



STATE OF WASHINGTON
HEALTH CARE AUTHORITY

626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

September 11, 2020

Dear HCA partners and stakeholders,

On Sept. 14th we will submit to the Office of Financial Management (OFM) our decision packages (DP) for the 2021 legislative session. A DP is a budget request that agencies submit to OFM as they work to prepare the governor's budget proposal.

As you know, Washington is facing a significant revenue shortfall in the upcoming 2021-23 biennium. In response to this, the Governor has directed state agencies to identify options to reduce their state general fund spend by 15 percent. Our DPs include proposed cuts to programs and services that likely would impact your organization. These items were on our initial list submitted to OFM earlier this spring. HCA developed the spring list in compliance with OFM's direction to complete a budget exercise identifying options or reducing agencies general fund spend by 15 percent. HCA's identification of reduction options does not necessarily mean the reduction will be included in the Governor's budget proposal.

HCA's identification of reduction options does not necessarily mean the reduction will be included in the Governor's budget proposal. We are limited in our ability to make reductions, as many Apple Health (Medicaid) services are federally required for states that choose to participate in the Medicaid program. To hit the 15% reduction targets, HCA must propose almost all non-mandatory benefits or eligibility groups as well as several other programs. What the DP process does accomplish is correctly sizing the reduction option, and putting the scope of the prospective cut in context. Furthermore, doing this now anticipates requests by members of the Legislature—who will also need lists of agency reduction options as they work through their respective budgets.

HCA's options represent painful cuts to programs and services that none of us want to take. Our priority when considering budget reductions is to preserve access to affordable health care services for the most vulnerable. HCA has frozen hiring, contracts and equipment purchases, and has worked to delay or reduce expenditures to the extent possible.

Thank you for your continued partnership. We as Washingtonians will get through this challenging time together.

Sincerely,

Susan E. Birch, MBA, BSN, RN
Director