Dear Interested Stakeholder,

The COVID-19 virus has had a significant impact on state revenues. On May 13, the Office of Financial Management (OFM) sent a directive to state agencies to propose preliminary options for reducing their General Fund-State (GF-S) expenditures from their current budgets by fifteen percent in state fiscal year 2021, which begins July 1. For the Aging and Long-Term Support Administration (ALTSA), that equates to over $220 million General Fund-State dollars and approximately $400 million in total dollars as nearly all of our expenditures are matched by federal Medicaid matching funds.

These potential reductions are truly devastating and reflect an economic downturn expected to match or exceed that of the Great Recession. In completing the directive set forth by OFM, we followed a few key principles that align with our Mission, Vision and Values:

1. Ensure that our clients with the greatest need continue to receive services;
2. Continue our priority of safety and protection of vulnerable adults;
3. Preserve our services to the greatest extent possible;
4. Preserve our workforce by proposing furloughs and implementing hiring, travel and purchasing freezes to avoid complete job loss.

As a reminder, this is just the beginning of this discussion and we welcome your feedback and ideas for measures required to meet the reduction target. The following are the reduction categories we are proposing with savings estimates for state fiscal year 2021:

1. **Client Eligibility:** Elimination of the optional Medicaid Personal Care (MPC) state plan program. Increasing the level of functional need required to meet Nursing Facility Level of Care in Washington’s Medicaid state plan and waivers will decrease the number of Medicaid clients in home and community residential settings by approximately 20,500 people; nursing home clients by approximately 680 people; and a corresponding reduction of a significant number of ALTSA staff and AAA full-time equivalent positions. ($129.8M GF-S; $282.3M total funds)

2. **Eliminate client service programs:** Includes eliminating state funded non-citizens and Senior Drug Education programs, Medicaid funded Adult Day Health and Day Care services, reducing Adult Family Home Meaningful Day programs. ($15.5M GF-S; $2.7M)
3. **Rental Subsidies to Assist Nursing Home clients who request transitions:** To assist clients in nursing homes to transition to their own residence with in-home care supports, ALTSA proposes paying for rental subsidies so that clients can afford to relocate to their own home. Even though the subsidy is state-only funding, the cost is still less than paying half of a nursing home rate, thus saving money. ($1.0M GF-S; $1.0M Total Funds)

4. **Provider Rates:** Savings is achieved by assuming an across-the-board three percent rate reduction for all ALTSA providers, including those who collectively bargain wages and benefits and capturing the additional 6.2 percent of Medicaid matching from July through September as savings. ($60.6M GF-S; $9.4M total funds)

5. **Staffing costs:** Including unpaid furlough days. ($15.0M GF-S; $25.8M total funds)

On June 8, OFM is planning to post preliminary state agency reduction proposals to their website: [https://ofm.wa.gov/budget/state-budgets](https://ofm.wa.gov/budget/state-budgets).

We recognize that this is a very difficult time for all of us. Thank you for the continued support you provide to individuals in need throughout our state.

Sincerely,

Bill Moss
Assistant Secretary
Aging and Long-Term Support Administration

DSHS: *Transforming Lives*