

LTSS Trust Agency Administrative Expenses Report

RCW 50B.04.030



Authored by:
LTSS Trust Commission

Date:
November 15, 2022



LTSS Trust Agency Administrative Expenses

Executive Summary

Statutory Requirement

Per Chapter 50B.04.030 (5) RCW, the Long-Term Services and Supports Trust Commission shall monitor agency administrative expenses over time. The Commission must annually report to the Governor and the fiscal committees of the Legislature on agency spending for administrative expenses and anticipated administrative expenses as the program shifts into different phases of implementation and operation.

Background

The Long-Term Services and Supports Trust Act was created through the passage of SSB 1087 in April of 2019 and is now known as WA Cares Fund. The Department of Social and Health Services (DSHS), the Office of the State Actuary (OSA), the Employment Security Department (ESD), and the Health Care Authority (HCA) each have distinct responsibilities in the implementation and administration of the WA Cares Fund program. DSHS, OSA, ESD and HCA will collaborate to realize program efficiencies and minimize administrative expenses.

The LTSS Trust Agency Administrative Expenses Report, due to the Legislature on November 15, 2022, provides information on the DSHS, OSA, ESD and HCA administrative expenses for the State Fiscal Years (SFY) 2021 and 2022 and the anticipated administrative expenses for the agencies in the 2023-25 biennium.

After startup, from SFY 2026 onward, the target is to keep the administrative load for the program under the sum of 3.5% of the premiums collected and 3.5% of benefits paid. During the startup phase, the WA Cares Fund is making strategic investments to meet requirements identified in RCW 50B. These include technology development; LTSS Trust Commission support, program design, policy development; communications and outreach.

[RCW 50B.04.030\(5\)](#) requires that the November 15, 2027 Administrative Expenses Report include recommendations for a method of calculating future agency administrative expenses to limit administrative expenses while providing sufficient funds to adequately operate the WA Cares Fund program.

The Secretary of the Department of Social and Health Services, the Commissioner of the Employment Security Department, and the Director of the Health Care Authority may advise the Commission on the reports prepared but must recuse themselves from the Commission's process for review, approval, and submission to the Legislature.

WA Cares Fund Funding

Per Chapter 50B.04.100 RCW, expenditures from the LTSS Trust account may be used for the administrative activities of the Department of Social and Health Services, the Employment Security Department, and the Health Care Authority. The account is subject to the allotment procedures under chapter 43.88 RCW. An appropriation is required for administrative expenses.

The LTSS Trust account has been established and the Employment Security Department will deposit premiums collected from employees into the account. Employers start collecting premiums from their employees in July 2023. Until the account is funded, administrative expenses are covered by a loan from the state general fund. The general fund will be reimbursed from the LTSS Trust account by December 31, 2024, with interest.

2021-23 Biennium WA Cares Fund Budget Appropriations by Fiscal Year

The budget appropriations and projected WA Cares Fund administrative expenses for the 2021-23 Biennium by Fiscal Year 2022 and 2023 are shown in Table 1.

| Agency | Funding Source | FY22 | FY23 | Total Appropriations |
|-------------------|----------------|----------------------|---------------------|----------------------|
| DSHS ¹ | LTSS Trust | \$ 3,802,042 | \$ 5,892,000 | \$ 9,694,042 |
| DSHS for OSA | LTSS Trust | \$ 677,000 | \$573,000 | \$1,250,000 |
| ESD | LTSS Trust | \$ 20,653,000 | \$ 15,249,000 | \$ 35,902,000 |
| HCA ² | LTSS Trust | \$ 0 | \$ 0 | \$ 0 |
| Total | | \$ 25,132,042 | \$21,714,000 | \$46,846,042 |

Table 1: 2021-23 WA Cares Fund Biennium Budget Appropriations by Agency

¹ The total DSHS appropriation for the Fiscal Years 2022 and 2023 is \$10,944,042 and the OSA appropriation was included in the DSHS appropriation. OSA costs will be charged back to DSHS through an Interlocal Agreement between the two agencies.

² Costs related to a ProviderOne change request are included in the DSHS appropriation.

Planned WA Cares Fund implementation activities by agency for the SFY 2022 and SFY 2023 are shown in Table 2.

| Activity | SFY22 | | | | SFY23 | | | |
|--|-------|-----|-----|-----|-------|-----|-----|-----|
| | DSHS | OSA | ESD | HCA | DSHS | OSA | ESD | HCA |
| Continue to staff, plan, and facilitate Commission meetings, Investment Strategy Subcommittee meetings and Commission workgroups | X | | | | X | | | |
| Develop the concept paper and application for the shared savings waiver for Medicaid and Medicare savings | X | | | | X | | | |
| Report on the status of the shared savings waiver to the Legislature and OFM | | | | | X | | | |
| Begin planning and building the provider network | X | | | | X | | | |
| Conduct additional actuarial studies as needed | | X | | | | X | | |
| Finish working with the Commission to establish a Risk Management Framework for WA Cares Fund | X | X | | | | | | |
| Implement employee exemptions for people with private long-term care insurance | | | X | | | | | |
| Implement employee exemptions for the four new exemption groups | | | | | | | X | |
| Implement opt-in option for self-employed people | | | | | | | X | |
| Start collecting premiums | | | | | | | X | |
| Continue communication and outreach activities | X | | X | | X | | X | |
| Rule and policy writing | X | | X | X | X | | X | X |

| Activity | SFY22 | | | | SFY23 | | | |
|--|-------|-----|-----|-----|-------|-----|-----|-----|
| | DSHS | OSA | ESD | HCA | DSHS | OSA | ESD | HCA |
| Continue to plan and build WA Cares Fund IT systems | X | | X | X | X | | X | X |
| Coordinate across agencies to respond to public inquiries about WA Cares Fund | X | | X | X | X | | X | X |
| Provide input to the Commission's annual WA Cares Fund Administrative Expenses Reports to the Governor and Legislature | X | X | X | X | X | X | X | X |
| Provide input to the Commission's annual WA Cares Fund Recommendations Reports to the Legislature and Executive Agencies | X | X | X | X | X | X | X | X |
| Advance data sharing capabilities between agencies | X | X | X | X | X | X | X | X |
| Identify program outcomes and monitoring metrics | X | X | X | X | X | X | X | X |

Table 2: Fiscal Years 2022 and 2023 WA Cares Fund Implementation Activities by Agency

State Fiscal Year 2022 Administrative Expenses by Agency

The total WA Cares Fund administrative expenses for SFY 2022 were \$30,502,681. Table 3 shows the SFY 2022 administrative expenses by agency and Figure 1 shows expenses by object.

| Agency | Funding Source | FY22 Expenditures |
|--------------|----------------|---------------------|
| DSHS | LTSS Trust | \$ 3,141,517 |
| DSHS for OSA | LTSS Trust | \$ 676,999 |
| ESD | LTSS Trust | \$14,550,921 |
| HCA | LTSS Trust | \$ 0 |
| Total | | \$18,369,437 |

Table 3: Fiscal Year 2022 Administrative Expenses by Agency

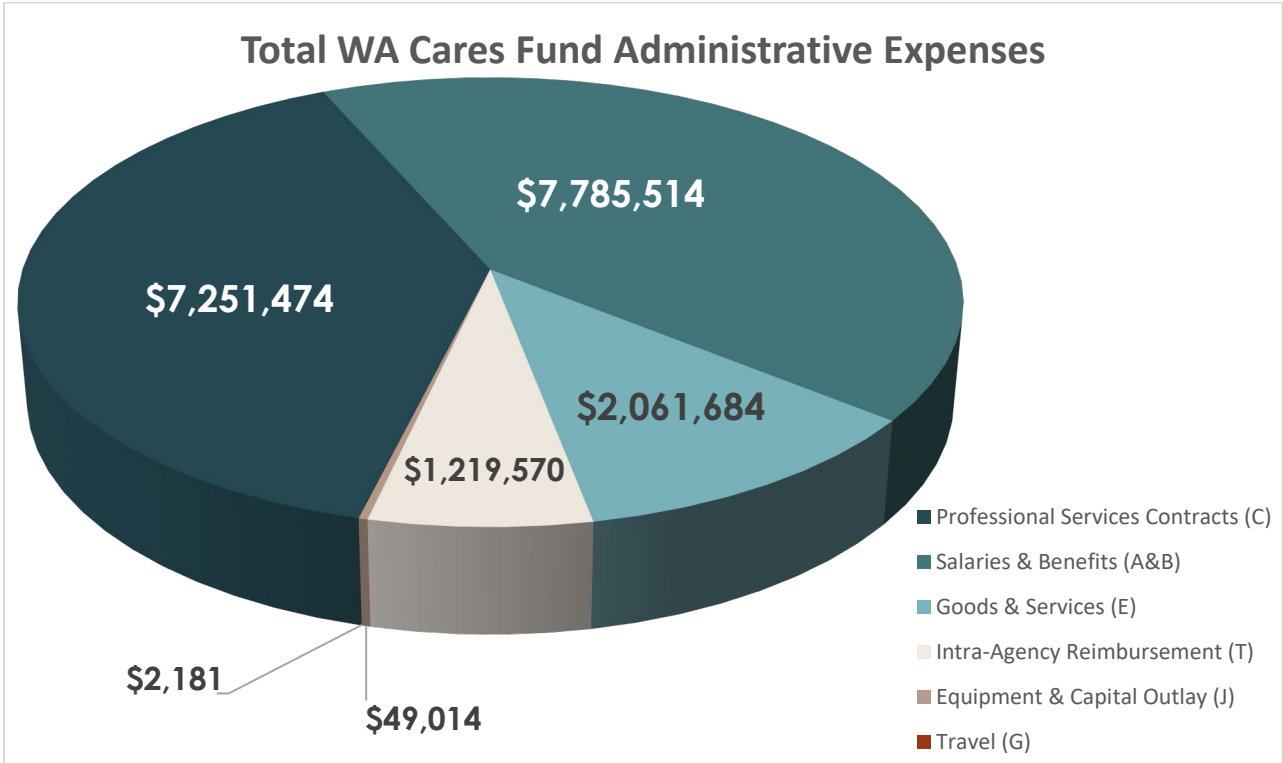


Figure 1: Fiscal Year 2022 WA Cares Fund Administrative Expenses by Object

DSHS and OSA

The total DSHS WA Cares Fund administrative expenses for the SFY 2022 were \$3,818,516. Figure 2 shows DSHS expenses by object (OSA expenses are part of Object E).

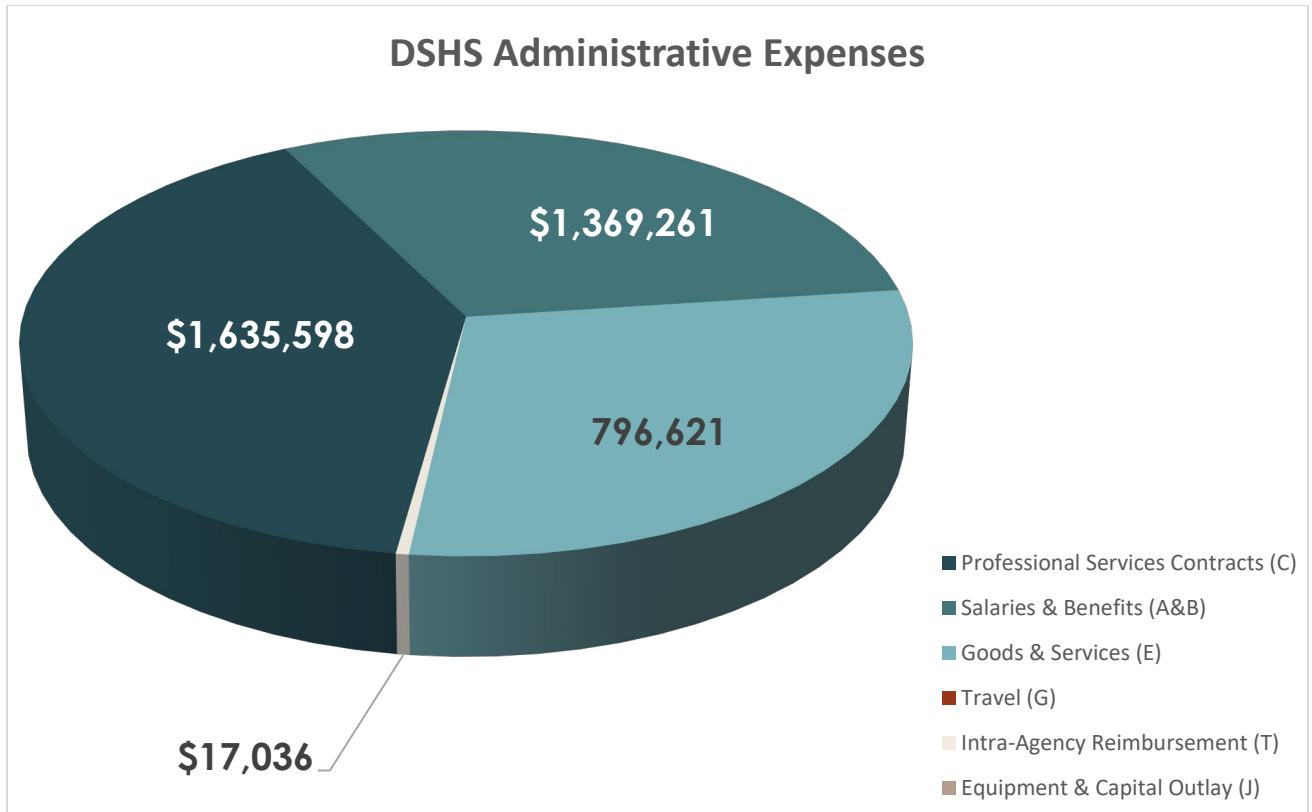


Figure 2: 2022 Fiscal Year DSHS WA Cares Fund Administrative Expenses by Object

DSHS and OSA WA Cares Fund implementation activities for SFY 2022 included:

DSHS

- Staffed, planned, and facilitated Commission meetings, Commission Workgroups meetings, and Investment Strategy Subcommittee meetings
- Worked with the Commission to draft and deliver Commission reports
- Strategic planning
- Communications and outreach activities for WA Cares Fund, including webinars for the public, and working with vendors to create new WA Cares Fund website
- Responded to phone calls and email inquiries about the program
- Continuing to document business needs for IT systems needed for WA Cares Fund
- Continuing analysis on Medicaid and Medicare savings in preparation for developing the concept paper and application for a shared savings waiver that will be submitted to the federal Centers for Medicare & Medicaid Services (CMS)

- Continuing outreach and discussions with tribes regarding their potential participation in WA Cares Fund

OSA

- Completed second actuarial study of the WA Cares Fund program
- Supported the Commission, DSHS, and relevant workgroups reviewing WA Cares Fund benefit provisions, including actuarial analysis
- Supported the Commission in the adoption of a WA Cares Fund Risk Management Framework
- Supported legislative process, including actuarial analysis
- Published actuarial trust solvency reports, frequently asked questions documents, and key financial metrics of WA Cares Fund program

ESD

The total ESD WA Cares Fund administrative expenses for the Fiscal Year 2022 was \$14,550,921. Figure 3 shows ESD expenses by object.

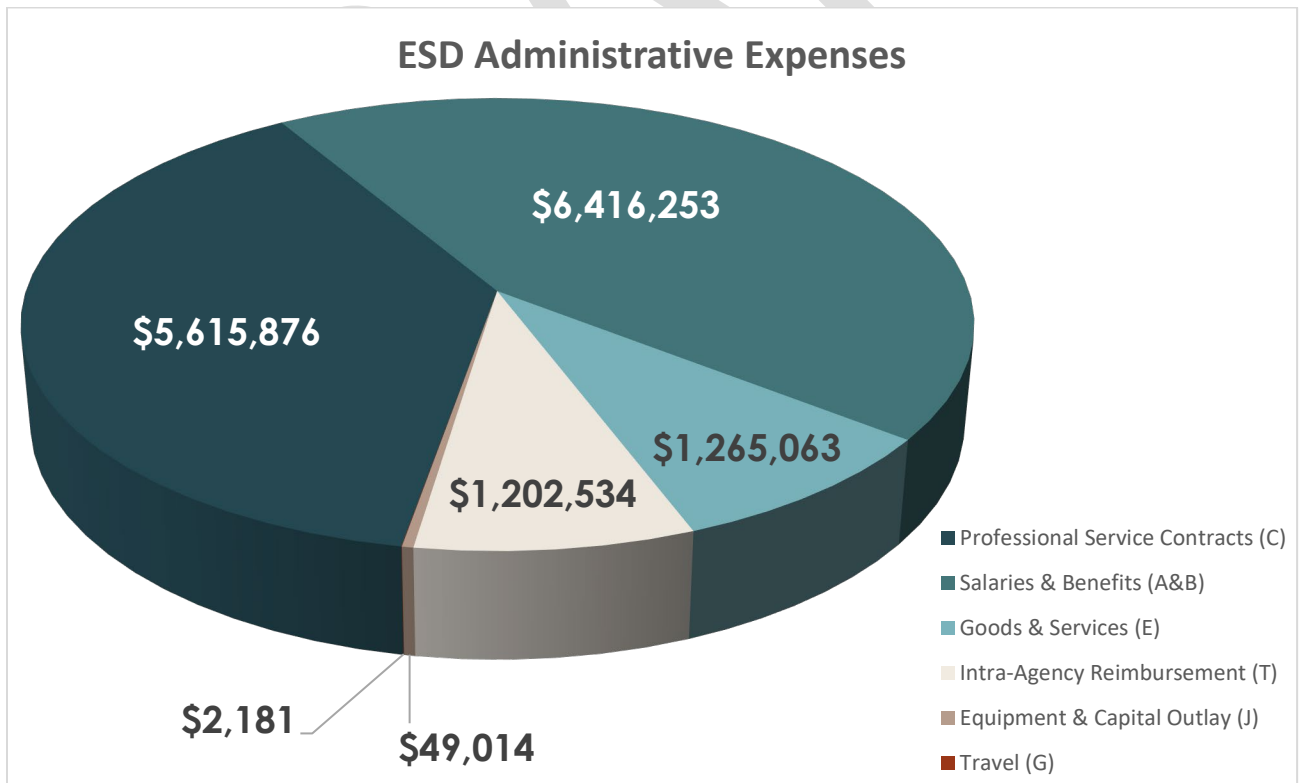


Figure 3: Fiscal Years 2022 ESD WA Cares Fund Administrative Expenses by Object

ESD

- Rules and policy work for Wage Reporting and Premium Collection and also Self Employed Elective Coverage
- Operational readiness for Wage Reporting and Premium Collection and also Self Employed Elective Coverage, including change management
- Communications and outreach activities for WA Cares Fund, including Wage Reporting and Premium Collection and also Self Employed Elective Coverage
- Training and staff onboarding planning for Wage Reporting and Premium Collection and also Self Employed Elective Coverage
- QA vendor activities – other contracts
- Updated gate 3 Investment Plan, Project Charters, and Project Plan approved by OCIO
- ESD Oversight Committee governance activities for Wage Reporting and Premium Collection and also Self Employed Elective Coverage

HCA

- Reviewed previous ProviderOne analysis and high-level cost estimate in support of WA Cares Fund requirements, for any potential changes as a result of implementation schedule changes and delays from legislative session.
- Worked with DSHS on business needs and changes needed for ProviderOne, as policy discussions and potential new requirements emerged.
- Collaborated with DSHS and ESD on development of refined governance structure.
- Evaluated current call center and telephony standards/capabilities in support of ESD and DSHS analysis for future shared customer coordination.