

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

During the startup phase, the WA Cares Fund is making strategic investments to meet requirements identified in RCW 50B. These include technology development; staffing for program design and policy development; and customer care.

[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 started 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

The budget appropriations for WA Cares Fund administrative expenses for the 2021-23 biennium are shown in Table 1 below.

Agency	2021-23 Appropriation	Funding Source
DSHS ¹	\$12,562,938	LTSS Trust
DSHS for OSA	\$1,250,000	LTSS Trust
ESD	\$35,902,000	LTSS Trust
HCA	\$0	LTSS Trust
Total	\$49,714,938	

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

2021-23 Biennium WA Cares Fund Administrative Expenses by Fiscal Year

The total WA Cares Fund administrative expenses for the 2021-23 biennium were \$42,845,485. Table 2 shows the 2021-23 biennium administrative expenses by agency and Figure 1 shows expenses by object.

¹ The total DSHS appropriation for the 2021-23 biennium was \$13,812,938 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	FY22 Expenditures	FY23 Expenditures	Total 2021-23 Expenditures
DSHS	LTSS Trust	\$3,141,517	\$7,294,626	\$10,436,143
DSHS for OSA	LTSS Trust	\$676,999	\$556,280	\$1,233,279
ESD	LTSS Trust	\$14,802,198	\$16,373,865	\$31,176,063
HCA	LTSS Trust	\$ 0	\$ 0	\$ 0
Total		\$18,620,714	\$24,224,771	\$42,845,485

Table 2: 2021-23 Biennium Administrative Expenses by Agency

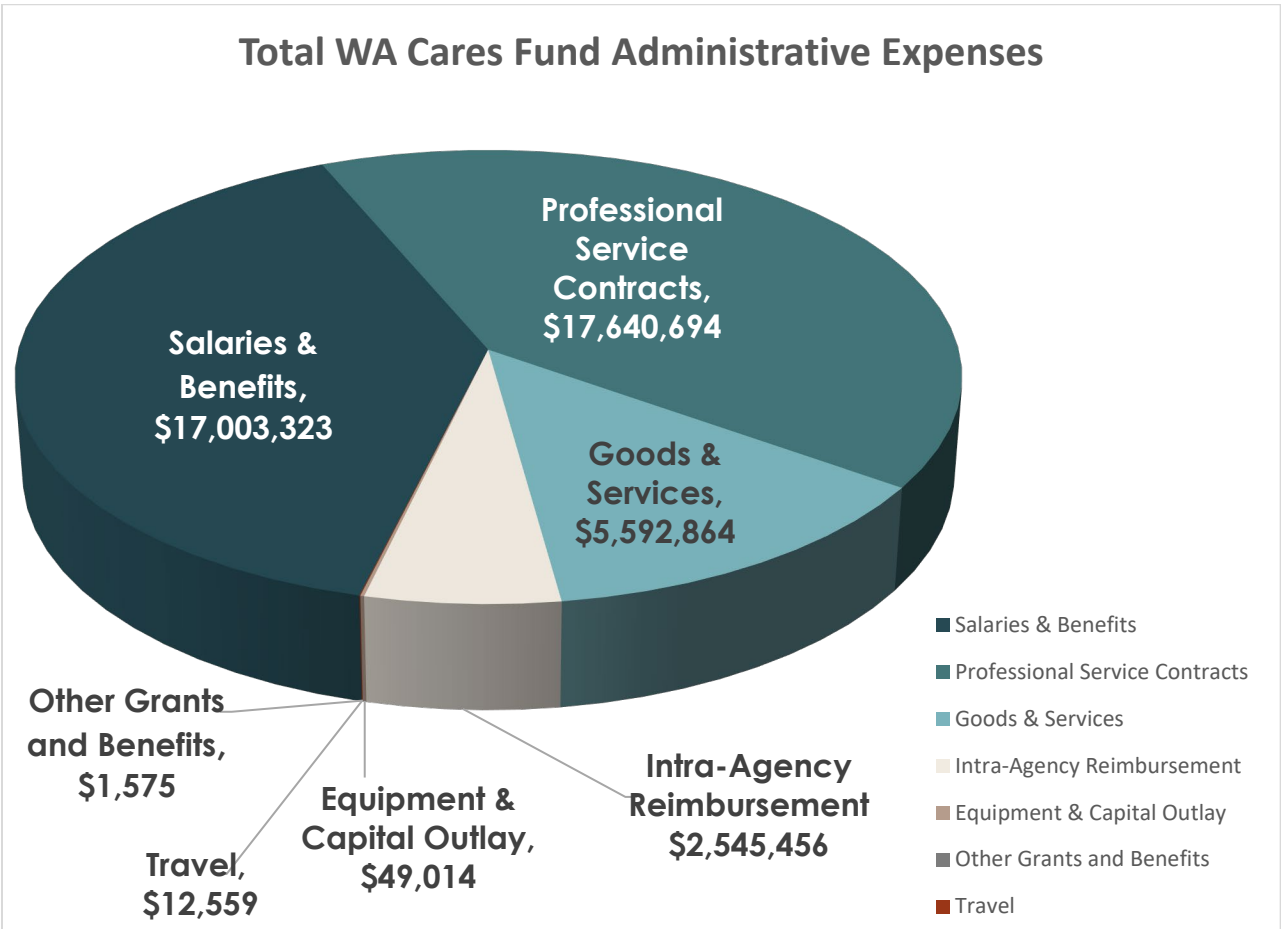


Figure 1: 2021-23 Biennium WA Cares Fund Administrative Expenses by Object

DSHS and OSA

The total DSHS WA Cares Fund administrative expenses for the 2021-23 biennium were \$11,669,422. Figure 2 shows DSHS expenses by object (OSA expenses are part of Goods and Services).

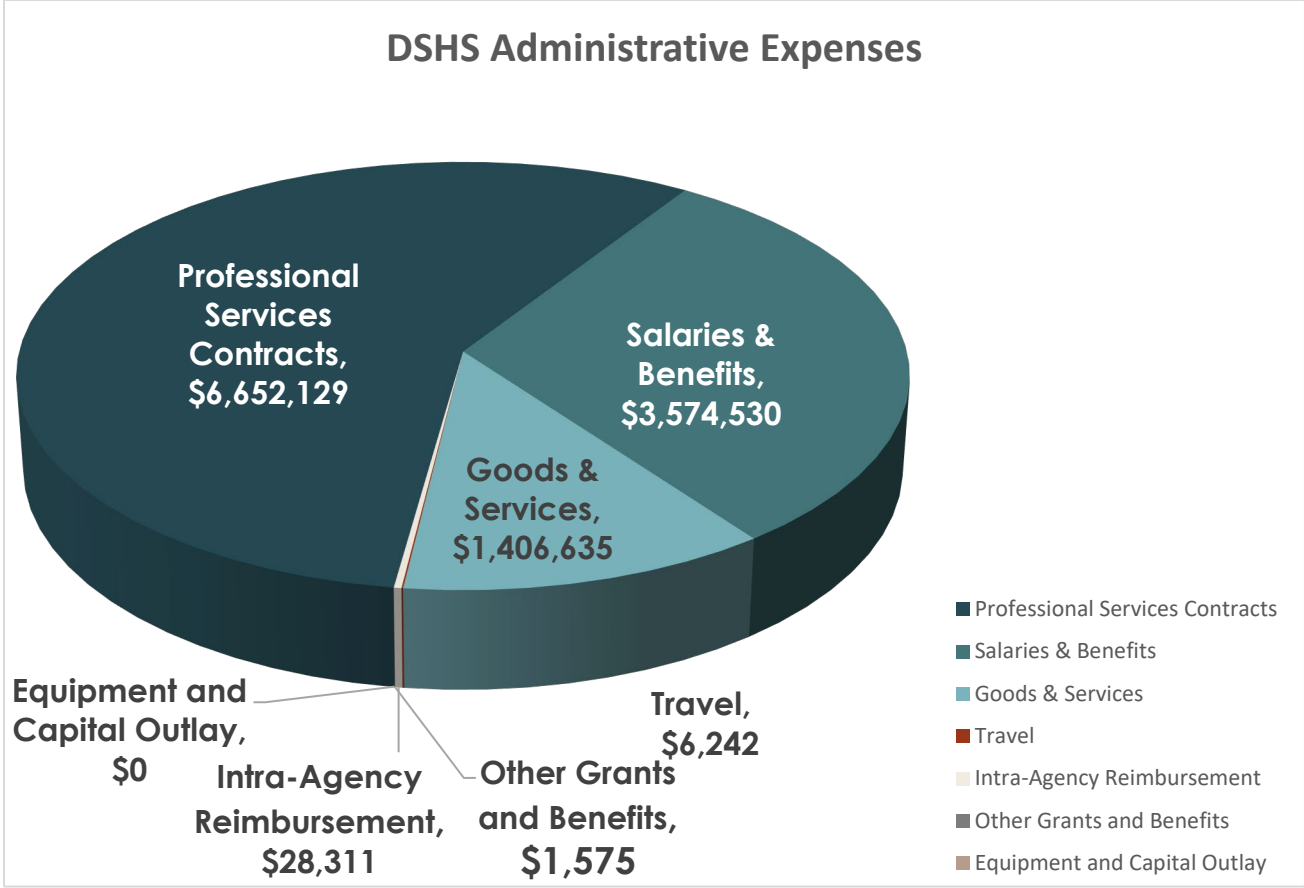


Figure 2: 2021-23 Biennium DSHS WA Cares Fund Administrative Expenses by Object

DSHS and OSA WA Cares Fund implementation activities for the 2021-23 biennium included:

DSHS

- Staffed and facilitated Commission meetings, Commission Workgroups, and Investment Strategy Subcommittee meetings
- Established and exercised cross-agency program governance to ensure coordination across administering agencies
- Onboarded multiple WA Cares Fund staff, including communications, operations, and eligibility and provider policy
- Continued the WA Cares Fund Customer Care to respond to public inquiries about the program
- Engaged with a user experience design firm, The Holding Company, to help develop the WA Cares Fund user experience.
- Began scoping activities for policy development on eligibility and provider network

- Continued strategic planning, organizational development and project management activities to ensure successful launch
- Engaged with Salesforce on a Phase Zero to develop design and implementation schedule for the benefits administration system
- Launched the new WA Cares Fund website in partnership with ESD
- Conducted tailored public outreach and developed and engaged community members in roundtable discussions to build knowledge about the program
- Began 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 and Medicaid Services (CMS)

OSA

- Completed the second actuarial study of the WA Cares Fund program
- Worked with the Commission and DSHS to develop and adopt a WA Cares Fund Risk Management Framework
- Supported the Commission, DSHS, and relevant workgroups reviewing WA Cares Fund benefit provisions, including actuarial analysis
- Supported the legislative process, including actuarial analysis
- Published actuarial trust solvency report, frequently asked questions documents, and key financial metrics of WA Cares Fund program
- Contracted with external consultants to build tools in support of OSA's internal investments
- Continued strategic planning efforts to ensure valuable, efficient delivery of actuarial services for the WA Cares Fund program

ESD

The total ESD WA Cares Fund administrative expenses for the 2021-23 biennium were \$31,176,063. Figure 3 shows ESD expenses by object.

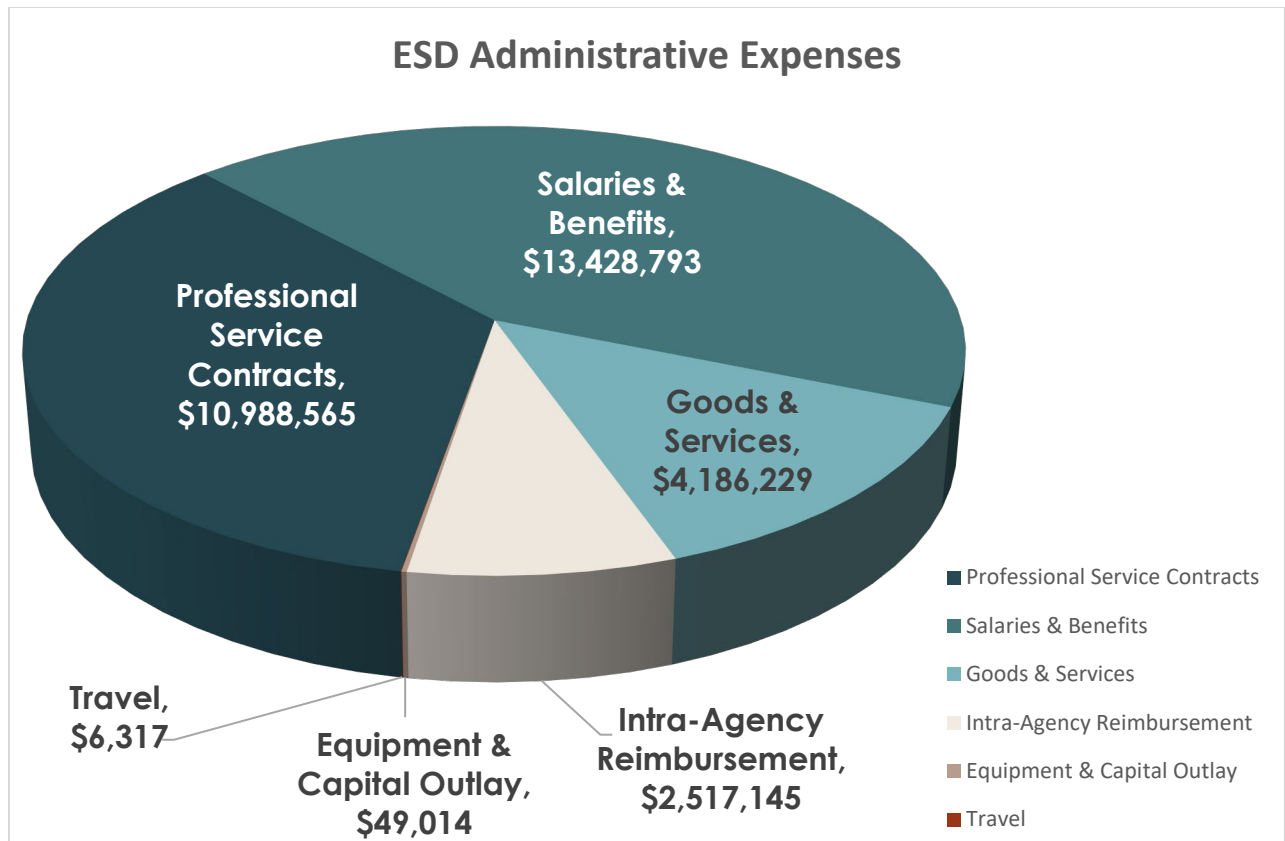


Figure 3: 2021-23 Biennium ESD WA Cares Fund Administrative Expenses by Object

ESD WA Cares Fund implementation activities for the 2021-23 biennium included:

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

- Updated gate 3 Investment Plan, Project Charters, and Project Plan approved by OCIO
- ESD Oversight Committee established governance activities for Wage Reporting, Premium Collection, Self Employed Elective Coverage

HCA

HCA WA Cares Fund implementation activities by for the 2021-23 biennium included:

- Completed initial ProviderOne analysis to determine a high-level cost estimate to support WA Cares Fund requirements. Reviewed analysis 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.

2023-25 Biennium WA Cares Fund Budget Appropriations

The budget appropriations and projected WA Cares Fund administrative expenses for the 2023-25 biennium are shown in Table 3. This does not include any supplemental requests made in FY24.

Agency	Funding Source	FY24	FY25	Total 2023-25 Biennium
DSHS ²	LTSS Trust	\$16,485,000	\$26,516,000	\$43,001,000
DSHS for OSA	LTSS Trust	\$780,000	\$520,000	\$1,300,000
ESD	LTSS Trust	\$16,141,996	\$17,596,776	\$33,738,772
HCA ³	LTSS Trust	\$ 0	\$ 0	\$ 0

² The total DSHS appropriation for the 2023-25 biennium is \$44,301,000 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 for the full biennium.

Total		\$33,406,996	\$44,632,776	\$78,039,772
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Table 3: 2023-25 WA Cares Fund Biennium Budget Appropriations by Agency

Planned WA Cares Fund implementation activities by agency for the 2023-25 biennium are shown in Table 4.

Table 4: 2023-25 Biennium WA Cares Fund Implementation Activities by Agency

Activity	FY24				FY25			
	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			
Planning and building the provider network	X				X			
Conduct additional actuarial work as needed		X				X		
Work with the Commission to use the Risk Management Framework for WA Cares Fund	X	X			X	X		
Administer employee exemptions for the four new exemption groups			X				X	
Administer opt-in option for self-employed people			X				X	
Administer premium collection			X				X	
Conduct communication and outreach activities	X		X		X		X	
Rule and policy writing	X		X	X	X		X	X
Plan and build WA Cares Fund IT systems	X		X	X	X		X	X

Activity	FY24				FY25			
	DSHS	OSA	ESD	HCA	DSHS	OSA	ESD	HCA
Coordinate across agencies to respond to constituent 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