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Decision Packages

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Recommendation Summary

Budget Period: 2011-13
Budget Level Criteria: ALL

Version: K3 - 110 - 2011-13 Final 2013 Sup

| Dollars in Thousands | Agency Priority | Annual Avg FTEs | General Fund State | Other Funds | Total Funds |
|--|--------------------|--------------------|-----------------------|--------------|--------------|
| M2 - Inflation and Other Rate Changes | | | | | |
| 8P Postage Rate Adjustments | 0 | 0.0 | 5 | 1 | 6 |
| 9T Transfers | 0 | 34.8 | 1,955 | 2,625 | 4,580 |
| XU Transfer - DSHS/HCA FTEs | 0 | (1.0) | (128) | (85) | (213) |
| SubTotal M2 | | 33.8 | 1,832 | 2,541 | 4,373 |
| Cumulative Total Thru M2 | | 33.8 | 1,832 | 2,541 | 4,373 |
| PL - Performance Level | | | | | |
| KX Fraud Detection Management System | 0 | 0.2 | 448 | 233 | 681 |
| XD Federal Sequester | 0 | 0.0 | 0 | 0 | 0 |
| SubTotal PL | | 0.2 | 448 | 233 | 681 |
| Cumulative Total Thru PL | | 33.9 | 2,280 | 2,774 | 5,054 |
| Total Proposed Budget | | 33.9 | 2,280 | 2,774 | 5,054 |

Recommendation Summary Text

8P - Postage Rate Adjustments

Program: 110

(M2) The Department of Social and Health Services (DSHS) requests \$258,000 Total Funds, \$143,000 GF-State, for the 2013 Supplemental Budget for the increase in first class postage from \$0.44 to \$0.45 that took effect January 22, 2012.

9T - Transfers

Program: 110

(M2) The Department of Social and Health Services (DSHS) requests the shift of FTEs and funding among programs in the 2013 Supplemental Budget. This transfer will align FTEs and funds with the programs where the costs are incurred. The DSHS programs combined total equals a net zero impact cost.

KX - Fraud Detection Management System

Program: 110

(PL) The Department of Social and Health Services (DSHS), Administration and Supporting Services, requests 0.3 FTEs and \$681,000 Total Funds, \$448,000 GF-State, for a Fraud Detection and Case Management System. This funding would allow DSHS to implement new innovative tools and resources to support comprehensive fraud detection and case coordination to intensify DSHS program integrity efforts.

XD - Federal Sequester

Program: 110

(PL) The Department of Social and Health Services (DSHS) requests an increase to GF-State funds and a corresponding decrease in GF-Federal appropriation in anticipation of across-the-board reductions (sequestration) to certain federal awards scheduled to take effect on January 2, 2013.

XU - Transfer - DSHS/HCA FTEs

Program: 110

(M2) The Department of Social and Health Services (DSHS) requests a transfer of (7.0) FTEs and (\$754,000) Total Funds, (\$399,000) GF-State, from DSHS to the Health Care Authority (HCA). This would move the remaining FTEs and dollars between DSHS and HCA to complete the Memorandum of Understanding (MOU) between the Medicaid Purchasing Administration (MPA), now HCA and DSHS.

Department of Social and Health Services

DP Code/Title: M2-8P Postage Rate Adjustments
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests \$258,000 Total Funds, \$143,000 GF-State, for the 2013 Supplemental Budget for the increase in first class postage from \$0.44 to \$0.45 that took effect January 22, 2012.

Fiscal Detail:

| <u>Operating Expenditures</u> | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|--|-------------|--------------|--------------|
| Overall Funding | | | |
| 001-1 General Fund - Basic Account-State | 0 | 5,000 | 5,000 |
| 001-2 General Fund - Basic Account-Federal | 0 | 1,000 | 1,000 |
| Total Cost | 0 | 6,000 | 6,000 |

Staffing

Package Description:

Effective January 22, 2012, the United States Postal Service (USPS) increased the rate for first class mail to \$0.45 from the former rate of \$0.44. This request is for \$258,000 (\$143,000 GF State) to fund a 2.27 percent increase in first class postage rate. The department postage costs are to meet mandatory notification requirements and for required operational needs.

Agency Contact: Jialing Huang (360) 902-7831

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Not applicable

Performance Measure Detail

Agency Level

Activity: K002 Operations Support and Services Division

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request supports the following goal identified in the DSHS 2011-2013 Strategic Plan:

--Goal 5 Increase public trust through strong management practices that ensure quality and leverage all resources

Does this decision package provide essential support to one of the Governor's priorities?

This package supports the Governor's priority of holding government accountable by focusing on performance and investing our resources to get the greatest possible return.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package rates as a high priority in the Priorities of Government (POG) process for the 2011-13 Budget

Department of Social and Health Services

DP Code/Title: M2-8P Postage Rate Adjustments
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

development under the strategy:

Provide for the safety of Washington's vulnerable children and adults
--Ensure efficiency, performance, and accountability to clients and the public

What are the other important connections or impacts related to this proposal?

All state programs are impacted by a USPS rate increase.

What alternatives were explored by the agency, and why was this alternative chosen?

The USPS mail service is considered accessible to all clients and is an efficient means of communication. Other forms of communication or remittance of payments, such as electronic banking and email, are not accessible to many of the department's clients or may require revisions to state laws.

What are the consequences of not funding this package?

Non funding may have negative results to the agency's ability to communicate with clients and remain responsive to constituent needs. If not approved, then funds will have to be diverted from programs or services to cover the increased costs.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Actual costs for Fiscal Year 2012 for specific Object E costs were used as the base for calculating Fiscal Year 2013 increases.

See attachment: AW M2 8P Postage Rate Adjustment.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This item is an ongoing operational cost. There are no one time-costs associated with this request. This is an increase that will carry forward into future biennia.

| Object Detail | FY 1 | FY 2 | Total |
|-------------------------------|-------------|--------------|--------------|
| Overall Funding | | | |
| E Goods And Services | 0 | 4,000 | 4,000 |
| T Intra-Agency Reimbursements | 0 | 2,000 | 2,000 |
| Total Objects | 0 | 6,000 | 6,000 |

Department of Social and Health Services

DP Code/Title: M2-8P Postage Rate Adjustments
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

DSHS Source Code Detail

| Overall Funding | | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|---|--------------------------|--------------------|--------------------|---------------------|
| Fund 001-1, General Fund - Basic Account-State | | | | |
| <u>Sources</u> | <u>Title</u> | | | |
| 0011 | General Fund State | 0 | 5,000 | 5,000 |
| <i>Total for Fund 001-1</i> | | <u>0</u> | <u>5,000</u> | <u>5,000</u> |
| Fund 001-2, General Fund - Basic Account-Federal | | | | |
| <u>Sources</u> | <u>Title</u> | | | |
| E61L | Food Stamp Program (50%) | 0 | 1,000 | 1,000 |
| <i>Total for Fund 001-2</i> | | <u>0</u> | <u>1,000</u> | <u>1,000</u> |
| Total Overall Funding | | <u>0</u> | <u>6,000</u> | <u>6,000</u> |

**2013 Supplemental Budget
M2-8P Postage Rate Adjustment**

**Department of Social & Health Services
2013 Supplemental Agency Request - 8P Postage Rate Adjustment**

Object Split

| Program | Object E | | | ISSD - Sub Object TZ | | | Total | | |
|--------------|----------|----------------|----------------|----------------------|----------|----------|----------|----------------|----------------|
| | 2012 | 2013 | Total | 2012 | 2013 | Total | 2012 | 2013 | Total |
| 010 | 0 | 14,000 | 14,000 | 0 | 3,000 | 3,000 | 0 | 17,000 | 17,000 |
| 020 | 0 | 1,000 | 1,000 | 0 | 1,000 | 1,000 | 0 | 2,000 | 2,000 |
| 030 | 0 | 2,000 | 2,000 | 0 | 1,000 | 1,000 | 0 | 3,000 | 3,000 |
| 040 | 0 | 5,000 | 5,000 | 0 | 1,000 | 1,000 | 0 | 6,000 | 6,000 |
| 050 | 0 | 8,000 | 8,000 | 0 | 2,000 | 2,000 | 0 | 10,000 | 10,000 |
| 060 | 0 | 201,000 | 201,000 | 0 | 11,000 | 11,000 | 0 | 212,000 | 212,000 |
| 070 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | 0 | 2,000 | 2,000 | 0 | 0 | 0 | 0 | 2,000 | 2,000 |
| 110 | 0 | 4,000 | 4,000 | 0 | 2,000 | 2,000 | 0 | 6,000 | 6,000 |
| 135 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 150 | 0 | 21,000 | 21,000 | 0 | (21,000) | (21,000) | 0 | 0 | 0 |
| Total | 0 | 258,000 | 258,000 | 0 | 0 | 0 | 0 | 258,000 | 258,000 |

State/Other Split

| Program | State | | | Other | | | Total | | |
|--------------|----------|----------------|----------------|----------|----------------|----------------|----------|----------------|----------------|
| | 2012 | 2013 | Total | 2012 | 2013 | Total | 2012 | 2013 | Total |
| 010 | 0 | 11,000 | 11,000 | 0 | 6,000 | 6,000 | 0 | 17,000 | 17,000 |
| 020 | 0 | 2,000 | 2,000 | 0 | 0 | 0 | 0 | 2,000 | 2,000 |
| 030 | 0 | 3,000 | 3,000 | 0 | 0 | 0 | 0 | 3,000 | 3,000 |
| 040 | 0 | 4,000 | 4,000 | 0 | 2,000 | 2,000 | 0 | 6,000 | 6,000 |
| 050 | 0 | 6,000 | 6,000 | 0 | 4,000 | 4,000 | 0 | 10,000 | 10,000 |
| 060 | 0 | 112,000 | 112,000 | 0 | 100,000 | 100,000 | 0 | 212,000 | 212,000 |
| 070 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | 0 | 0 | 0 | 0 | 2,000 | 2,000 | 0 | 2,000 | 2,000 |
| 110 | 0 | 5,000 | 5,000 | 0 | 1,000 | 1,000 | 0 | 6,000 | 6,000 |
| 135 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 143,000 | 143,000 | 0 | 115,000 | 115,000 | 0 | 258,000 | 258,000 |

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests the shift of FTEs and funding among programs in the 2013 Supplemental Budget. This transfer will align FTEs and funds with the programs where the costs are incurred. The DSHS programs combined total equals a net zero impact cost.

Fiscal Detail:

Operating Expenditures

| | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|---|-------------|------------------|------------------|
| Overall Funding | | | |
| 001-1 General Fund - Basic Account-State | 0 | 1,955,000 | 1,955,000 |
| 001-2 General Fund - Basic Account-Federal | 0 | 722,000 | 722,000 |
| 001-A General Fund - Basic Account-DSHS Fam Support/Chi | 0 | 344,000 | 344,000 |
| 001-C General Fund - Basic Account-Medicaid Federal | 0 | 1,559,000 | 1,559,000 |
| Total Cost | 0 | 4,580,000 | 4,580,000 |

Staffing

| | <u>FY 1</u> | <u>FY 2</u> | <u>Annual Avg</u> |
|--------------------|-------------|-------------|-------------------|
| Agency FTEs | 0.0 | 69.5 | 34.8 |

Package Description:

DSHS requests internal transfer among several program budgets resulting in a net zero funding change for the department. This aligns program appropriations with planned expenditures for the current budget. DSHS requests the following adjustments:

Information System Services Division (ISSD) Compensation Adjustment-
(Program 110 to Programs 010, 020, 030, 040, 050, 060, 070, 100, and 135):

Program 110 - Administration and Supporting Services (Administration) will transfer compensation adjustments for staff in program 150 or ISSD to other DSHS programs. ISSD is a \$0 budget and chargeback program where funding resides in the program's TZ budget. Administration will transfer \$130,000 GF-State in reductions to the other programs. The transfer will realign the funding with the correct DSHS programs to be charged by ISSD.

Central Service Reforms Savings Redistribution-
(Program 145 to Programs 010, 020, 030, 040, 050, 060, 070, 100, 110, 135, and 150):

Program 145 - Payments to Other Agencies (PTOA) received a budget reduction from the 2012 Supplemental Budget reducing costs related to cell phones, mailing, printing, and information technology. These costs are not paid by PTOA, but are paid by the other programs. PTOA will transfer \$3,641,000 Total Funds, \$2,781,000 GF-State, in reductions to the programs. This transfer will reduce funding in the programs where cost savings are incurred.

Internal Auditor and Cell Phone Funding-
(Programs 010, 020, 030, 040, 050, 060, 070, 100, 110, and 135):

Internal funding related to auditing and monitoring the effective use of cell phones is created. The funding will monitor cell phone usage and payments and develop a department wide policy for effective use of cell phones. Programs will transfer \$151,000 Total Funds, \$76,000 GF-State, to Administration.

Human Resource Consolidation-
(Programs 010, 020, 030, 040, 050, 060, 070, 100, and 150 to 110):

The Human Resources Division (HRD) within Administration has undergone reorganization. All human resources staff in the field now report to HRD, but are funded by the various programs. This consolidation will move the budget for all human resources staff to HRD. The LEAP Committee provisionally approved this consolidation in June 2012, pending the receipt and verification of recast historical data. Programs will transfer 71.5 FTEs and \$4,647,000 Total Funds, \$2,458,000 GF-State, to Administration.

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

Evidence-Based Funding Transfer-

(Program 110 to Programs 010 and 030):

Funding from the 2012 Supplemental Budget - 2nd Special Session was provided for the implementation of E2SHB 2536 - Children Services Delivery with coordination between Children's Administration and Mental Health. The funding is intended for programs 010 and 030. Administration will transfer 2.0 FTEs and \$218,000 Total Funds, \$113,000 GF-State, to Children's and Mental Health.

Special Commitment Center (SCC) and Consolidated Field Services (CFS) FTE Transfer-

(Program 135 - SCC to Program 160 - CFS):

SCC received FTEs and funding for the maintenance operations of McNeil Island and received a reduction in resident's legal defense costs and related FTEs. Costs for these services are in SCC, but FTEs are in CFS. SCC will transfer 3.7 FTEs to CFS (6.7 FTEs provided for maintenance operations and 3.0 FTEs reduced for legal costs).

Cost Allocation Funding Adjustment-

(Program 110 and Program 145)

Actual earnings for Title 19 between Administration and PTOA need to be adjusted. Administration is earning more federal than state and the opposite is true in PTOA. Administration will transfer \$500,000 GF-State to PTOA and PTOA will transfer \$500,000 GF-Federal to Administration. The net effect is zero.

Fair Hearing Coordinator-

(Program 050 to Program 040)

Program 050 was provided 3.0 FTEs for the Fair Hearing Coordinator positions to implement I-1163. However, these positions should be in Program 040. Program 050 transfers 3.0 FTEs to Program 040.

These transfers will realign FTEs and funding with the DSHS programs to be charged.

Agency contact: Tula Habb (360) 902-8182

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Costs are reflected in appropriate DSHS programs and the department maintains an effective administrative operation.

Performance Measure Detail

Agency Level

Activity: K002 Operations Support and Services Division

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

Activity: K099 Suspense

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request supports the following goals identified in the DSHS 2011-2013 Strategic Plan:

--Goal 5 Increase public trust through strong management practices that ensure quality and leverage all resources

Does this decision package provide essential support to one of the Governor's priorities?

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

This package supports the Governor's priority of holding government accountable by focusing on performance and investing our resources to get the greatest possible return.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package rates as a high priority in the Priorities of Government (POG) process for the 2011-13 Budget development under the strategy:

State government must achieve results through efficient and effective performance.
--Ensure efficiency, performance, and accountability to the public

What are the other important connections or impacts related to this proposal?

None

What alternatives were explored by the agency, and why was this alternative chosen?

None

What are the consequences of not funding this package?

If the funding authority is not transferred between programs, then DSHS would be required to develop internal mechanisms to track and transfer costs resulting in reduced efficiency.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: AW M2-9T Transfers.xlsx.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The transfer is one-time in Fiscal Year 2013. Some items are ongoing, but have been included in the 2013-15 Biennial Budget.

| Object Detail | FY 1 | FY 2 | Total |
|-------------------------------|-------------|------------------|------------------|
| Overall Funding | | | |
| A Salaries And Wages | 0 | 3,092,000 | 3,092,000 |
| B Employee Benefits | 0 | 1,288,000 | 1,288,000 |
| E Goods And Services | 0 | (65,000) | (65,000) |
| G Travel | 0 | 7,000 | 7,000 |
| T Intra-Agency Reimbursements | 0 | 258,000 | 258,000 |
| Total Objects | 0 | 4,580,000 | 4,580,000 |

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

DSHS Source Code Detail

| Overall Funding | | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|--|--|--------------------|--------------------|---------------------|
| Fund 001-1, General Fund - Basic Account-State | | | | |
| <u>Sources Title</u> | | | | |
| 0011 | General Fund State | 0 | 1,955,000 | 1,955,000 |
| <i>Total for Fund 001-1</i> | | 0 | 1,955,000 | 1,955,000 |
| Fund 001-2, General Fund - Basic Account-Federal | | | | |
| <u>Sources Title</u> | | | | |
| 001B | Social Security Disability Ins (100%) | 0 | 83,000 | 83,000 |
| E61L | Food Stamp Program (50%) | 0 | 639,000 | 639,000 |
| <i>Total for Fund 001-2</i> | | 0 | 722,000 | 722,000 |
| Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi | | | | |
| <u>Sources Title</u> | | | | |
| 563I | Title IV-D Child Support Enforcement (A) (66%) | 0 | 180,000 | 180,000 |
| 658L | Title IV-E-Foster Care (50%) | 0 | 135,000 | 135,000 |
| 659L | Title IV-E Adoption Assistance (50%) | 0 | 29,000 | 29,000 |
| <i>Total for Fund 001-A</i> | | 0 | 344,000 | 344,000 |
| Fund 001-C, General Fund - Basic Account-Medicaid Federal | | | | |
| <u>Sources Title</u> | | | | |
| 19UL | Title XIX Admin (50%) | 0 | 1,559,000 | 1,559,000 |
| <i>Total for Fund 001-C</i> | | 0 | 1,559,000 | 1,559,000 |
| Total Overall Funding | | 0 | 4,580,000 | 4,580,000 |

**2013 Supplemental Budget
M2-9T Transfers**

| | Program | FTEs | | | FY 2012 | | | FY 2013 | | | 2011-13 Biennium | | |
|---------------------------|---|------------|--------------|--------------|----------|----------|----------|----------|----------|----------|------------------|----------|----------|
| | | FY12 | FY13 | Total | 001-1 | Other | Total | 001-1 | Other | Total | 001-1 | Other | Total |
| 150 | Information System Services Division | | | | | | | | | | | | |
| | 4. Human Resource Consolidation | | (1.0) | (0.5) | | | 0 | | | 0 | 0 | 0 | 0 |
| | 145 Total | 0.0 | (1.0) | (0.5) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 160 | Consolidated Field Services | | | | | | | | | | | | |
| | 7. SCC and CFS FTE Transfer | | 3.7 | 1.9 | | | 0 | | | 0 | 0 | 0 | 0 |
| | 150 Total | 0.0 | 3.7 | 1.9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agency-Wide Total: | | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NOTES:

1. Information System Services Division (ISSD) compensation adjustments from Administration & Supporting Services (Admin).
2. Central Service Reforms savings distribution from Payment to Other Agencies (PTOA). Reduces objects E and G costs and includes ISSD's share, which reduces programs' TZ costs.
3. Internal Auditor & Cell Phone Funding - transfers funding for from programs to Admin. Admin's share of the funding is accounted in the transfer.
4. Human Resource Consolidation - transferring from programs to Admin.
5. Evidenced Based Funding Transfer from Admin to Children's Administration (CA) and Mental Health (MH). Funding intended for CA and MH not Admin.
6. Special Commitment Center (SCC) and Consolidated Field Services (CFS) FTE Transfer. SCC received funding for McNeil Island Maintenance Operations and resident legal services transferred to the Office of Public Defense. Dollars reside in SCC but FTE authority reside in CFS.
7. Cost Allocation Funding Adjustment between Admin and PTOA. Adjusts state and federal funding between programs to align with anticipated federal earnings.
8. Fair Hearing Coordinator - transfer FTEs from Program 050 to Program 040.

Department of Social and Health Services

DP Code/Title: M2-XU Transfer - DSHS/HCA FTEs
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests a transfer of (7.0) FTEs and (\$754,000) Total Funds, (\$399,000) GF-State, from DSHS to the Health Care Authority (HCA). This would move the remaining FTEs and dollars between DSHS and HCA to complete the Memorandum of Understanding (MOU) between the Medicaid Purchasing Administration (MPA), now HCA and DSHS.

Fiscal Detail:

Operating Expenditures

| | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|---|-------------|------------------|------------------|
| Overall Funding | | | |
| 001-1 General Fund - Basic Account-State | 0 | (128,000) | (128,000) |
| 001-2 General Fund - Basic Account-Federal | 0 | (12,000) | (12,000) |
| 001-A General Fund - Basic Account-DSHS Fam Support/Chi | 0 | (25,000) | (25,000) |
| 001-C General Fund - Basic Account-Medicaid Federal | 0 | (48,000) | (48,000) |
| Total Cost | 0 | (213,000) | (213,000) |

Staffing

| | <u>FY 1</u> | <u>FY 2</u> | <u>Annual Avg</u> |
|--------------------|-------------|--------------|-------------------|
| Agency FTEs | 0.0 | (2.0) | (1.0) |

Package Description:

This request would transfer two Review Judges to HCA from DSHS Administration, five Information Technology Specialists (ITS), one Hearings Attorney and one Secretary Senior from the Division of Behavior Health and Recovery (DBHR). In addition, HCA will transfer one ITS FTE to DBHR.

The DSHS Board of Appeals reviews decisions from the Office of Administrative Hearings and issues the final agency decision or Final Order. A review of the types of cases that are handled by the Board of Appeals determined that two Review Judge positions were handling HCA type cases and the positions should be transferred from DSHS to HCA.

To finalize the MOU between HCA and DBHR, two FTEs (a Hearings Attorney and a Secretary Senior) will be transferred to HCA to support the Evidence Based Practices initiative within HCA. When MPA and DBHR were one agency, there were shared services task split between FTEs. A majority of these FTEs have already been transferred between DBHR and HCA. There remains five FTEs in DBHR and one FTE in HCA still to be transferred between agencies

Agency Contact: Edd Giger (360) 902-8067

Program Contact: Bill Jordan (360) 902-8323 and Melissa Clarey (360) 725-1675

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Costs are reflected in the appropriate agency, HCA or DSHS, and each agency maintains an effective administrative operation.

Performance Measure Detail

Agency Level

Activity: K002 Operations Support and Services Division

Incremental Changes

FY 1

FY 2

Department of Social and Health Services

DP Code/Title: M2-XU Transfer - DSHS/HCA FTEs
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

No measures linked to package

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request supports the following goal identified in the DSHS 2011-2013 Strategic Plan:

--Goal 5 Increase public trust through strong management practices that ensure quality and leverage all resources

Goal 5 Strategic Objective - Implement process improvement activities within the department that promote efficiency, identify and eliminate waste, and improve customer satisfaction.

Does this decision package provide essential support to one of the Governor's priorities?

This package supports the Governor's priority of holding government accountable by focusing on performance and investing our resources to get the greatest possible return.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package rates as a high priority in the Priorities of Government (POG) process for the 2011-13 Budget development under the strategy:

State government must achieve results through efficient and effective performance.

--Deliver the efficient use of financial resources to provide public services

--Provide efficient and effective logistical support to deliver services

--Ensure efficiency, performance, and accountability to the public

What are the other important connections or impacts related to this proposal?

None

What alternatives were explored by the agency, and why was this alternative chosen?

None

What are the consequences of not funding this package?

The funding will continue to be transferred between HCA and DSHS.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: AW M2-XU Transfer - DSHS_HCA FTEs.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Department of Social and Health Services

DP Code/Title: M2-XU Transfer - DSHS/HCA FTEs
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

These costs are ongoing and will carry forward into future biennia.

| <u>Object Detail</u> | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|-------------------------------|-------------|------------------|------------------|
| Overall Funding | | | |
| A Salaries And Wages | 0 | (165,000) | (165,000) |
| B Employee Benefits | 0 | (45,000) | (45,000) |
| E Goods And Services | 0 | (1,000) | (1,000) |
| T Intra-Agency Reimbursements | 0 | (2,000) | (2,000) |
| Total Objects | 0 | (213,000) | (213,000) |

DSHS Source Code Detail

| Overall Funding | | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|--|--|-------------|------------------|------------------|
| Fund 001-1, General Fund - Basic Account-State | | | | |
| <u>Sources Title</u> | | | | |
| 0011 | General Fund State | 0 | (128,000) | (128,000) |
| <i>Total for Fund 001-1</i> | | 0 | (128,000) | (128,000) |
| Fund 001-2, General Fund - Basic Account-Federal | | | | |
| <u>Sources Title</u> | | | | |
| 001B | Social Security Disability Ins (100%) | 0 | (5,000) | (5,000) |
| E61L | Food Stamp Program (50%) | 0 | (7,000) | (7,000) |
| <i>Total for Fund 001-2</i> | | 0 | (12,000) | (12,000) |
| Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi | | | | |
| <u>Sources Title</u> | | | | |
| 563I | Title IV-D Child Support Enforcement (A) (66%) | 0 | (11,000) | (11,000) |
| 658L | Title IV-E-Foster Care (50%) | 0 | (12,000) | (12,000) |
| 659L | Title IV-E Adoption Assistance (50%) | 0 | (2,000) | (2,000) |
| <i>Total for Fund 001-A</i> | | 0 | (25,000) | (25,000) |
| Fund 001-C, General Fund - Basic Account-Medicaid Federal | | | | |
| <u>Sources Title</u> | | | | |
| 19UL | Title XIX Admin (50%) | 0 | (48,000) | (48,000) |
| <i>Total for Fund 001-C</i> | | 0 | (48,000) | (48,000) |
| Total Overall Funding | | 0 | (213,000) | (213,000) |

**2013 Supplemental Budget
M2-XU Transfer - DSHS/HCA FTEs**

| Fiscal Year 2013 | FTE | State | Federal | Other | Total |
|----------------------------------|-------|-----------|-----------|-------|-----------|
| DSHS to HCA - Review Judge (110) | (1.0) | (64,000) | (43,000) | - | (107,000) |
| DSHS to HCA - Review Judge (110) | (1.0) | (64,000) | (42,000) | - | (106,000) |
| Transfer from ASA to HCA | (4.0) | (178,000) | (178,000) | - | (356,000) |
| Transfer from MH to HCA | (3.0) | (135,000) | (134,000) | - | (269,000) |
| Transfer from HCA to MH | 1.0 | 42,000 | 42,000 | - | 84,000 |
| Total DSHS to HCA | (8.0) | (441,000) | (397,000) | - | (838,000) |
| Total HCA to DSHS | 1.0 | 42,000 | 42,000 | - | 84,000 |
| Total Impact | (7.0) | (399,000) | (355,000) | - | (754,000) |

Department of Social and Health Services

DP Code/Title: PL-KX Fraud Detection Management System
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Administration and Supporting Services, requests 0.3 FTEs and \$681,000 Total Funds, \$448,000 GF-State, for a Fraud Detection and Case Management System. This funding would allow DSHS to implement new innovative tools and resources to support comprehensive fraud detection and case coordination to intensify DSHS program integrity efforts.

Fiscal Detail:

Operating Expenditures

| | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|---|-------------|----------------|----------------|
| Overall Funding | | | |
| 001-1 General Fund - Basic Account-State | 0 | 448,000 | 448,000 |
| 001-2 General Fund - Basic Account-Federal | 0 | 164,000 | 164,000 |
| 001-A General Fund - Basic Account-DSHS Fam Support/Chi | 0 | 2,000 | 2,000 |
| 001-C General Fund - Basic Account-Medicaid Federal | 0 | 67,000 | 67,000 |
| Total Cost | 0 | 681,000 | 681,000 |

Staffing

| | <u>FY 1</u> | <u>FY 2</u> | <u>Annual Avg</u> |
|--------------------|-------------|-------------|-------------------|
| Agency FTEs | 0.0 | 0.3 | 0.2 |

Package Description:

There is an urgent need to integrate data from DSHS systems to properly and efficiently detect program fraud so that cases with the highest financial and legal risk to DSHS are identified and investigated by DSHS Office of Fraud and Accountability (OFA).

With the identification of potential fraud and other financial and legal risks through data analytics, OFA will be able to effectively manage fraud investigations resulting from fraud detection to ensure optimum referral management and case coordination. Case coordination is necessary at all stages of the investigative process from referral intake, to overpayment recovery and administrative penalties and/or prosecution. OFA has a crucial need to share fraud cases with internal DSHS administrations and with external partners such as local law enforcement, county prosecuting attorneys, and other state and federal oversight agencies.

In terms of data analytics, there are numerous rules based and predictive data algorithms that can be developed to enhance opportunities for fraud and risk prevention for DSHS, and the social service programs it administers. This innovative and cutting edge approach to fraud detection and case management could reach beyond DSHS; the department's proposed system could be replicated by other states facing similar fraud detection and case coordination limitations. This system would safeguard limited public assistance dollars to ensure availability of services to individuals and families in need.

A potential vendor estimated fraud savings between one percent and seven percent of the agency's operating budget. Savings include cost avoidance from initial screening at eligibility to recoveries from fraud overpayments. These cost avoidance and fraud savings will allow the department to provide services to more clients.

Agency Contact: Tula Habb (360) 902-8182
Program Contact: Steve Lowe (360) 664-5767

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Enhanced efficiencies and productivity:

Department of Social and Health Services

DP Code/Title: PL-KX Fraud Detection Management System
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

DSHS has an immediate need to enhance and intensify its fraud detection and stakeholder collaboration through robust case management, development, and implementation of a fraud detection and case management system.

Mitigate undesired results:

Without a fraud detection and management system, DSHS will have diminished ability to swiftly hone in on the most egregious instances of fraud, waste, and abuse in Washington's public assistance programs. The ability to track investigations and use existing DSHS data to identify program anomalies will help better safeguard programs and state dollars.

Improved customer service:

Integrated coordination of fraud cases between DSHS administrations and other external partners will help protect at-risk populations such as children and aged populations. This system will support improved collaboration and interface with payment integrity partners.

Performance Measure Detail

Agency Level

Activity: K030 Executive Management

No measures linked to package

Incremental Changes

| <u>FY 1</u> | <u>FY 2</u> |
|-------------|-------------|
| 0.00 | 0.00 |

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request supports the following goal identified in the DSHS 2011-2013 Strategic Plan:

--Goal 5 Increase public trust through strong management practices that ensure quality and leverage all resources

Does this decision package provide essential support to one of the Governor's priorities?

This package supports the Governor's priority of holding government accountable by focusing on performance and investing our resources to get the greatest possible return.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package rates as a high priority in the Priorities of Government (POG) process for the 2011-13 Budget development under the strategy:

State government must achieve results through efficient and effective performance.

--Ensure efficiency, performance, and accountability to the public

What are the other important connections or impacts related to this proposal?

Fraud detection management system would aid in the monitoring, reporting, and implementation of the recommendations by the Washington State Auditor's Office (SAO) and other regulatory oversight agencies (U.S. Department of Health and Human Services, U.S. Department of Agriculture, and U.S. Government Accountability Office (GAO)).

What alternatives were explored by the agency, and why was this alternative chosen?

The only alternatives are to use an existing, inadequate DSHS fraud case tracking system that is based on legacy, end-of-life technology that is no longer supported by DSHS, and to continue receiving fraud referrals in the current manner.

What are the consequences of not funding this package?

Diminished ability to efficiently detect and investigate the most egregious instances of fraud, waste, and abuse in

Department of Social and Health Services

DP Code/Title: PL-KX Fraud Detection Management System
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Washington's public assistance programs.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: 110 PL-KX Fraud Detection Management System.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

One-time costs for implementation of this system will be expended in Fiscal Year 2013 and Fiscal Year 2014. Ongoing costs for system maintenance and infrastructure support will be required post implementation and in ensuing biennia.

| <u>Object Detail</u> | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|------------------------|-------------|----------------|----------------|
| Overall Funding | | | |
| A Salaries And Wages | 0 | 7,000 | 7,000 |
| B Employee Benefits | 0 | 2,000 | 2,000 |
| E Goods And Services | 0 | 672,000 | 672,000 |
| Total Objects | 0 | 681,000 | 681,000 |

Department of Social and Health Services

DP Code/Title: PL-KX Fraud Detection Management System
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

DSHS Source Code Detail

| Overall Funding | | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|--|--|--------------------|--------------------|---------------------|
| Fund 001-1, General Fund - Basic Account-State | | | | |
| <u>Sources Title</u> | | | | |
| 0011 | General Fund State | 0 | 448,000 | 448,000 |
| <i>Total for Fund 001-1</i> | | 0 | 448,000 | 448,000 |
| Fund 001-2, General Fund - Basic Account-Federal | | | | |
| <u>Sources Title</u> | | | | |
| E61L | Food Stamp Program (50%) | 0 | 164,000 | 164,000 |
| <i>Total for Fund 001-2</i> | | 0 | 164,000 | 164,000 |
| Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi | | | | |
| <u>Sources Title</u> | | | | |
| 563I | Title IV-D Child Support Enforcement (A) (66%) | 0 | 1,000 | 1,000 |
| 658L | Title IV-E-Foster Care (50%) | 0 | 1,000 | 1,000 |
| <i>Total for Fund 001-A</i> | | 0 | 2,000 | 2,000 |
| Fund 001-C, General Fund - Basic Account-Medicaid Federal | | | | |
| <u>Sources Title</u> | | | | |
| 19UL | Title XIX Admin (50%) | 0 | 67,000 | 67,000 |
| <i>Total for Fund 001-C</i> | | 0 | 67,000 | 67,000 |
| Total Overall Funding | | 0 | 681,000 | 681,000 |

**2013 Supplemental Budget
PL-KX Fraud Detection Management System**

| Cost | On-going/One-time | SFY2013 | SFY2014 | SFY2015 | Assumptions |
|-------------------------------------|--------------------------|-------------------|---------------------|---------------------|--|
| Case Management System Procurement | one-time | \$ 460,621 | | | Procure and award contract by 2/4/13. |
| Fraud Analytics Procurement | one-time | | \$ 7,826,167 | | Procure SFY 2014, after case management. |
| Case Management Annual Fee | on-going | | \$ 45,825 | \$ 45,825 | No inflation for annual fees. |
| Fraud Analytics Annual Fee | on-going | | | \$ 5,164,500 | No inflation for annual fees. |
| Business Analyst (Full Time) | one-time | \$ 140,940 | \$ 281,880 | | External contracted BA with salary of \$135/hr starting 1/1/13. 12 months of BA services in SFY2014 (174 hrs/month). |
| Project Manager (Part Time) | one-time | \$ 70,470 | \$ 140,940 | | External PM, \$ 135/hr starting 1/1/13. 12 months of PM in SFY 2014 (87 hrs/month). |
| IT Technical Support-ITS5 (.25 FTE) | one-time | \$ 9,222 | \$ 27,666 | \$ 27,666 | ITS5 with salary and benefits of \$53/hr starting 3/1/13. ITS5 services would be needed 28 months (43.5 hrs/month). |
| Total Costs (Rounded) | | \$ 681,000 | \$ 8,322,000 | \$ 5,238,000 | |

| | SFY 2013 | SFY 2014 | SFY 2015 |
|------------------------------|-------------------|---------------------|---------------------|
| 001-1 STATE | \$ 448,000 | \$ 5,472,000 | \$ 3,444,000 |
| 001-2 SSDI | \$ - | \$ 5,000 | \$ 3,000 |
| 001-2 FOOD STAMP | \$ 164,000 | \$ 2,000,000 | \$ 1,259,000 |
| 001-A T4D SUP ENF | \$ 1,000 | \$ 13,000 | \$ 8,000 |
| 001-A T4E FOSTER CARE | \$ 1,000 | \$ 11,000 | \$ 7,000 |
| 001-A T4E ADOPT ASST | \$ - | \$ 3,000 | \$ 2,000 |
| 001-C T19 ADMIN | \$ 67,000 | \$ 818,000 | \$ 515,000 |
| TOTAL | \$ 681,000 | \$ 8,322,000 | \$ 5,238,000 |

Department of Social and Health Services

DP Code/Title: PL-XD Federal Sequester
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests an increase to GF-State funds and a corresponding decrease in GF-Federal appropriation in anticipation of across-the-board reductions (sequestration) to certain federal awards scheduled to take effect on January 2, 2013.

Fiscal Detail:

| <u>Operating Expenditures</u> | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|-------------------------------|-------------|-------------|--------------|
| <i>Program Cost</i> | | | |
| Total Cost | | | |

Staffing

Package Description:

DSHS requests an increase in GF-State funds and a corresponding decrease in GF-Federal appropriation in anticipation of across-the-board reductions (sequestration) to certain federal awards scheduled to take effect on January 2, 2013. The Budget Control Act of 2011 (BCA P.L. 112-25) created a Joint Select Committee on Deficit Reduction (JSC) to develop recommendations for reducing the federal budget deficit by at least \$1.2 trillion over 10 years. The work of the JSC did not result in the required deficit reduction, thereby triggering an automatic process to reduce federal spending, known as sequestration. Sequestration results in across-the-board cuts to nonexempt federal discretionary and mandatory spending. Federal awards for the following DSHS programs are expected to be reduced under this sequestration process: Children's Administration, Juvenile Rehabilitation, Mental Health, Long Term Care, Economic Services, Alcohol and Substance Abuse, Vocational Rehabilitation, and Administration.

Agency Contact: Dan Winkley (360) 902-8179

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To maintain the current level of services in programs impacted by sequestration.

Performance Measure Detail

Program: 110

Activity: K109 Governor's Juvenile Justice Advisory Activity (GJJAC)

No measures linked to package

Incremental Changes

| <u>FY 1</u> | <u>FY 2</u> |
|-------------|-------------|
| 0.00 | 0.00 |

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request supports the following goals identified in the DSHS 2011-2013 Strategic Plan:

- Goal 1 Improving the health status of vulnerable populations
- Goal 2 Improving economic stability, employment and self-sufficiency
- Goal 3 Improve individual and public safety

Does this decision package provide essential support to one of the Governor's priorities?

DP Code/Title: PL-XD Federal Sequester
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

This package supports the Governor's priority of strengthening Washington families by protecting and providing for those who can't care for themselves.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package rates as a high priority in the Priorities of Government (POG) process for the 2011-13 Budget development under the strategies:

Provide for the safety of Washington's vulnerable children and adults
--Provide emergency cash, food, and shelter assistance
--Where necessary, provide institutional-based and outpatient services
--Provide secure treatment settings
--Provide outpatient services

Improve the health of Washingtonians
--Provide institutional-based and outpatient mental health services
--Provide drug and alcohol abuse prevention and treatment services
--Provide access to quality health care

What are the other important connections or impacts related to this proposal?

If this request is not funded, then any resulting decrease in DSHS services may result in increased demand for services from other entities such as city and county governments and community-based organizations.

What alternatives were explored by the agency, and why was this alternative chosen?

None

What are the consequences of not funding this package?

If this request is not funded, then DSHS client services and/or benefits will be reduced or eliminated.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Until the sequestration process is complete, the exact impact to DSHS funding levels is unknown.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This sequestration is to generate \$1.2 trillion in savings over the period of Fiscal Year 2013 through 2021. Absent federal legislation eliminating this sequestration, these reductions in federal funding will be ongoing through Fiscal Year 2021.

Department of Social and Health Services

DP Code/Title: PL-XD Federal Sequester
Program Level - 110 Admin & Supporting Svcs

Budget Period: 2011-13 Version: K3 110 - 2011-13 Final 2013 Sup

| <u>Object Detail</u> | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|----------------------|-------------|-------------|--------------|
|----------------------|-------------|-------------|--------------|

Program Totals

DSHS Source Code Detail

| <u>Fund ,</u> <u>Sources Title</u> | <u>FY 1</u> | <u>FY 2</u> | <u>Total</u> |
|---------------------------------------|-------------|-------------|--------------|
|---------------------------------------|-------------|-------------|--------------|

Total for Fund

Total

Totals for all funds

