Multiple Agency Fiscal Note Summary

Bill Number: 1941 HB

Title: Health home serv./children

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	206,000	0	0	412,000	0	0	412,000	
Total \$	0	0	206,000	0	0	412,000	0	0	412,000	

Estimated Operating Expenditures

Agency Name		2023-25				2	025-27		2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	1.0	299,000	299,000	505,000	2.0	598,000	598,000	1,010,000	2.0	598,000	598,000	1,010,000
Department of Children, Youth, and Families	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	1.0	299,000	299,000	505,000	2.0	598,000	598,000	1,010,000	2.0	598,000	598,000	1,010,000

Estimated Capital Budget Expenditures

Agency Name		2023-25			2025-27		2027-29			
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total	
Washington State Health	.0	0	0	.0	0	0	.0	0	0	
Care Authority										
Department of Children,	.0	0	0	.0	0	0	.0	0	0	
Youth, and Families										
Τ-4-1Φ	0.0	0	<u>م</u>	0.0	0	0	0.0	0	0	
Total \$	0.0	0	<u>،</u>	0.0	U	U	0.0	U	U	

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	Phone:	Date Published:
	(360) 742-7277	Final 1/31/2024

Individual State Agency Fiscal Note

Bill Number:	1941 HB	Title:	Health home serv./children	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		206,000	206,000	412,000	412,000
Total \$		206,000	206,000	412,000	412,000

Estimated Operating Expenditures from:

		FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.0	2.0	1.0	2.0	2.0
Account						
General Fund-State	001-1	0	299,000	299,000	598,000	598,000
General Fund-Federal	001-2	0	206,000	206,000	412,000	412,000
	Total \$	0	505,000	505,000	1,010,000	1,010,000

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:

X 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.

X Requires new rule making, complete Part V.

Legislative Contact:	Jim Morishima	Phone: 360-786-7191	Date: 01/10/2024
Agency Preparation:	Michael Grund	Phone: 360-725-1949	Date: 01/29/2024
Agency Approval:	SUMAN MAJUMDAR	Phone: 360-725-1319	Date: 01/29/2024
OFM Review:	Jason Brown	Phone: (360) 742-7277	Date: 01/31/2024

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.

Please see attached.

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.

Please see attached.

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.

Please see attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Туре	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	299,000	299,000	598,000	598,000
001-2	General Fund	Federal	0	206,000	206,000	412,000	412,000
		Total \$	0	505,000	505,000	1,010,000	1,010,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.0	1.0	2.0	2.0
A-Salaries and Wages		174,000	174,000	348,000	348,000
B-Employee Benefits		62,000	62,000	124,000	124,000
C-Professional Service Contracts					
E-Goods and Other Services		195,000	195,000	390,000	390,000
G-Travel		4,000	4,000	8,000	8,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		70,000	70,000	140,000	140,000
9-					
Total \$	0	505,000	505,000	1,010,000	1,010,000

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
Medical Assistance Program	87,000		2.0	1.0	2.0	2.0
Specialist 3						
Total FTEs			2.0	1.0	2.0	2.0

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.

Please see attached.

Bill Number: 1941 HB

HCA Request #: 24-043

Title: Health Home Serv./Children

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

ACCOUNT	REV SOURCE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
General Fund-Federal 001-2	0393	-	206,000	206,000	206,000	206,000	206,000	206,000	412,000	412,000
REVENUE - TOTAL \$		\$ -	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 412,000	\$ 412,000

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0
ACCOUNT									
General Fund-State 001-1	-	299,000	299,000	299,000	299,000	299,000	299,000	598,000	598,000
General Fund-Federal 001-2	-	206,000	206,000	206,000	206,000	206,000	206,000	412,000	412,000
ACCOUNT - TOTAL \$	\$ -	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 1,010,000	\$ 1,010,000

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.

Bill Number: 1941 HB

HCA Request #: 24-043

Title: Health Home Serv./Children

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 relates to providing for health home services for Medicaid-eligible children with medically complex conditions. The Washington State Health Care Authority (HCA) assumes this bill will have an indeterminate fiscal impact.

Section 1. The legislature intends to actively support medically complex children by taking the steps necessary to implement health homes in Washington.

Section 2 adds a new section to RCW 74.09. By October 1, 2024, HCA shall submit a State Plan Amendment (SPA) to the Federal Centers for Medicare and Medicaid Services (CMS) to allow Medicaid-eligible children with medically complex conditions to voluntarily enroll in a health home as provided in section 3 of the Medicaid services investment and accountability act of 2019.

By December 1, 2024, HCA shall submit a status report to the legislature. The status report must include:

- (a) A summary of the SPA proposal, including the proposed payment methodology and the expected timeline for approval;
- (b) Financial modeling information for the implementation of the SPA, including estimates of state costs, expected federal matching funds, and anticipated state planning grants from the federal government; and
- (c) Information regarding expected utilization for the program and whether anticipated availability of health home providers meeting federal minimum requirements will be sufficient to meet the needs of patients statewide.

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. Distinguish between one time and ongoing functions.

HCA assumes administrative costs would be eligible for a federal match rate of 40.79 percent.

ACCOUNT	REV SOURCE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
General Fund-Federal 001-2	0393	-	206,000	206,000	206,000	206,000	206,000	206,000	412,000	412,000
REVE	NUE - TOTAL \$	\$ -	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 412,000	\$ 412,000

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. Distinguish between one time and ongoing functions.

Administrative Fiscal Impact

HCA requests 2.0 Full Time Equivalent (FTE) and \$505,000 (\$299,000 GF-S) for administrative costs in state fiscal year 2025 and ongoing.

Bill Number: 1941 HB

HCA Request #: 24-043 Title: Health H

Title: Health Home Serv./Children

Due to lack of capacity in the current Health Home program, HCA is requesting two additional FTEs for a Health Home program for children with medically complex conditions as this will require a new program in which the current health home IT systems and processes cannot be leveraged.

The first FTE is for a program/contract manager position who would be responsible for implementation work: develop SPA language and follow the tribal consultation and public comment processes, collaborate with the Department of Social and Health Services (DSHS) Research and Data Analysis (RDA) to establish program criteria, develop a pediatric network, write Washington Administrative Codes (WACs), program guides, implement the SPA, and other project management functions. Post-implementation, this role would manage the program and contracts, would be responsible for network training, program audits, and network management.

To implement a new health home program for children with medically complex conditions, we project at minimum of 5 and up to 12 contracts to serve approximately 43,000 eligible children under the managed care and fee-for-service delivery model. Currently, 1 FTE (contract manager) manages 11 fee-for-service contracts and the health home section for 5 IMC contracts and 1 IFC contract. The contract manager FTE would be responsible for all aspects of contract management: amendments, monitoring, and training.

The second FTE is for an enrollment specialist who would be lead on developing and ensuring P1 changes are completed, developing enrollment processes and conducting the actual enrollment assignments (currently a 2-week process). Additionally, this position would develop enrollment reporting; manage inbox requests from Leads, Care Coordination Organizations (CCOs), and clients; monitoring Health Action Plan (HAP) requirements; and develop reports to support the new program.

We anticipate needing this FTE to process enrollment for the new HH program. RDA has identified 43,000 children who meet the eligibility requirements for the ACE Kids Act, approximately 20,000 individuals less than our current HH program (64,000). This FTE would interface with 5-12 leads to ensure data quality, reporting, and to process enrollment.

Also, HCA would need to contract with DSHS RDA for one FTE to manage CMS reporting and to determine eligibility. This is estimated at \$175,000 per year based on an existing similar contract. PRISM, which is the tool to determine eligibility in the current Health Home program, cannot be used to determine eligibility for children with complex conditions because it cannot determine the number of impacted body systems. The state may incur additional access and licensure costs to support utilization of the Pediatric Medical Complexity Algorithm (PMCA), a model developed by RDA, CMS, and Seattle Children's Hospital that can determine the number of impacted body systems.

Goods and services, travel, and equipment are calculated on actual program averages per FTE. Administrative costs are calculated at \$35,000 per 1.0 FTE. This cost is included in Object T based on HCA's federally approved cost allocation plan.

Apple Health Services Fiscal Impact

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

This bill requires the Health Care Authority (HCA) to submit a state plan amendment to the Centers for Medicare and Medicaid Services (CMS), consistent with the Advancing Care for Exceptional Kids Act of 2019, to allow children with medically complex conditions to enroll in a Health Home. One of the eligibility criteria for the

Prepared by: M. Grund

11:46 AM 01/29/24

Bill Number: 1941 HB

HCA Request #: 24-043

Title: Health Home Serv./Children

existing Health Home program is a Predictive Risk Intelligence System (PRISM) risk score of 1.5. Since children with medically complex conditions may have a PRISM risk score less than 1.5, the proposed program is expected to result in an expansion of Apple Health eligibility criteria and, therefore, an increased number of Health Home enrollees. It would also expand services beyond those covered by the current Health Home program to include pediatric emergency services and services provided by out-of-state providers. Therefore, the proposed program is expected to have a fiscal impact on Apple Health service-related expenditures. The fiscal impact is indeterminate because the program design and payment methodology; potential client enrollment and engagement trends; and the utilization of expanded Health Home services are currently unknown.

Based on December 2022 data received from the Research and Data Analysis (RDA) division of the Department of Social and Health Services, it is estimated that approximately 43,000 children aged 0 to 20 years would meet the eligibility criteria for the program proposed by this bill. It is further estimated that approximately 8,700 (about 20 percent) of those children are currently eligible for the Health Home program, of which approximately 820 (about nine percent) engage with the current program. This implies that the potential average monthly additional caseload would be about 3,200. In the calendar year 2022, the annual per capita cost for Health Home clients aged 0 to 20 years was \$1,555.

Assuming that (i) the newly created program costs are similar to the current Health Home program, (ii) the engagement of the new eligibles resembles that of current eligibles, and (iii) the current program structure and payment methodology are used for the expanded program; HCA estimates that the total fiscal impact would be about \$5 million. If engaged clients are similarly distributed between eligibility categories as the current Health Home participants, and not accounting for the enhanced federal match that may be available for the initial two quarters of the program, the federal share is estimated to be about 52 percent.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

ACCOUNT	ACCOUNT TITLE	TYPE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
001-1	General Fund	State	-	299,000	299,000	299,000	299,000	299,000	299,000	598,000	598,000
001-2	General Fund	Federal	-	206,000	206,000	206,000	206,000	206,000	206,000	412,000	412,000
	ACCC	UNT - TOTAL \$	\$ -	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 1,010,000	\$ 1,010,000

III. B - Expenditures by Object Or Purpose

OBJECT	OBJECT TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
Α	Salaries and Wages	-	174,000	174,000	174,000	174,000	174,000	174,000	348,000	348,000
В	Employee Benefits	-	62,000	62,000	62,000	62,000	62,000	62,000	124,000	124,000
E	Goods and Other Services	-	195,000	195,000	195,000	195,000	195,000	195,000	390,000	390,000
G	Travel	-	4,000	4,000	4,000	4,000	4,000	4,000	8,000	8,000
т	Intra-Agency Reimbursements	-	70,000	70,000	70,000	70,000	70,000	70,000	140,000	140,000
	OBJECT - TOTAL \$		\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 505,000	\$ 1,010,000	\$ 1,010,000

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

FTE JOB TITLE	SALARY	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
MEDICAL ASSISTANCE PROGRAM SPECIALIST 3	87,000	0.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0
ANNUAL SALARY & FTE - TOTAL	\$ 87,000	0.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0

III. D - Expenditures By Program (optional)

Bill Number: 1941 HB

HCA Request #: **24-043**

Title: Health Home Serv./Children

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.

There will be a need to revamp the current Health Home model and develop one for children, which includes updates to the State Plan Amendment (SPA), Washington Administrative Code (WAC), policy, billing guide, and contracts.

Individual State Agency Fiscal Note

Bill Number: 1941 HB Title: Health home serv./children	Agency: 307-Department of Children, Youth, and Families
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Part I: Estimates

X 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:	Jim Morishima	Phone: 360-786-7191	Date: 01/10/2024
Agency Preparation:	Renee Slaybaugh	Phone: 360-688-8714	Date: 01/12/2024
Agency Approval:	Sarah Emmans	Phone: 360-628-1524	Date: 01/12/2024
OFM Review:	Carly Kujath	Phone: (360) 790-7909	Date: 01/15/2024

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 requires Health Care Authority to submit a state plan amendment to the federal Centers for Medicare and Medicaid Services to allow Medicaid-eligible children with medically complex conditions to voluntarily enroll in a health home.

Section 2 requires Health Care Authority to submit a status report to the appropriate fiscal committees of the legislature with respect to the approval of the state plan amendment.

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.

No impact to the Department of Children, Youth, and Families. This bill requires Healthcare Authority to submit a state plan amendment to the federal centers for Medicare and Medicaid services to allow Medicaid-eligible children with medically complex conditions to voluntarily enroll in a health home and has no fiscal impact to DCYF.

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.