\$2,500	\$2,583	\$2,500	\$3,542	\$4,000	\$4,917	\$23,257	
B. benefits	\$819	\$750	\$750	\$750	\$833	\$875	\$1,000	\$5,778	
E. goods & services - continuing	\$781	\$750	\$750	\$750	\$792	\$792	\$833	\$5,448	
Tz. DIS	\$80	\$83	\$83	\$83	\$83	\$83	\$83	\$580	
Total monthly FTE Costs	\$4,896	\$4,083	\$4,167	\$4,083	\$5,250	\$5,750	\$6,833		
Annual	\$58,750	\$49,000	\$50,000	\$49,000	\$63,000	\$69,000	\$82,000		
FTEs	63	13	3	3	5	5	5	96	
Months	10	10	10	10	10	10	10	10	
Staff Months	594	124	25	25	50	50	48	963	
Equivalent FTEs	50	10	2	2	4	4	4	76	
FY05 OBJECTS									
A. salaries	\$1,408,000	\$228,000	\$47,000	\$46,000	\$129,000	\$146,000	\$173,000	\$2,177,000	
B. benefits	\$359,000	\$68,000	\$14,000	\$14,000	\$30,000	\$32,000	\$35,000	\$552,000	
E. goods & services	\$523,000	\$101,000	\$22,000	\$22,000	\$45,000	\$45,000	\$46,000	\$804,000	
Tz. DIS	\$35,000	\$8,000	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$56,000	
Total	\$2,325,000	\$405,000	\$85,000	\$84,000	\$207,000	\$226,000	\$257,000	\$3,589,000	
FY05 FUNDS									
GF-S	\$1,162,500	\$202,500	\$42,500	\$42,000	\$103,500	\$113,000	\$128,500	\$1,794,500	
Federal	\$1,162,500	\$202,500	\$42,500	\$42,000	\$103,500	\$113,000	\$128,500	\$1,794,500	

		FY06							
		front line MAS3	Off Asst Senior	clerical SEC	CSS 1	leads MAS4	supervisors MAS5	WMS WMS2	Total
A. salaries	\$3,215	\$2,500	\$2,583	\$2,500	\$3,542	\$4,000	\$4,917	\$23,257	
B. benefits	\$819	\$750	\$750	\$750	\$833	\$875	\$1,000	\$5,778	
E. goods & services - continuing	\$781	\$750	\$750	\$750	\$792	\$792	\$833	\$5,448	
Tz. DIS	\$80	\$83	\$83	\$83	\$83	\$83	\$83	\$580	
Total monthly FTE Costs	\$4,896	\$4,083	\$4,167	\$4,083	\$5,250	\$5,750	\$6,833		
Annual	\$58,750	\$49,000	\$50,000	\$49,000	\$63,000	\$69,000	\$82,000		
FTEs	19	4	1	1	2	2	2	30	
Months	12	12	12	12	12	12	12	12	
Staff Months	233	49	10	10	19	19	19	31	
Equivalent FTEs	19	4	1	1	2	2	2	31	
FY06 OBJECTS									
A. salaries	\$749,000	\$121,000	\$25,000	\$24,000	\$69,000	\$78,000	\$92,000	\$1,158,000	
B. benefits	\$191,000	\$36,000	\$7,000	\$7,000	\$16,000	\$17,000	\$19,000	\$293,000	
E. goods & services	\$182,000	\$36,000	\$7,000	\$7,000	\$15,000	\$15,000	\$16,000	\$278,000	
Tz. DIS	\$19,000	\$4,000	\$1,000	\$1,000	\$2,000	\$2,000	\$2,000	\$31,000	
Total	\$1,141,000	\$197,000	\$40,000	\$39,000	\$102,000	\$112,000	\$129,000	\$1,760,000	
FY06 FUNDS									
GF-S	\$570,500	\$98,500	\$20,000	\$19,500	\$51,000	\$56,000	\$64,500	\$880,000	
Federal	\$570,500	\$98,500	\$20,000	\$19,500	\$51,000	\$56,000	\$64,500	\$880,000	