



**REPORT TO THE GOVERNOR AND
FISCAL COMMITTEES OF THE LEGISLATURE**

LTSS Trust Commission

LTSS Trust Agency Administrative Expenses Report

RCW 50B.04.030

November 15, 2020

LTSS Trust Administrative Expenses

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. 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.

This first report, due to the Legislature on November 15, 2020 provides 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 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 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, 2022, with interest.

The information in Table 1 reflects the appropriations for each agency for the 2019-21 biennium.

| Agency | Funding Source | SFY20 | SFY21 | Total |
|--------------|----------------|------------------|---------------------|---------------------|
| DSHS | LTSS Trust | \$603,000 | \$1,617,000 | \$2,220,000 |
| OSA | LTSS Trust | \$145,000 | \$572,000 | \$717,000 |
| HCA | LTSS Trust | \$0 | \$0 | \$0 |
| ESD | LTSS Trust | \$183,000 | \$13,920,000 | \$14,103,000 |
| Total | | \$931,000 | \$16,109,000 | \$17,040,000 |

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

SFY20 Expenditures

The total expenditures for SFY20 was \$911,391. The focus of work done in SFY20 included:

- Establishing the LTSS Trust Commission, staffing the first Commission meeting and planning for additional Commission meetings
- Establishing cross-agency governance
- Onboarding of initial LTSS Trust staff
- Starting the actuarial study of the LTSS Trust program
- Strategic planning

Table 2 shows the SFY20 administrative expenses expenditures by agency and Figure 1 shows expenditures by object.

| Agency | Funding Source | SFY20 |
|--------------|----------------|------------------|
| DSHS | LTSS Trust | \$679,527 |
| HCA | LTSS Trust | \$0 |
| ESD | LTSS Trust | \$231,864 |
| Total | | \$911,391 |

Table 2: SFY20 Administrative Expenses Expenditures by Agency

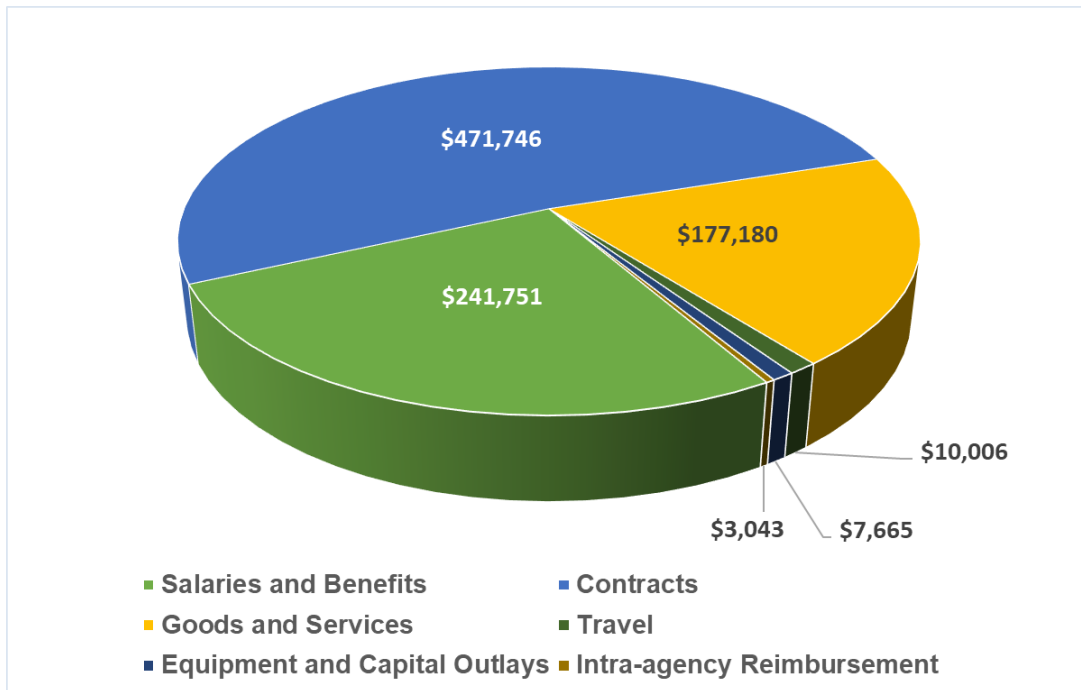


Figure 1: SFY20 LTSS Trust Administrative Expenses by Object

SFY21 Anticipated Expenditures

The anticipated administrative expenses for SFY21 are shown in Table 3 below.

| Agency | Funding Source | SFY21 |
|--------------|----------------|---------------------|
| DSHS | LTSS Trust | \$1,617,000 |
| OSA | LTSS Trust | \$572,000 |
| HCA | LTSS Trust | \$0 |
| ESD | LTSS Trust | \$13,920,000 |
| Total | LTSS Trust | \$16,109,000 |

Table 3: SFY21 Anticipated Administrative Expenses by Agency

Table 4 shows the planned activities by agency for SFY21.

| Activity | SFY21 | | | |
|---|-------|------|-----|-----|
| | ESD | DSHS | HCA | OSA |
| Begin rule writing, including but not limited to: <ul style="list-style-type: none"> Exemptions Premium collection and reporting Qualified individual status | X | | | |
| Start planning rule writing and policy strategy and activities | | X | | |
| Submit decision packages for the 21-23 biennium | X | X | | |
| Design and start building the premium collection functionality | X | | | |
| Begin communication activities for employers and employees | X | X | | |

| Activity | SFY21 | | | |
|--|-------|------|-----|-----|
| | ESD | DSHS | HCA | OSA |
| Define systems architecture and plan the work that needs to be done by each agency | X | X | X | |
| Staff the Commission | | X | | |
| Provide input to the Commission's <ul style="list-style-type: none"> November 15, 2020 Administrative Expenses Report to the Governor and Legislature January 1, 2021 Recommendations Report to the Legislature and Executive Agencies | X | X | X | X |
| Develop concept paper for CMS on Medicaid and Medicare cost savings | | X | | |
| Deliver LTSS Trust actuarial study | X | X | | |
| Onboard additional LTSS Trust staff | X | X | | |
| Continue communication and outreach activities | X | X | | |
| Finish strategic planning | X | X | X | X |
| Conduct additional LTSS Trust actuarial studies as needed | | | | X |

Table 4: SFY21 Planned Activities by Agency

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

| Activity | SFY22 | | | | SFY23 | | | |
|---|-------|------|-----|-----|-------|------|-----|-----|
| | ESD | DSHS | HCA | OSA | ESD | DSHS | HCA | OSA |
| Complete rule writing | X | | | | | | | |
| 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 | | |
| Continue communication and outreach activities | X | X | | | X | X | | |
| Develop the demonstration waiver for shared Medicaid and Medicare savings | | | | | | X | | |
| Report on the status of the demonstration waiver to the Legislature and OFM | | | | | | X | | |
| Staff the Commission | | X | | | | X | | |
| Provide input to the Commission's <ul style="list-style-type: none"> November 15, 2021 Administrative Expenses | X | X | X | X | X | X | X | X |

| Activity | SFY22 | | | | SFY23 | | | |
|---|-------|------|-----|-----|-------|------|-----|-----|
| | ESD | DSHS | HCA | OSA | ESD | DSHS | HCA | OSA |
| Report to the Governor and Legislature • January 1, 2022 Recommendations Report to the Legislature and Executive Agencies • November 15, 2022 Administrative Expenses report to the Governor and Legislature • January 1, 2023 Recommendations Report to the Legislature and Executive Agencies | | | | | | | | |
| Begin rule and policy writing | | X | | | | X | | |
| Start planning and building IT components | | X | X | | | X | X | |
| Begin building the provider network | | | | | | X | | |
| Conduct additional LTSS Trust actuarial studies as needed | | | | X | | | | X |

Table 5: SFY22 and SFY23 Planned Activities by Agency