



# LTSS Trust Commission

LTSS Trust Agency Administrative Expenses

RCW 50B.04.030

November 15, 2020

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## LTSS Trust Administrative Expenses

### Statutory Requirement

Per Chapter 50B.04.030 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 SSHB 1087 in April of 2019. The Department of Social and Health Services, the Health Care Authority, the Employment Security Department and the Office of the State Actuary each have distinct responsibilities in the implementation and administration of the LTSS Trust program. DSHS, HCA, ESD and OSA will collaborate to realize program efficiencies and minimize administrative expenses.

The first report regarding administrative expenses is due to the Governor and the Legislature on November 15, 2020. The first report will provide information on the DSHS, HCA and ESD administrative expenses for SFY20 and the anticipated administrative expenses for the three agencies in SFY21.

After startup, from 2025 onward, the target Trust will endeavor to keep the administrative load for 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 Trust 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 program.

The Secretary of the Department of Social and Health Services, the Director of the Health Care Authority, and the Commissioner of the Employment Security Department 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.

### Funding

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

The LTSS Trust account will be established in January 2022 when the Employment Security Department begins collecting premiums from employed individuals. 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<sup>th</sup>, 2022, with interest.

The budget information in Table 1 reflects the appropriations in the 2019-21 biennial budget and the 2020 supplemental budget.

Table 1: 2019-21 Budget and 2020 Supplemental Budget Appropriations by Agency

Budget	Agency	Funding Source	SFY20	SFY21	Total
2019-21 Biennial	DSHS	LTSS Trust	\$1,003,000	\$1,217,000	\$2,220,000
2019-21 Biennial	DSHS/OSA	LTSS Trust	\$45,000	\$172,000	\$217,000
2020 Supplemental <sup>1</sup>	DSHS/OSA	LTSS Trust	\$100,000	\$400,000	\$500,000
2019-21 Biennial	HCA	LTSS Trust	\$0	\$0	\$0
2019-21 Biennial	ESD	LTSS Trust	\$183,000	\$13,920,000	\$14,103,000
<b>Total</b>		LTSS Trust	<b>\$1,331,000</b>	<b>\$15,709,000</b>	<b>\$17,040,000</b>

The DSHS portion of the appropriation includes \$717,000 for a contract with the Office of the State Actuary (\$145,000 for SFY20 and \$572,000 for SFY21).

### SFY20 Expenditures

The total expenditures for SFY20 was \$\_\_\_\_\_ . The focus of work done in SFY20 included:

- Establishing the LTSS Trust Commission and staffing the first Commission meeting
- Establishing cross-agency governance
- Onboarding of initial LTSS Trust staff
- Starting the actuarial study of the LTSS Trust program
- Etc.

Table 2 shows the SFY20 expenditures by agency.

Table 2: SFY20 Expenditures by Agency

Agency	Funding Source	SFY20
DSHS	LTSS Trust	
HCA	LTSS Trust	
ESD	LTSS Trust	
<b>Total</b>	LTSS Trust	

<sup>1</sup> The purpose of the \$500,000 2020 Supplemental is to allow OSA to begin building new actuarial models, or contract with an actuarial consulting firm in order to provide ongoing support to the LTSS Trust program. Actual expenditures in this area could be limited due to any freeze on contracts.

<Insert graphs of Expenditures by Object: Salaries, Benefits, Contracts, Goods and Services, Travel, Other>

### SFY21 Anticipated Expenditures

The anticipated expenditures for SFY21 in Table 3 are based on the enacted 2019-21 biennial budget plus the enacted 2020 supplemental budget.

Table 3: SFY21 Anticipated Expenditures by Agency

Agency	Funding Source	SFY21
DSHS	LTSS Trust	\$1,789,000
HCA	LTSS Trust	\$0
ESD	LTSS Trust	\$13,920,000
<b>Total</b>	LTSS Trust	<b>\$15,709,000</b>

Table 4 shows the planned activities by agency for SFY21.

Table 4: SFY21 Planned Activities by Agency

Activity	SFY21			
	ESD	DSHS	HCA	OSA
Rule writing for <ul style="list-style-type: none"> <li>Premium collections</li> <li>Criteria to be a qualified individual</li> <li>Opt-out option for people with private long-term care insurance</li> <li>Opt-in option for self-employed people</li> </ul>	X			
Design and start building the premium collection functionality	X			
Begin communication activities for employers and employees	X	X		
Define systems architecture and plan the work that needs to be done by each agency	X	X	X	
Staff the Commission and help prepare the Commission's <ul style="list-style-type: none"> <li>November 15, 2020 Administrative Expenses report to the Legislature</li> <li>January 1, 2021 Recommendations to the Legislature and appropriate executive agencies</li> </ul>		X		
Begin stakeholder engagement activities		X		
Develop concept paper for CMS on Medicaid and Medicare cost savings		X		
Deliver LTSS Trust actuarial study				X
Etc.				

Table 5 shows the planned activities by agency for SFY22 and SFY23.

Table 5: SFY22 and SFY23 Planned Activities by Agency

Activity	SFY22				SFY23			
	ESD	DSHS	HCA	OSA	ESD	DSHS	HCA	OSA
Start collecting premiums	X							
Implement opt-out option for people with long-term care insurance	X							
Implement opt-in option for self-employed people	X							
Track premiums collected	X	X			X	X		
Expand communications	X	X			X	X		
Expand stakeholder engagements		X				X		
Develop and submit the demonstration waiver for shared Medicaid and Medicare savings		X				X		
Report on the status of the demonstration waiver to the Legislature and OFM						X		
Staff the Commission and help prepare the Commission's <ul style="list-style-type: none"> <li>November 15, 2021 Administrative Expenses report to the Legislature</li> <li>January 1, 2022 Recommendations to the Legislature and appropriate executive agencies</li> <li>November 15, 2022 Administrative Expenses report to the Legislature</li> <li>January 1, 2023 Recommendations to the Legislature and appropriate executive agencies</li> </ul>		X						
Begin rule and policy writing for <ul style="list-style-type: none"> <li>Criteria to be an eligible beneficiary</li> <li>Provider minimum qualifications</li> <li>Approved services and rates</li> </ul>		X				X		
Define requirements for the assessment tool		X				X		
Define requirements for the LTSS Trust portal		X				X		
Begin building the provider network						X		
Conduct additional LTSS Trust actuarial studies as needed				X				X
Etc.								