

Health Benefit Exchange Work Session

An overview on Health Benefit Exchange financing



Senate Ways and Means Staff Presentation

January 29, 2014

Legislative history of the Health Benefit Exchange (HBE)

- In 2011, the legislature established the HBE as a “public-private partnership separate and distinct from the state” (SSB 5445)
- In 2012, the legislature added a requirement that the HBE be a “self-sustaining” public-private partnership (E2SHB 2319)
 - Self-sustaining is defined as “capable of operating *without direct state tax subsidy*. Self-sustaining sources include, but are not limited to, federal grants, federal premium tax subsidies and credits, charges to health carriers, and premiums paid by enrollees.” (emphasis added)
- In 2013, the legislature modified “self-sustaining” by (ESHB 1947):
 - Deleting the prohibition on direct state tax subsidy, and
 - Allowing the Exchange to use the portion of managed care premium taxes that are directly attributable to the HBE enrollees. These are normally deposited into the general fund.
- In 2013, the legislature also changed the HBE account from a non-appropriated account to an appropriated account (ESHB 1947)

Washington HBE – The Public-Private Partnership

- Affordable Care Act (ACA) gave states the opportunity to 1) defer to the federal health care exchange, 2) implement a state exchange within a state agency or through a public/private partnership, or 3) implement a joint federal-state exchange.
- Washington chose the public/private partnership (along with CA, CN, ID, MA, MD, MN, NM, NV and OR).
- The HBE and its Board are subject only to the provisions of chapter 42.30 RCW, the open public meetings act, and chapter 42.56 RCW, the public records act, ***and not to any other law or regulation generally applicable to state agencies.***

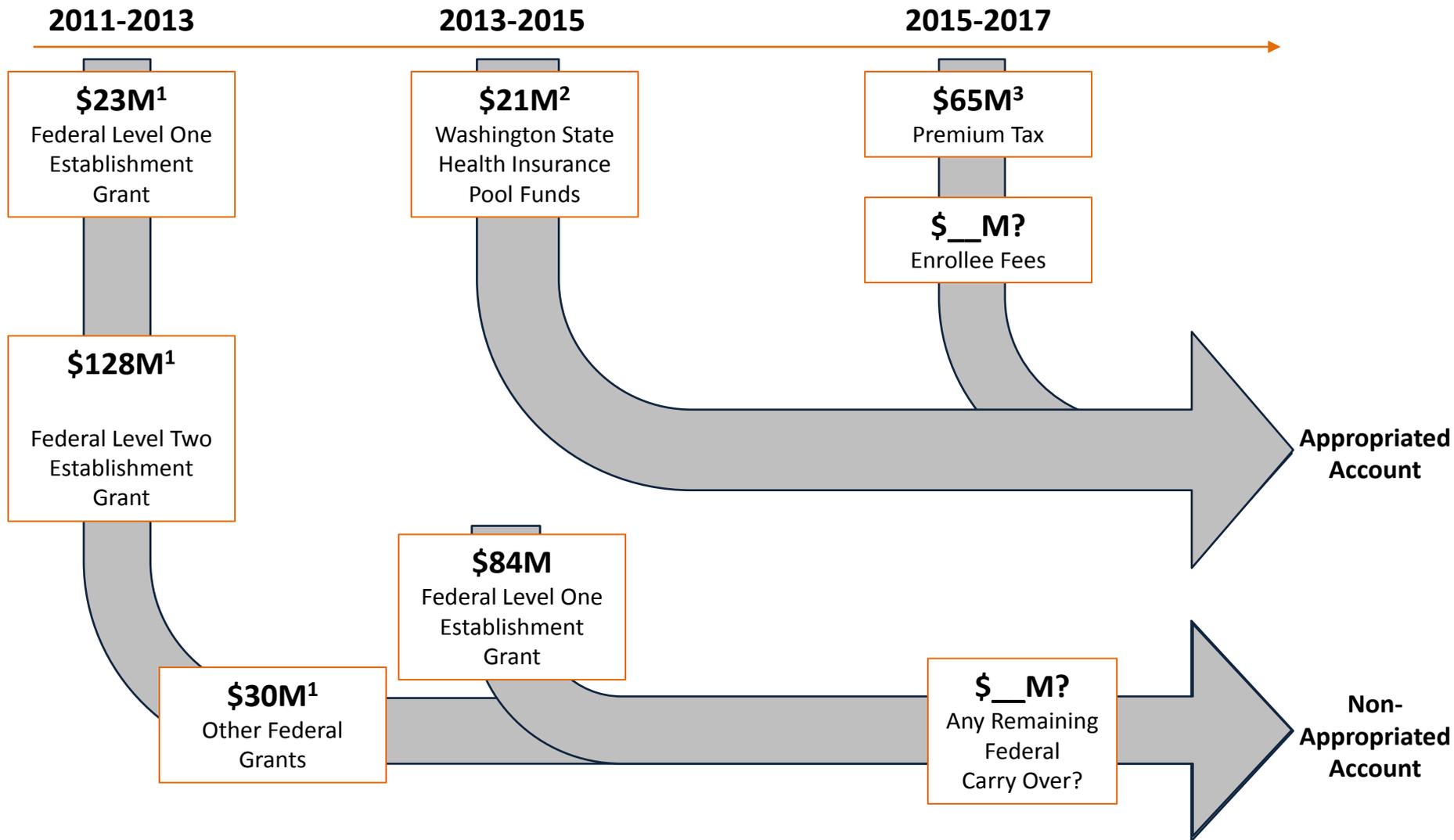
Washington HBE – The Public-Private Partnership

Public Attributes	Private Attributes
Authority and operations established by law and rule	Authority and operations limited by law and guided by contract
Governed by 9 Member Board, subject to a political nomination and appointment process	Title 42 RCW does not apply by law (e.g. ethics, whistleblower, and campaigns). However, cannot serve if participation could benefit person/entity financially
HBE staff may be part of public employee health benefit (PEBB) and state employee retirement system (PERS, TERS, etc.)	HBE employment not subject general provisions of Title 43 RCW (e.g. state employee civil service and collective bargaining)
Operations funded through appropriated account in State Treasury. Ability to charge user fees limited by legislative appropriation levels.	Not subject to Chapter 43.88 RCW, State Budget and Accounting Act.
Subject to State Auditor performance review	Not subject to State Auditor financial audits
Not subject to state B&O tax.	Subject to state and local property tax.

Other State Public-Private Partnerships

- State Agricultural Commodity Commissions
- State Financing Authorities
 - Housing Finance Commission
 - Higher Education Facilities Board
 - Health Care Facility Authority
 - Tobacco Settlement Authority
- Washington State Trade and Convention Center
- Local Public Development Authorities (RCW 35.21.730-35.21.755)
- Innovate Washington

HBE revenue sources and amounts as of January 29, 2014



¹ Washington Health Benefit Exchange Status Updates. November 18, 2013

² 2013-15 Enacted Budget

³ ESHB 1947 final fiscal note

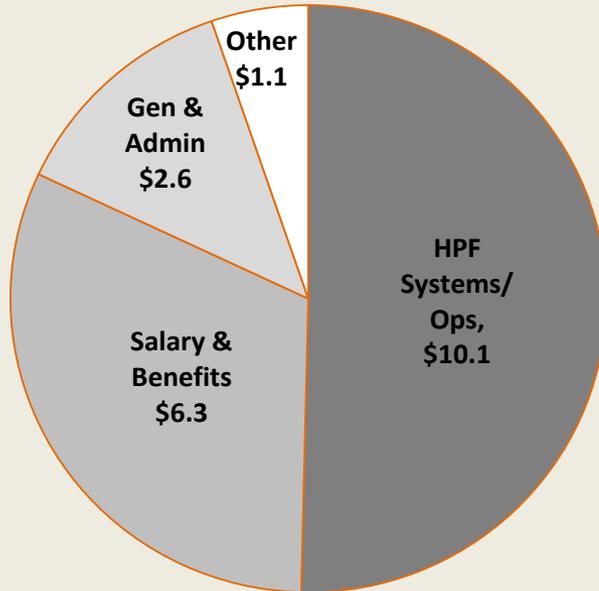
Budget and spending of appropriated and non-appropriated funds

2013-15 HBE Appropriated Budget

HBE requested budget: \$25.5M¹

HBE final appropriation: \$20.0M¹

Appropriated Budget by Object
\$ in millions



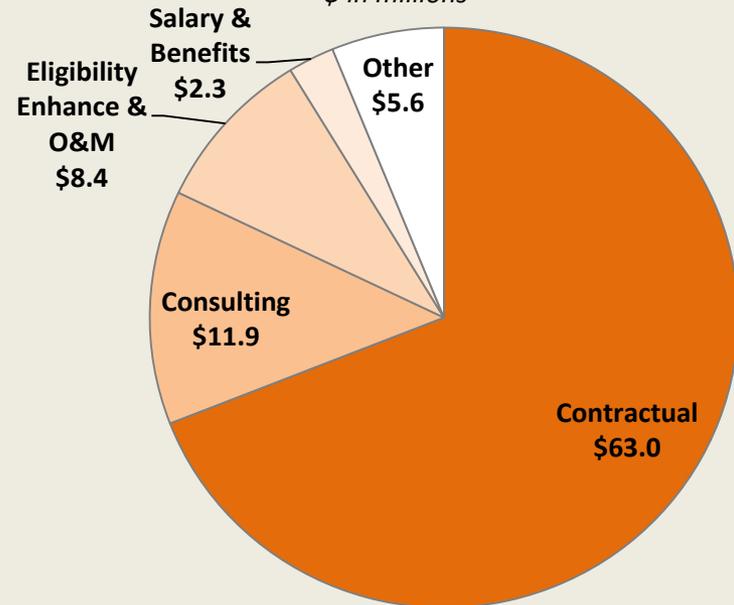
HBE estimated 2015-17 bow wave: \$80M

2013-15 Non-Appropriated Federal Grant

HBE requested federal grant: \$91M²

HBE awarded federal grant: \$84M

Non-Appropriated Budget by Object²
\$ in millions



Indirect M'caid impact: \$3.5M (\$1.1M GFS)

¹ These amounts represent the final six months of fiscal year 2015. The annualized request is roughly double these amounts.

² Amounts represent the requested amounts and not the final award. Washington Health Benefit Exchange Status Updates. 11/18/13

Considerations for the 2014 legislative session

- What value does the state gain from the “private” attributes of the HBE?
- What kind of financial reporting does the legislature want from the HBE and who should enforce the reporting requirement?
- Does the legislature want to place any controls on federal grant funds the HBE receives or spending controls of any kind? If so, what are these controls?
- How much should HBE enrollees contribute to fund the operations of the HBE?