
Appropriations Committee

HB 1367

Brief Description: Revising 2019-2021 fiscal biennium appropriations of state and federal funding for previously implemented medicaid rates and other medicaid expenditures in the developmental disabilities and long-term care programs in response to the COVID-19 pandemic.

Sponsors: Representatives Ormsby and Bergquist.

Brief Summary of Bill

- Modifies funding sources for certain Medicaid- eligible COVID-19 related expenses incurred in calendar year 2020.
- Attributes funding for these expenses to a combination of the Budget Stabilization Account and federal Medicaid matching funds, rather than the federal Coronavirus Relief Fund (CRF), freeing up CRF for other allowable uses.

Hearing Date: 1/26/21

Staff: Dave Johnson (786-7154).

Background:

A two-year biennial operating budget is adopted every odd-numbered year. Supplemental budgets frequently are enacted in each of the following two years after adoption of the biennial budget. Appropriations are made in the biennial and supplemental budgets for the operation of state government and its various agencies and institutions, including higher education, as well as allocations for the funding of K-12 public schools. Occasionally appropriations are made outside the supplemental and biennial budgets for limited purposes such as funding for a specific policy bill or to address a specific matter.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Coronavirus disease (COVID-19) is an infectious disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) virus. The first reported occurrence of COVID-19 in the United States was in January 2020. The federal Coronavirus Preparedness and Response Supplemental Appropriations Act was enacted on March 6th, 2020, and several COVID-19 related federal appropriations acts have occurred since then.

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020. The CARES act included the Coronavirus Relief Fund (CRF). The CRF provided approximately \$3 billion for Washington state and local government expenses related to the COVID-19 public health emergency. Funds received directly[JD1] by the state were allocated through the statutory unanticipated receipt process (the Legislature was not in session when funding was received).

Under the original terms of the CARES Act, to use the CRF, costs had to be both for an allowable purpose and incurred by December 30, 2020. The federal Consolidated Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was signed into law on December 27, 2020. Among other things, the CRRSA extended the CRF deadline from December 30, 2020, to December 31, 2021.

Washington provides a number of programs related to health and human services. Some are funded solely by the state, some are funded solely by the federal government, while others are funded jointly by both entities. The largest jointly funded program is Medicaid. Medicaid-eligible state expenditures include a federal match component determined by the Federal Medical Assistance Percentage (FMAP). The FMAP rate varies by state, category of expense, and eligibility group, but is typically at least 50 percent. In addition to the programs administered by the Health Care Authority, the Department of Social and Health Services (DSHS) administers Medicaid-supported programs through the Aging and Long-Term Support Administration (AL TSA) and the Developmental Disabilities Administration (DDA) in DSHS.

Through the statutory unanticipated receipts process, a portion of the CRF funds received by the state were used in calendar year 2020 to provide COVID-19 temporary rate enhancements to contracted providers of long-term care services and contracted providers of services for persons with development disabilities. Additionally, a portion of the CRF funds were used in calendar year 2020 to incentivize long-term care providers to accept clients discharged from acute care hospitals after the clients' medical needs had been met, as part of an effort to create hospital capacity for COVID-19 patients.

The Budget Stabilization Account (BSA) was created by constitutional amendment in 2007. Funds may be appropriated from the BSA only by a three-fifths vote of both houses unless: (1) the estimated employment growth in any fiscal year is less than 1 percent; or (2) for declared disasters (and then only limited to that disaster). The estimated employment growth for fiscal year 2021 is less than 1 percent.

Summary of Bill:

Certain Medicaid-eligible COVID-19 related rate enhancements and incentive payments for calendar year 2020 are attributed to a combination of the Budget Stabilization Account and federal Medicaid matching funds rather than CRF. This has the effect of making \$403 million of the CRF funds available for other allowable uses.

Appropriation: The bill makes several appropriations. See summary materials.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.