

Agency:	107 Health Care Authority
Decision Package Code/Title:	PL-IQ Third Party Data Matching Contract
Budget Period:	2013-15 Biennial Submittal
Budget Level:	PL – Performance Level

Recommendation Summary Text

The Health Care Authority (HCA) requests \$34,580,000 (\$19,000,000 GF-State) as our experience has shown that the savings originally estimated in the 2011-13 biennium were too aggressive. This request includes a revised estimate for savings assumed by hiring a contractor to perform the Third Party Liability (TPL) cost avoidance and recovery activities and reduces the contingency fee to reflect the new estimates.

Package Description

HCA requests \$34,580,000 (\$19,000,000 GF-State) to revise estimates previously assumed in the 2011-13 biennium for Third Party Liability (TPL) cost avoidance and recovery activities as the assumed savings were too aggressive. This request includes revising the estimated TPL savings and reduces the contingency fee amount original requested to pay the contractor.

HCA’s goal is to assure that every public dollar spent by HCA goes to improve the health of the people of the State of Washington and is spent accordingly. In order to achieve this, HCA continuously seeks ways to strengthen program oversight and review, preventing fraud and abuse, and increase cost avoidance and recovery efforts. This includes conducting both internal and external assessments looking at ways to improve given the increasing growth in beneficiaries and changing requirements.

Questions related to the fiscal portion of this decision package should be directed to Stacy Crawford at (360) 725-1884 or stacy.crawford@hca.wa.gov.

Questions related to the programmatic portion of this decision package should be directed to Thuy Hua-Ly at (360) 725-1855 or thuy.hua-ly@hca.wa.gov.

Fiscal Detail/Objects of Expenditure

	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
1. Operating Expenditures:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 8,645,000	\$ 8,645,000	\$ 17,290,000
Fund 19A-1 Medical Fraud Penalty Account- State	\$ (855,000)	\$ (855,000)	\$ (1,710,000)
Fund 001-1 GF-State	\$ 9,500,000	\$ 9,500,000	\$ 19,000,000
Total	\$ 17,290,000	\$ 17,290,000	\$ 34,580,000
	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
2. Staffing:			
Total FTEs	-	-	-
	-	-	-

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	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
3. Objects of Expenditure:			
C - Personal Service Contracts	\$ (1,710,000)	\$ (1,710,000)	\$ (3,420,000)
N - Grants, Benefits & Client Services	\$ 19,000,000	\$ 19,000,000	\$ 38,000,000
Total	\$ 17,290,000	\$ 17,290,000	\$ 34,580,000

	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
4. Revenue:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 8,645,000	\$ 8,645,000	\$ 17,290,000
Fund 19A-1 Medical Fraud Penalty Account- State	\$ (855,000)	\$ (855,000)	\$ (1,710,000)
Total	\$ 7,790,000	\$ 7,790,000	\$ 15,580,000

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

HCA anticipates that expanding payment review efforts will limit the cost of providing essential services and generate additional recoveries. This will allow more Washingtonians access to high quality, affordable health care.

Performance Measure Detail

Activity Inventory

H010 HCA Healthy Options

H011 HCA All Other Clients - Fee for Service - Mandatory Services

H012 HCA All Other Clients - Fee for Service - Optional Services

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. This proposal supports the increased identification and recovery of improper payments, allowing for funding to support sustainable, affordable and quality health systems; increasing access to health care coverage; which leads to improvements in the health of Washingtonians.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. The Governor's priorities include critical focus on health care reform strategies. In addition, the Transforming Washington's Budget values steps to improve the health of Washingtonians and providing efficient state government services. MPA will be able to increase efforts so that Washingtonians receive the best value for essential services and that Washington can meet the additional requirements.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government (POG) process?

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Yes. This proposal directly supports priorities related to the sustainability of healthcare. HCA recovers millions of taxpayer dollars that would otherwise be lost to fraud, waste and abuse.

What are the other important connections or impacts related to this proposal?

This proposal identifies the resources needed to continue recovering taxpayer dollars that not being realized at the level previously thought for Third Party Liability (TPL) cost avoidance and recovery efforts performed by an external contractor.

What alternatives were explored by the agency, and why was this alternative chosen?

If this proposal is not funded, HCA will not be able to improve the review and oversight of Medicaid and its state funded health programs. This may lead to increased long-term costs to both the state and federal governments, reduce the amount of funding available for other programs, and limit the ability of HCA to meet changing National Health Care Reform regulations.

What are the consequences of not funding this package?

If this proposal is not funded there will be a discrepancy in the HCA budget between what was assumed savings in the 2012 supplemental and actual savings achieved through recovery efforts.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Not applicable.

Expenditure and Revenue Calculations and Assumptions

Revenue Calculations and Assumptions:

Revenue calculations are based on actual recoveries received by the contractor and assume recoveries will continue as the same level into future years.

Expenditure Calculations and Assumptions:

Expenditure calculations are in direct correlation to the amount recovered by the contract as the administrative cost represents payment of the contingency fee to the contract.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Distinction between one-time and ongoing costs:

Contractor costs and recoveries included in this package will be ongoing.

Budget impacts in future biennia:

Costs will continue into future biennia.