

LTSS Trust Agency Administrative Expenses Report

RCW 50B.04.030



Authored by:
LTSS Trust Commission

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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, 2021, provides information on the DSHS, OSA, ESD and HCA administrative expenses for the 2019-21 biennium and the anticipated administrative expenses for the agencies in the 2021-23 biennium.

After startup, from 2025 onward, the target is to keep the administrative load for the program under 7%. This is 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, and policy development; and communications and outreach.

The November 15, 2025, report must 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 January 2022. Until the account is funded, administrative expenses will be covered by a loan from the state general fund. The general fund will be reimbursed from the LTSS Trust account by June 30, 2022, with interest.

2019-21 Biennium WA Cares Fund Budget Appropriations

The budget appropriations for WA Cares Fund administrative expenses for the 2019-21 biennium are shown in Table 1 below.

Agency	2019-21 Appropriation	Funding Source
DSHS ¹	\$ 2,220,000	LTSS Trust
OSA	\$ 717,000	LTSS Trust
ESD	\$ 14,103,000	LTSS Trust
HCA	\$ 0	LTSS Trust
Total	\$ 17,040,000	

Table 1: 2019-21 Biennium WA Cares Fund Appropriations by Agency

2019-21 Biennium WA Cares Fund Administrative Expenses

The total WA Cares Fund administrative expenses for the 2019-21 biennium were \$12,830,355. Table 2 shows the 2019-21 biennium administrative expenses by agency and Figure 1 shows expenses by object.

¹ The total DSHS appropriation for the 2019-21 biennium was \$2,937,000 and the OSA appropriation was included in the DSHS appropriation. OSA costs were charged back to DSHS through an Interlocal Agreement between the two agencies.

Agency	Funding Source	FY20 Expenditures	FY21 Expenditures	Total 2019-21 Expenditures
DSHS	LTSS Trust	\$ 547,529	\$ 1,372,811	\$ 1,920,340
OSA	LTSS Trust	\$ 131,999	\$ 575,287	\$ 707,287
ESD	LTSS Trust	\$ 231,864	\$ 9,970,864	\$ 10,202,728
HCA	LTSS Trust	\$ 0	\$ 0	\$ 0
Total		\$ 911,393	\$ 11,918,962	\$ 12,830,355

Table 2: 2019-21 Biennium Administrative Expenses by Agency

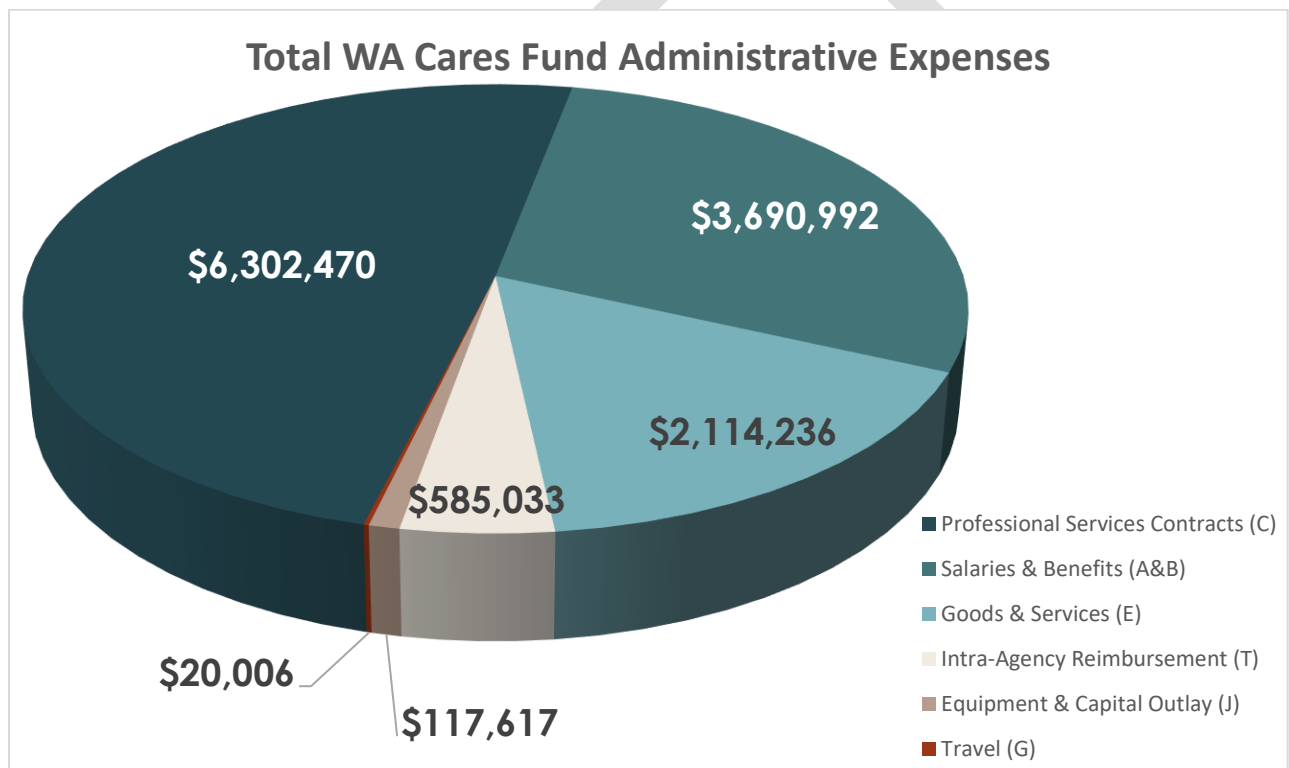


Figure 1: 2019-21 Biennium WA Cares Fund Administrative Expenses by Object

DSHS and OSA

The total DSHS WA Cares Fund administrative expenses for the 2019-21 biennium were \$2,627,627. Figure 2 shows DSHS expenses by object (OSA expenses are part of Object C and Object E).

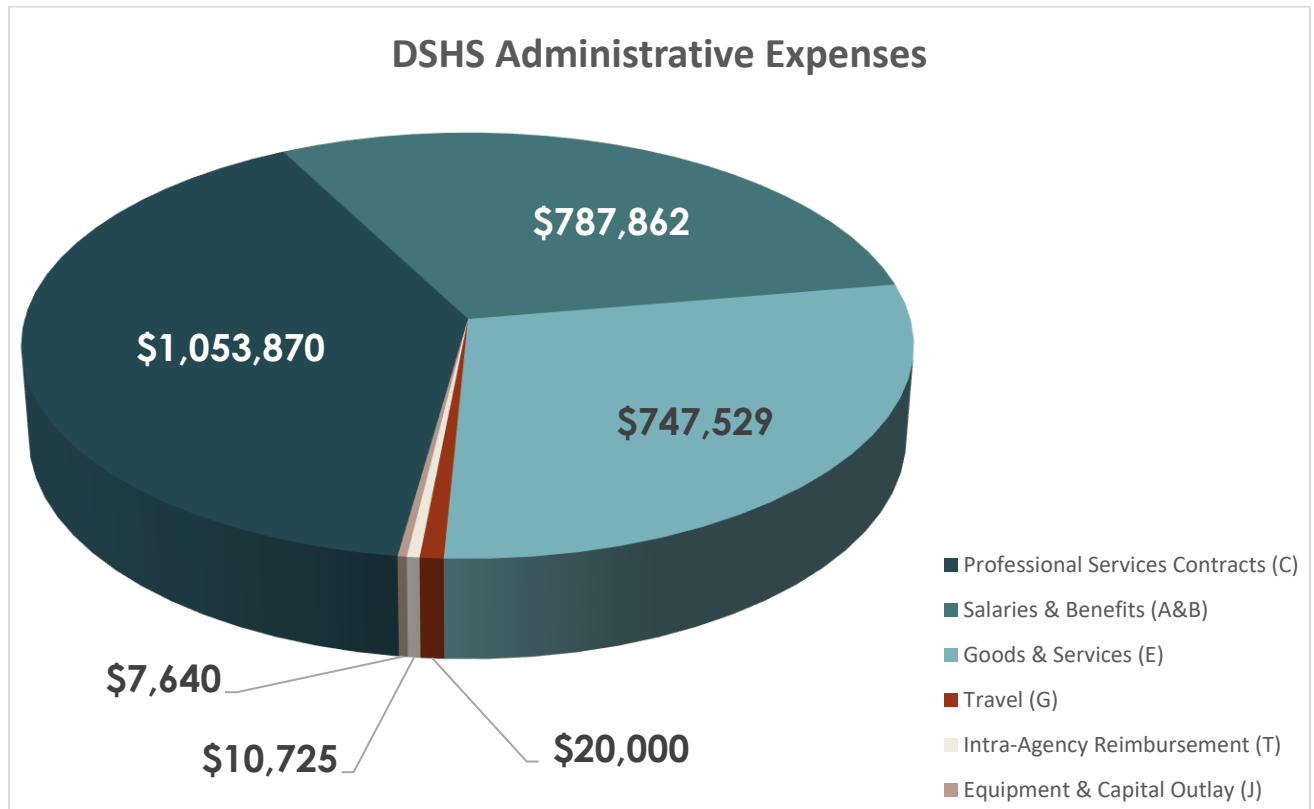


Figure 2: 2019-21 Biennium DSHS WA Cares Fund Administrative Expenses by Object

DSHS and OSA WA Cares Fund implementation activities for the 2019-21 biennium included:

DSHS

- Convened the LTSS Trust Commission
- Staffed, planned, and facilitated Commission meetings, and Investment Strategy Subcommittee meetings
- Synthesized and assessed feedback from the public and flagged for the Commission and its Benefit Eligibility workgroup
- Worked with the Commission to establish Foundational Principles for the WA Cares Fund program
- Worked with the Commission to draft and deliver Commission reports

- Started working with the Commission and OSA on the development of a WA Cares Fund Risk Management Framework
- Established cross-agency governance
- Onboarded initial WA Cares Fund staff
- Strategic planning
- Launched the WA Cares Fund website in partnership with ESD
- Communications and outreach activities for WA Cares Fund, including webinars for the public, and working with branding and marketing vendors to develop a program name, a program brand and logos, marketing materials, and started planning a marketing campaign
- Responded to phone calls and email inquiries about the program
- Started documenting business needs for IT systems needed for WA Cares Fund
- Started conducting 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)
- Conducted extensive outreach and discussions with tribes regarding their potential participation in WA Cares Fund

OSA

- Completed the first actuarial study of the WA Cares Fund program
- Started working with the Commission and DSHS on the development of a WA Cares Fund Risk Management Framework
- Supporting legislative process, including actuarial analysis
- Publishing actuarial trust solvency report and key financial metrics of WA Cares Fund program
- Contracting with external consultant to build tools in support of OSA's internal investments

ESD

The total ESD WA Cares Fund administrative expenses for the 2019-21 biennium were \$10,202,728. Figure 3 shows ESD expenses by object.

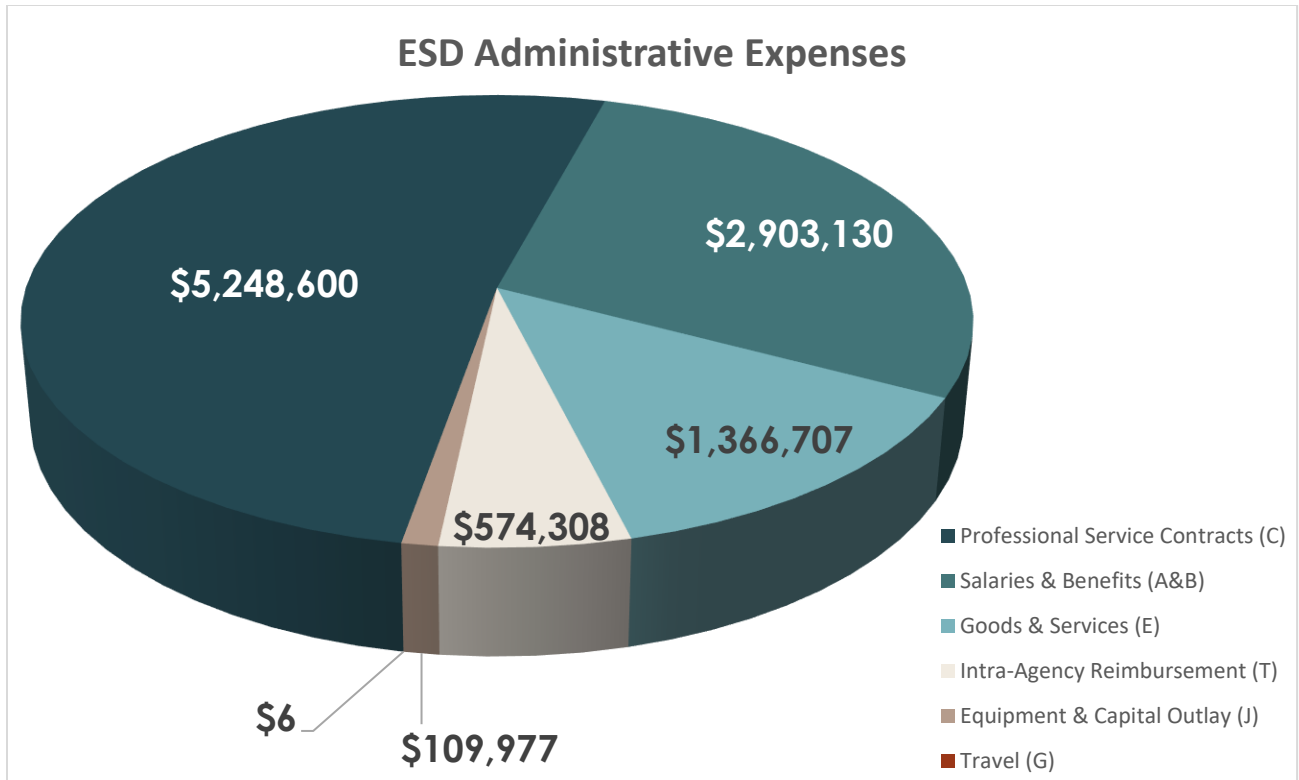


Figure 3: 2019-21 Biennium ESD WA Cares Fund Administrative Expenses by Object

ESD WA Cares Fund implementation activities by for the 2019-21 biennium included:

- Rules and policy work for Employee Exemptions
- Operational readiness for Employee Exemptions, including change management
- Communications and outreach activities for WA Cares Fund, including Employee exemptions
- Training and staff onboarding planning for Employee Exemptions
- QA vendor activities – other contracts
- Investment Plan, Project Charter, and Project Plan approved by OCIO
- Oversight Committee established
- Initiated build of employee exemptions and platform work to extend Paid Leave system to support the WA Cares Fund service

HCA WA Cares Fund implementation activities by for the 2019-21 biennium included:

- Completed ProviderOne analysis to determine a high-level cost estimate to support WA Cares Fund requirements.
- Worked with DSHS on business needs and changes needed for ProviderOne.

2021-23 Biennium WA Cares Fund Budget Appropriations

The budget appropriations and projected WA Cares Fund administrative expenses for the 2021-23 biennium are shown in Table 3.

Agency	Funding Source	FY22	FY23	Total 2021-23 Biennium
DSHS ²	LTSS Trust	\$ 3,727,000	\$ 6,643,000	\$ 10,370,000
OSA	LTSS Trust	\$ 250,000	\$ 253,000	\$ 503,000
ESD	LTSS Trust	\$ 20,316,000	\$ 11,949,000	\$ 32,265,000
HCA ³	LTSS Trust	\$ 0	\$ 0	\$ 0
Total		\$ 24,293,000	\$ 18,845,000	\$ 43,138,000

Table 3: 2021-23 WA Cares Fund Biennium Budget Appropriations by Agency

Planned WA Cares Fund implementation activities by agency for the 2021-23 biennium are shown in Table 4.

Activity	FY22				FY23			
	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			

² The total DSHS appropriation for the 2021-23 biennium is \$10,873,000 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.

³ Costs related to a ProviderOne change request are included in the DSHS appropriation.

Activity	FY22				FY23			
	DSHS	OSA	ESD	HCA	DSHS	OSA	ESD	HCA
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		
Begin work on biennial actuarial valuation report due by January 1, 2024						X		
Begin work on recommendations to the Pension Funding Council and LTSS Trust Council						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 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
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
Track premiums collected		X	X			X	X	

Activity	FY22				FY23			
	DSHS	OSA	ESD	HCA	DSHS	OSA	ESD	HCA
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	
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 4: 2021-23 Biennium WA Cares Fund Implementation Activities by Agency