

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|-------------------------------------|
| Bill Number: 2574 HB | Title: Hospital charity care |
|-----------------------------|-------------------------------------|

Estimated Cash Receipts

| Agency Name | 2005-07 | | 2007-09 | | 2009-11 | |
|-----------------|-----------|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| | | | | | | |
| | | | | | | |
| Total \$ | | | | | | |

| | | | | | | |
|---------------------|--|--|--|--|--|--|
| Local Gov. Courts * | | | | | | |
| Local Gov. Other ** | | | | | | |
| Local Gov. Total | | | | | | |

Estimated Expenditures

| Agency Name | 2005-07 | | | 2007-09 | | | 2009-11 | | |
|--|---------|----------|----------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Department of Social and Health Services | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Health | .1 | 11,000 | 11,000 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total | 0.1 | \$11,000 | \$11,000 | 0.0 | \$0 | \$0 | 0.0 | \$0 | \$0 |

| | | | | | | | | | |
|---------------------|--|--|-----------|--|--|-----------|--|--|-----------|
| Local Gov. Courts * | | | | | | | | | |
| Local Gov. Other ** | | | 4,176,041 | | | 8,352,082 | | | 8,352,082 |
| Local Gov. Total | | | 4,176,041 | | | 8,352,082 | | | 8,352,082 |

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|-------------------------------------|-------------------------------|---|
| Prepared by: Nick Lutes, OFM | Phone: 360-902-0570 | Date Published: Final 2/ 2/2006 |
|-------------------------------------|-------------------------------|---|

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note
FNPID: 13492

Individual State Agency Fiscal Note

| | | |
|-----------------------------|-------------------------------------|---|
| Bill Number: 2574 HB | Title: Hospital charity care | Agency: 300-Dept of Social and Health Services |
|-----------------------------|-------------------------------------|---|

Part I: Estimates



No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | |
|-------------------------------------|---------------------|------------------|
| Legislative Contact: Chris Blake | Phone: 360-786-7392 | Date: 01/20/2006 |
| Agency Preparation: Richard Pannkuk | Phone: 360 902 8171 | Date: 01/20/2006 |
| Agency Approval: Sue Breen | Phone: 360-902-8183 | Date: 01/26/2006 |
| OFM Review: Nick Lutes | Phone: 360-902-0570 | Date: 01/30/2006 |

Individual State Agency Fiscal Note

| | | |
|-----------------------------|-------------------------------------|---|
| Bill Number: 2574 HB | Title: Hospital charity care | Agency: 303-Department of Health |
|-----------------------------|-------------------------------------|---|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| | | | | | |
|-----------------|--|--|--|--|--|
| FUND | | | | | |
| | | | | | |
| Total \$ | | | | | |

Estimated Expenditures from:

| | | | | | |
|--------------------------|---------|---------|---------|---------|---------|
| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
| FTE Staff Years | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Fund | | | | | |
| General Fund-State 001-1 | 0 | 11,000 | 11,000 | 0 | 0 |
| Total \$ | 0 | 11,000 | 11,000 | 0 | 0 |

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

| | | |
|----------------------------------|---------------------|------------------|
| Legislative Contact: Chris Blake | Phone: 360-786-7392 | Date: 01/20/2006 |
| Agency Preparation: Jim Massaia | Phone: 360-236-4532 | Date: 01/23/2006 |
| Agency Approval: Patty Steele | Phone: 360-236-4530 | Date: 01/25/2006 |
| OFM Review: Nick Lutes | Phone: 360-902-0570 | Date: 01/30/2006 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill increases the availability of charity care in Washington hospitals to indigent and/or underinsured individuals.

Section 1(5): Sliding fee schedule means a hospital-determined publicly available schedule of discounts for persons deemed eligible for charity care. Such schedules shall be based upon discounts to payment rates that the hospital would be paid by its largest private third-party payer, and shall be established after consideration of guidelines developed by the department.

Section 2(5): Increases full charity care write offs for family incomes at or below 100% to at or below 200% of the federal poverty guidelines. Also increases the sliding fee schedule for family incomes between 100 and 200 % of the federal poverty guidelines to between 200 and 400%.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

There is no cash receipt impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1 (5) and Section 2 (5) will require revisions to WAC 246-453 (Hospital Charity Care) to incorporate the new requirements in the bill. The Center for Health Statistics, within Department of Health (DOH), will be responsible for ensuring this WAC revision is made. Both of these sections will be computed together for the purposes of this fiscal note, since they are related to the same WAC revision.

Assumptions:

1. All expenditures are one time costs in fiscal year 2007.
2. Additional staffing will be needed to accomplish the required rule development, public hearing(s), rule adoption and implementation.

Health Service Consultant 3 level at 0.10 FTE for rule development, stakeholder work, public hearing and rule adoption administrative process. This fiscal impact also includes the average goods and services, travel, and campus I.S. support for the staff included.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-------------------------------|---------|----------|----------|---------|---------|
| FTE Staff Years | | 0.1 | 0.1 | | |
| A-Salaries & Wages | | 6,000 | 6,000 | | |
| B-Employee Benefits | | 2,000 | 2,000 | | |
| C-Personal Serv Contr | | | | | |
| E-Goods and Services | | 3,000 | 3,000 | | |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency Fund Transfers | | | | | |
| N-Grants, Benefits Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursement | | | | | |
| T-Intra-Agency Reimbursement | | | | | |
| Total: | \$0 | \$11,000 | \$11,000 | \$0 | \$0 |

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification | Salary | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|------------------------------|--------|---------|---------|---------|---------|---------|
| Health Services Consultant 3 | 55,718 | | 0.1 | 0.1 | | |
| Total FTE's | | | 0.1 | 0.1 | | 0.0 |

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Sections 1 and 2: The department will make the changes in WAC 246-453 to implement this chapter. (See expenditure detail for assumptions)

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

| | |
|-----------------------------|-------------------------------------|
| Bill Number: 2574 HB | Title: Hospital charity care |
|-----------------------------|-------------------------------------|

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☒ Special Districts: Public Health Hospitals
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

| Jurisdiction | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-----------------------|---------|---------|---------|---------|---------|
| City | | | | | |
| County | | | | | |
| Special District | | | | | |
| TOTAL \$ | | | | | |
| GRAND TOTAL \$ | | | | | |

Estimated expenditure impacts to:

| Jurisdiction | FY 2006 | FY 2007 | 2005-07 | 2007-09 | 2009-11 |
|-----------------------|---------|-----------|-----------|-----------|------------|
| City | | | | | |
| County | | | | | |
| Special District | | 4,176,041 | 4,176,041 | 8,352,082 | 8,352,082 |
| TOTAL \$ | | 4,176,041 | 4,176,041 | 8,352,082 | 8,352,082 |
| GRAND TOTAL \$ | | | | | 20,880,205 |

Part III: Preparation and Approval

| | | |
|-------------------------------------|-----------------------|------------------|
| Fiscal Note Analyst: Linda Bradford | Phone: 360-725-5035 | Date: 01/23/2006 |
| Leg. Committee Contact: Chris Blake | Phone: 360-786-7392 | Date: 01/20/2006 |
| Agency Approval: Louise Deng Davis | Phone: (360) 725-5034 | Date: 02/02/2006 |
| OFM Review: Nick Lutes | Phone: 360-902-0570 | Date: 02/02/2006 |

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill increases the availability of charity care in Washington hospitals to indigent and/or underinsured individuals.

Section 1(5): Sliding fee schedule means a hospital-determined publicly available schedule of discounts for persons deemed eligible for charity care. Such schedules shall be based upon discounts to payment rates that the hospital would be paid by its largest private third-party payer, and shall be established after consideration of guidelines developed by the department.

Section 2(5): Increases full charity care write offs for family incomes at or below 100% to at or below 200% of the federal poverty guidelines. Also increases the sliding fee schedule for family incomes between 100 and 200 % of the federal poverty guidelines to between 200 and 400%.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill would, in effect, increase costs for charity by an estimated 25% by including a greater number of charity patients. Please see the attached table from the Washington State Hospital Association for cost breakdowns.

Another unquantifiable cost is the administrative burden for increasing numbers of charity patients and calculating the sliding scale.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

None.

FY2004 Charity Care Estimated Costs and Charity Care Policy Sliding Scales

Public District Hospitals (including UWMC and Harborview Medical Center)

Data Source: FY2004 Year-end Reports and Charity Care Policies

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|---------------------------------------|---|--|-----------------------------|
| 158 | Cascade Medical Center | | \$106,856 | \$26,714.05 |
| 106 | Cascade Valley Hospital (N Snohomish) | 0-100% = 100% 101-133% = 75% 134-165% = 50% 166-200% = 25% | \$250,330 | \$62,582.55 |
| 45 | Columbia Basin Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$22,134 | \$5,533.44 |
| 150 | Coulee Community Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$80,095 | \$20,023.84 |
| 141 | Dayton General Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$63,301 | \$15,825.36 |
| 111 | East Adams Rural Hospital | | \$0 | |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|--------------------------------|---|--|-----------------------------|
| 164 | Evergreen Healthcare | 0-100% = 100% 101-200% sliding scale not specified in policy | \$3,680,479 | \$920,119.73 |
| 167 | Ferry County Memorial Hospital | 0-100% = 100% 101-125% = 80% 126-150% = 60% 151-175% = 40% 176-200% = 20% | \$18,486 | \$4,621.56 |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|------------------------------------|---|--|-----------------------------|
| 54 | Forks Community Hospital | 0-100% = 100% 101-117%=85% 118-133%=70% 134-150%=55% 151-167%=40% 168-183%=25% 184-200%=10% | \$151,884 | \$37,971.06 |
| 82 | Garfield County Hospital District | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$9,682 | \$2,420.50 |
| 134 | Island Hospital | 0-200% =100% | \$305,556 | |
| 85 | Jefferson General Hospital | 0-100% = 100% 101-200% sliding scale not specified in policy | \$590,040 | \$147,509.94 |
| 39 | Kennewick General Hospital | 0-100% = 100% 101-200% sliding scale not specified in policy | \$453,454 | \$113,363.59 |
| 140 | Kittitas Valley Community Hospital | 0-200%=100% | \$260,992 | |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|--------------------------------|---|--|-----------------------------|
| 8 | Klickitat Valley Hospital | | \$40,040 | \$10,010.01 |
| 165 | Lake Chelan Community Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$60,788 | \$15,196.97 |
| 137 | Lincoln Hospital | 0-125% = 100% 126-150% = 75% 151-175% = 50% 175-200% = 25% | \$120,222 | \$30,055.41 |
| 186 | Mark Reed Hospital | 0-150% = 100% 151-300% sliding scale | \$111,359 | |
| 152 | Mason General Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$267,806 | \$66,951.44 |
| 147 | Mid-Valley Hospital | 0-100% = 100% 101-200% sliding scale not specified in policy | \$143,877 | \$35,969.15 |
| 173 | Morton General Hospital | 0-200% sliding scale | \$146,047 | \$36,511.84 |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|----------------------------------|---|--|-----------------------------|
| 21 | Newport Community Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$203,597 | \$50,899.22 |
| 107 | North Valley Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$118,439 | \$29,609.80 |
| 79 | Ocean Beach Hospital | 0-100% = 100% 101-200% sliding scale not specified in policy | \$459,696 | \$114,923.90 |
| 80 | Odessa Memorial Hospital | 0-100% = 100% 101-200% sliding scale not specified in policy | \$42,550 | \$10,637.58 |
| 23 | Okanogan-Douglas County Hospital | | \$87,787 | \$5,486.66 |
| 38 | Olympic Medical Center | | \$813,208 | \$203,302.06 |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|------------------------------|---|--|-----------------------------|
| 125 | Othello Community Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$194,233 | \$48,558.27 |
| 46 | Prosser Memorial Hospital | 0-200% sliding scale | \$136,805 | \$34,201.24 |
| 172 | Pullman Memorial Hospital | 0-200% sliding scale | \$232,724 | \$58,181.09 |
| 129 | Quincy Valley Medical Center | 0-100% = 100% 101-124% = 75% 125-149% = 50% 150-174% = 25% Above 175% = 0% | \$38,558 | \$9,639.51 |
| 78 | Samaritan Healthcare | 0-200%=100% | \$582,373 | |
| 207 | Skagit Valley Hospital | 0-100% = 100% 101-135% = 75% 136-170% = 50% 171-205% = 25% | \$1,640,401 | \$410,100.35 |
| 96 | Skyline Hospital | 0-100% = 100% 101-110% = 90% 111-120% = 80% 121-130% = 70% 131-140% = 60% 141-150% = 50% 151-160% = 40% 161-170% = 30% | \$62,877 | \$15,719.24 |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------|----------------------------|---|--|-----------------------------|
| | | 171-180% = 20% 181-190% = 10% | | |
| 195 | Snoqualmie Valley Hospital | | \$1,883 | \$470.76 |
| 138 | Stevens Healthcare | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-200% = 25% | \$1,560,049 | \$390,012.25 |
| 206 | United General Hospital | 0-125% = 100% 126-150% = 90% 151-175% = 75% 176-200% = 60% 201-225% = 45% 226-250% = 30% 251-275% = 15% | \$548,954 | \$137,238.57 |
| 104 | Valley General Hospital | 0-100% = 100% 101-133% = 75% 134-166% = 50% 167-250% = 25% | \$570,827 | \$142,706.78 |
| 155 | Valley Medical Center | 0-100% = 100% | \$3,233,948 | \$808,487.05 |

| Lic# | Hospital | Charity Care Sliding Scale | FY2004 Charity Care Estimated Costs | Increase in Charity Care |
|------------------------|---|---|--|-----------------------------|
| | | 101-200% sliding scale not specified in policy | | |
| 156 | Whidbey General Hospital | | \$477,296 | \$119,323.90 |
| 153 | Whitman Hospital & Medical Center | 0-100% = 100% 101-125% = 80% 126-150% = 60% 151-175% = 40% 176-200% = 20% | \$51,293 | \$12,823.26 |
| 56 | Willapa Harbor Hospital | | \$89,358 | \$22,339.49 |
| Total Districts | | | | \$4,176,041 |
| 29 | Harborview Medical Center | 0-200%=100% 201-300% sliding scale | \$57,555,677 | |
| 128 | University of Washington Medical Center | 0-200% = 100% 201-300% after liquid assets over \$2500 are applied to billed charges. | \$7,425,064 | |