

MultipleAgencyFiscalNoteSummary

BillNumber: 5211SB

Title: Mentalhealthbenefits

EstimatedCashReceipts

| AgencyName | 2001-03 | | 2003-05 | | 2005-07 | |
|--------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | GF-State | Total | GF-State | Total | GF-State | Total |
| WashingtonStateHealthCare Authority | 3,285,659 | 6,381,503 | 12,758,458 | 24,826,232 | 12,758,458 | 24,826,232 |
| DepartmentofSocialandHealth Services | 0 | 0 | 0 | (1,133,558) | 0 | (1,511,660) |
| Total: | 3,285,659 | 6,381,503 | 12,758,458 | 23,692,674 | 12,758,458 | 23,314,572 |

| | | | | | | |
|------------------|--|--|--|--|--|--|
| LocalGov.Courts* | | | | | | |
| LocalGov.Other** | | | | | | |
| LocalGov.Total | | | | | | |

EstimatedExpenditures

| AgencyName | 2001-03 | | | 2003-05 | | | 2005-07 | | |
|--------------------------------------|------------|------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|-------------------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| WashingtonState HealthCareAuthority | 1.8 | 0 | 8,984,218 | 1.8 | 0 | 35,237,092 | 1.8 | 0 | 35,237,092 |
| OfficeofInsurance Commissioner | .5 | 0 | 66,624 | .0 | 0 | 0 | .0 | 0 | 0 |
| DepartmentofSocial andHealthServices | .0 | 0 | 0 | .0 | (850,414) | (1,983,972) | .0 | (1,142,384) | (2,654,044) |
| Superintendentof PublicInstruction | .0 | 7,329,000 | 7,329,000 | .0 | 17,862,100 | 17,862,100 | .0 | 17,908,764 | 17,908,764 |
| Total: | 2.3 | 7,329,000 | 16,379,842 | 1.8 | 17,011,686 | 51,115,220 | 1.8 | 16,766,380 | 50,491,812 |

| | | | | | | | | | |
|------------------|--|--|--|--|--|--|--|--|--|
| LocalGov.Courts* | | | | | | | | | |
| LocalGov.Other** | | | | | | | | | |
| LocalGov.Total | | | | | | | | | |

| |
|--|
| |
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DatePublished:

Final2/25/2001

* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

** Seelocalgovernmentfiscalnote

IndividualStateAgencyFiscalNote

| | | |
|---------------------------|------------------------------------|---|
| BillNumber: 5211SB | Title: Mentalhealthbenefits | Agency: 107-WashStateHealth CareAuthority |
|---------------------------|------------------------------------|---|

PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

| Fund | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|--|--------|-------------|-------------|--------------|--------------|
| GeneralFund-State 001-1----- | | 3,285,659 | 3,285,659 | 12,758,458 | 12,758,458 |
| GeneralFund-Federal 001-2----- | | 592,496 | 592,496 | 2,300,706 | 2,300,706 |
| GeneralFund-Private/Local 001-7-- --- | | 53,863 | 53,863 | 209,154 | 209,154 |
| BasicHealthPlanTrust Account-Non-Appropriated 172-6-- --- | | 396,696 | 396,696 | 1,586,784 | 1,586,784 |
| PublicEmployees'andRetirees InsuranceAccount-Non-Appropriated 721-6----- | | 2,052,789 | 2,052,789 | 7,971,130 | 7,971,130 |
| Total | | \$6,381,503 | \$6,381,503 | \$24,826,232 | \$24,826,232 |

EstimatedExpendituresfrom:

| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|--|--------|-------------|-------------|--------------|--------------|
| FTEStaffYears | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Fund | | | | | |
| BasicHealthPlanTrust Account-Non-Appropriated 172-6 | | 396,696 | 396,696 | 1,586,784 | 1,586,784 |
| StHealthCareAuthorityAdmin Acct-State 418-1 | | 268,490 | 268,490 | 414,180 | 414,180 |
| UniformMedicalPlanBenefits Administration Account-Non-Appropriated 439-6 | | 10,000 | 10,000 | | |
| PublicEmployees'andRetirees InsuranceAccount-Non-Appropriated 721-6 | | 5,706,317 | 5,706,317 | 22,825,268 | 22,825,268 |
| HealthServicesAccount-State 760-1 | | 2,602,715 | 2,602,715 | 10,410,860 | 10,410,860 |
| Total | | \$8,984,218 | \$8,984,218 | \$35,237,092 | \$35,237,092 |

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 rulemaking, complete Part V.

| | | |
|--------------------------------|----------------------|------------------|
| Legislative Contact: | Phone: | Date: 02/02/2001 |
| Agency Preparation: Lisa Laux | Phone: (360)923-2749 | Date: 02/05/2001 |
| Agency Approval: Beau Bergeron | Phone: (360)923-2827 | Date: 02/05/2001 |
| OFM Review: Gina Terry | Phone: 360-902-0579 | Date: 02/05/2001 |

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

SeeAttachments

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriatehethedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthathresultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|----------------------------------|--------|-------------|-------------|--------------|--------------|
| FTEStaffYears | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| A-SalariesandWages | | 153,200 | 153,200 | 306,400 | 306,400 |
| B-EmployeeBenefits | | 37,948 | 37,948 | 75,896 | 75,896 |
| C-PersonalServiceContracts | | 45,000 | 45,000 | | |
| E-GoodsandServices | | 15,370 | 15,370 | 30,740 | 30,740 |
| G-Travel | | 572 | 572 | 1,144 | 1,144 |
| J-CapitalOutlays | | 16,400 | 16,400 | | |
| M-InterAgency/FundTransfers | | | | | |
| N-Grants,Benefits&ClientServices | | 8,715,728 | 8,715,728 | 34,822,912 | 34,822,912 |
| P-DebtService | | | | | |
| S-InteragencyReimbursements | | | | | |
| T-Intra-AgencyReimbursements | | | | | |
| Total: | | \$8,984,218 | \$8,984,218 | \$35,237,092 | \$35,237,092 |

III.B-FTEDetail: ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartI andPartIIIA.

| JobClassification | Salary | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|-------------------------|---------|--------|--------|---------|---------|---------|
| BehavioralDirector | 101,500 | .8 | .8 | .8 | .8 | .8 |
| BehavioralHealthCareMgr | 72,000 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total | | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |

PartIV:CapitalBudgetImpact

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseseexistingrules.

Part II: Narrative Explanation**II. A - Brief Description Of What The Measure Does That Has Fiscal Impact**

The bill requires health insurance coverage for mental health services to be comparable to coverage for medical services. The bill requires full parity between medical/surgical services and mental health services for children except for the allowance of a separate stand alone mental health annual deductible, if a plan already has a deductible. Therefore, coverage for children's mental health care must be equal to coverage for medical and surgical services, including copays, cost sharing, dollar limits, and visit/day limits. The bill only requires partial parity for adult mental health services by allowing for separate deductibles (if a plan already has deductibles) and higher copays or coinsurance for adult mental health than for medical and surgical services. However, the copays and coinsurance can't be higher than those existing on January 1, 2001. The provisions also still require one out-of-pocket maximum to apply to both mental health services and medical/surgical adult services. The bill also allows for separate deductibles and out-of-pocket limits for prescription drugs.

This provision applies to the Public Employees Benefit Board (PEBB) managed care plans and the Uniform Medical Plan (UMP). The next PEBB and UMP contract renewal date that this bill would apply to is January 1, 2003. The provision also applies to the Basic Health Subsidized Program (BH) after July 1, 2003. We have assumed that BH subsidized program would need to include the new requirements in its January 1, 2003 contract renewal in order to be in compliance by July 1, 2003.

II. B – Cash Receipts Impact

Basic Health:

It is assumed that the impact of increased subsidized Basic Health costs will be split between state funds (Health Services Account) and subscriber premiums based upon the benefits model that was used to develop the Governor's 01-03 performance budget.

PEBB including UMP:

It is assumed that the impact of increased Public Employee Benefits Board (PEBB) FY 2003 costs will be split between state funds and employee contributions based upon the 90 percent state and 10 percent state employees cost split used to develop the Governor's 01-03 performance budget. It is assumed that the state funding rate and employee contributions will increase sufficiently to cover any estimated increase in premium expenditures as result of this bill. It is assumed that the increased costs for retirees and other PEBB members will be paid by those individuals.

II. C - Expenditures

We, in conjunction with our actuaries, William M. Mercer, Inc., have estimated a mid-range FY 2003 cost impact to the state of \$3,646,911 for PEBB managed care organizations (MCOs), \$2,337,896 for the Uniform Medical Plan, totaling \$5,984,807 for PEBB. The total increase consists of an estimated \$5,386,326 cost increase for the state and a \$598,481 cost increase for the state employees. (See Table 1, attached worksheet for detail.)

HCA Fiscal Note

Bill Number: SB5211/HB1080

HCA Request #01-04

We have estimated a total FY 03 Basic Health subsidized program cost impact of \$2,999,411, consisting of \$2,602,715 increases in state costs and \$396,696 increases in BH subsidized subscriber share costs. Overall, we have estimated that the PEBB active/non-Medicare MCO premiums will increase an average of 1.75 percent, and that the UMP benefit costs would increase 2.25 percent. The weighted average percent increase for PEBB MCO and UMP combined is estimated to be 1.9 percent. The Basic Health managed care plan costs are estimated to increase approximately 2.0 percent. (See Table 2 attached worksheet for detail.)

Our estimated cost increases depend upon the degree of managed care controls the health plans implement for mental health services. It is also important to note that the benefit packages for each of the programs, Basic Health Subsidized Program (BH), Public Employees Benefit Board (PEBB), and Uniform Medical Plan (UMP) currently have different levels of parity between their medical/surgical services and their mental health benefits. Therefore, each program has a different magnitude of changes required to comply with the provisions of this bill and we have provided separate cost estimates for each. Our fiscal note reflects the mid-range assumptions which that we consider most likely. The mid-range assumptions and potential cost increase for each program are summarized below. As an appendix, we have also included a summary of potential cost increases from both a higher-end cost scenario and a lower-end cost scenario.

The early treatment of mental illness may prevent other medical illnesses. This may result in cost savings from reduced demand for more expensive medical and surgical procedures. However, we were not able to predict how many other medical and surgical procedures might be prevented, the costs of these procedures, or the length of time it would take for the mental illness treatments to improve the members' overall physical health. Therefore, none of our assumptions include any potential reductions in medical and/or surgical treatments due to earlier treatment of mental health conditions.

Non-Medicare/State Active Employees:

PEBB Managed Care Plans:

The average of 1.75 percent increase translates to a total benefits cost impact of \$3,646,911 for FY 2003 (January - June 2003). Of this total increase, approximately \$3,282,220 is the increase in state costs and \$364,691 is the increase in state employee contributions. The primary causes for the anticipated cost increases for managed care organizations (MCO) are:

- For children, the bill removes all benefit differences between the current medical/surgical benefits and the mental health services.
- For adults the bill removes the current annual PEBB MCO 10 inpatient day and 20 mental health services limit. We anticipate that the elimination of the annual mental health service limits may increase the outpatient utilization of mental health services for the PEBB managed care plans. The bill also requires a single medical/surgical/mental health annual out-of-pocket limit. Currently, there is a combined medical /surgical /mental health annual out of pocket maximum only for inpatient hospitalization. The MCO out of pocket maximum does not apply to either the outpatient medical/surgical services or the mental health services. As of January 2001 the adult outpatient medical/surgical benefit for MCOs is 50 percent coinsurance. By eliminating the mental health services limits, the health plans would be paying 50 percent coinsurance for the additional outpatient visits. Currently, the inpatient days and outpatient visits, which go beyond the day and visit limits, are paid for in

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full by the patient. We have assumed the PEBB MCO plans' cost increase would cause the health plans to raise overall premium rates.

- Differences in the children and adult benefits may likely cause an additional administrative burden for the contracted health plans.

Uniform Medical Plan (UMP):

The average of 2.25 percent increase translates to a UMP FY 2003 (January - June 2003) total cost increase of \$2,337,896. This increase consists of benefits costs of \$2,059,406 and administrative expenses of \$278,490. Of the total cost, approximately \$2,104,106 is an increased cost to the state and \$233,790 is an increase in state employee contributions. The UMP, due to its plan and current benefit designs along with a different customer base faces the most challenges of the three programs for phasing in mental health parity. (See Table 4 attached worksheet for detail.)

The bill may also allow for mental health services by providers who are currently not associated with mental health services, such as naturopaths and chiropractors, if it falls within their scope of practice. In addition there is no mention of coverage of facility type within the provisions of the bill. Therefore it may be assumed that long-term mental health care in a nursing home, residential treatment center or through home health care may be covered. Since these services are currently not covered by UMP, the inclusion of alternative care providers and facility types other than inpatient hospital settings could significantly increase the UMP's costs. However, we have not been able to separately estimate the potential cost impacts and they are not included in our cost estimates. If there are future cost increases related to alternative mental health care services providers or alternative facility settings, the HCA would submit a supplemental budget request for the increased costs.

The primary causes for the anticipated cost increases for Uniform Medical Plan are summarized below:

- For children, the bill removes all benefit differences between the current medical/surgical benefits and the mental health services with the exception of a separate mental health deductible.
- Since the UMP is a Preferred Provider Organization (PPO), it does not have the same managed care utilization controls as managed care plans. The bill does allow for separate deductibles for adult mental health services and medical/surgical services that may contain some of the potential cost increases. However, the bill requires a single out-of-pocket maximum for both adult mental and medical/surgical services. This is the largest challenge for the UMP. Currently, the UMP has an annual medical/surgical out-of-pocket maximum of \$1,125 per person or \$2,250 per family. However, the UMP annual out-of-pocket maximum applies to inpatient and outpatient medical/surgical services, inpatient mental health but excludes outpatient mental health services coinsurance. If patients could combine both medical/surgical services and mental health service treatments to meet this one combined out-of-pocket maximum, more patients would reach the plans' 100 percent reimbursement rate level.

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- The UMP could either implement managed care tools including preauthorization, medical necessity, or reduce the mental health provider network currently offered to enrollees in order to assure appropriate utilization of services. However, the UMP is offered to state employees and retirees as an alternative to managed care plans. Many of its current enrollees choose it because they have more freedom of choice in doctors and greater access to services offset by higher co-insurance and deductibles than managed care plans. If the UMP implemented managed care for mental health services, the enrollees would not have the same freedom of choice as they currently do. In addition, since most state employees and retirees living out of state are enrolled in the UMP, access could be a problem if the network was limited.
- The UMP would also have some additional administrative costs for 1) different benefit structure for children versus adults and 2) cost of contracting with a behavioral health care vendor or purchasing a separate distinct mental health network. A different benefit structure may require higher administrative costs for processing claims based upon age of enrollee. The estimated additional administrative cost for FY 2003 is \$278,490 and is summarized as follows:
 - 1) A mental health professional contracted to assist in selecting the clinical conditions, developing care guidelines including number/ range of authorized visits for each condition, potential utilization and cost parameters;
 - 2) 1.8 FTEs annually for a Behavioral health program director (.8 FTE) and Behavioral health case manager (1.0 FTE)
 - 3) TPA programming costs are required for processing children vs. adult claims differently;
 - 4) Related administrative support costs

PEBB and UMP Non Medicare and Medicare Retirees:

The provisions of this bill may require premium increases for both non-Medicare and Medicare retirees. However, these increases should have no cost impact to the state because any additional expenses are passed onto the member via increased premium rates.

Basic Health Subsidized Program:

The average 2.0 percent BH subsidized increase translates to a total FY 2003 (January - June 2003) cost of \$2,999,411. It consists of an estimated state cost impact of \$2,602,715 and a subscriber share cost increases of \$396,696. This is based upon the assumption Basic Health be in compliance by July 1, 2003 as the bill requires. Basic Health would need to include the new requirements in its contract renewal as of January 1, 2003. A special contract renewal as of July 1, 2003 would cause an extraordinary administrative burden to the program, and contracting health plans, with a potential for increased administrative costs. The primary causes for the anticipated cost increases for Basic Health are as follows:

- Currently, the cost of mental health services for BH enrollees is shared between enrollees and the health plans. BH subsidized members are limited to 10 days for inpatient stays and 12 outpatient visits for mental health services. Any inpatient days and outpatient visits, which go beyond the current benefits are paid for in full by the member. By eliminating the mental health services limits, the health plans would be paying for most of the additional inpatient days and outpatient costs. This bill would require the patient to only pay the hospital and/or outpatient visit co-pay. We have assumed the increased cost for the BH subsidized enrollees would cause the health plans to raise overall premium rates.

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- We also anticipate that the elimination of the annual mental health service limits may increase outpatient utilization of mental health services for BH subsidized managed care plans.
- Current BH statute RCW 70.47.060(1) requires mental benefits to be contingent upon adequate funding. It also requires mental health services, alone or in combination with chemical dependency and organ transplant services, cannot increase the actuarial value of the basic health plan benefits by more than 5 percent, excluding inflation. The provisions of this bill may change the actuarial value of the overall benefits and/or cause the program to make difficult budget choices when adequate funding is not available. A reconciliation between RCW 70.47.060(1) and the provisions of this bill may be needed.

Basic Health Subsidized Subscriber Share:

Basic Health Subscribers also pay a subsidy for part of the BH subsidized premium costs. We have estimated that the provisions of this bill would increase the BH subscriber share by approximately \$396,696 for FY 2003.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

WAC 182-25-020(1) would need to be revised. The current language refers to "limited" mental health services.

Appendix**Higher-End Cost Assumptions:****PEBB Managed Care Organizations:**

For PEBB Managed Care Organizations (MCOs), we have estimated as a high end cost assumption that the PEBB active/non-Medicare premiums may increase an average of 2.75 percent. This average increase translates to a cost impact of \$5,730,861 for FY 2003 (January - June 2003).

Uniform Medical Plan:

For the Uniform Medical Plan (UMP), we have estimated as a high end cost assumption that the UMP costs may increase an average of 4.0 percent. This average increase translates to a cost impact of \$3,939,656 for FY 2003 (January - June 2003) including administration expenses.

PEBB Overall:

The weighted average increase for both PEBB and UMP is estimated to be 3.1 percent for a combined estimated impact of \$9,670,517 for FY 2003 (January - June 2003) including administration expenses. Of this increase \$8,703,465 would be paid by the state and \$967,052 would be paid by state employee contributions.

Basic Health Plan Subsidized Program:

We have estimated that the higher-end assumptions would cause a 2.5 percent increase in BH subsidized premiums. This average increase translates to a state cost impact of \$3,254,113 for FY 2003 (January - June 2003). We have also estimated the subscriber share cost impact to be \$495,881.

Lower-End Cost Assumptions:**PEBB Managed Care Organizations:**

For PEBB Managed Care Organizations (MCOs), we have estimated as a high end cost assumption that the PEBB active/non-Medicare premiums may increase an average of 1.0 percent. This average increase translates to a cost impact of \$2,083,949 for FY 2003 (January - June 2003).

Uniform Medical Plan:

For the Uniform Medical Plan (UMP), we have estimated as a high end cost assumption that the UMP costs may increase an average of 1.75 percent. This average increase translates to a cost impact of \$1,880,250 for FY 2003 (January - June 2001) including administration expenses.

PEBB Overall:

The weighted average increase for both PEBB and UMP is estimated to be 1.2 percent for a combined estimated impact of \$3,964,199 for FY 2003 (January - June 2003) including administration expenses. Of this increase \$3,567,729 would be paid by the state and \$396,420 would be paid by state employee contributions.

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Basic Health Plan Subsidized Program:

We have estimated that the lower-end assumptions would cause a 1.7 percent increase in BH subsidized premiums. This average increase translates to a state cost impact of \$2,216,306 and a subscriber share impact of \$335,278 for FY 2003 (January - June 2003).

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Table 1, PEBB-UMP Impact

HCA Request: 01-04

| | | | Premium increase | State Employer Funding rate impact | | | | | | |
|--|------------|-------|-------------------|------------------------------------|---------------|---------------|---------------|---------------|---------------|------|
| | | | CY 03 & subs. yrs | FY 03 | FY 04 | FY 05 | FY 06 | FY 07 | | |
| State Active impact | Enrollment | | | | | | | | | |
| MCO | 69,674 | 1.75% | | | | | | | | |
| UMP | 28,667 | 2.3% | | | | | | | | |
| Wght Avg | 98,341 | 1.9% | \$ | 9.13 | \$ | 8.86 | \$ | 8.86 | \$ | 8.86 |
| | | | | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 | FY 07 | |
| Expenditure change | | | | | | | | | | |
| Benefits | | - | | 5,706,317 | 11,412,634 | 11,412,634 | 11,412,634 | 11,412,634 | 11,412,634 | |
| Administration | | - | | 278,490 | 207,090 | 207,090 | 207,090 | 207,090 | 207,090 | |
| Total | | - | | 5,984,807 | 11,619,724 | 11,619,724 | 11,619,724 | 11,619,724 | 11,619,724 | |
| State Cost Share | | | | 90% | 90% | 90% | 90% | 90% | 90% | |
| Employee Cost Share | | | | 10% | 10% | 10% | 10% | 10% | 10% | |
| State Share | | | \$ | 5,386,326 | \$ 10,457,752 | \$ 10,457,752 | \$ 10,457,752 | \$ 10,457,752 | \$ 10,457,752 | |
| Employee Share | | | \$ | 598,481 | \$ 1,161,972 | \$ 1,161,972 | \$ 1,161,972 | \$ 1,161,972 | \$ 1,161,972 | |
| Revenue change | | - | | 5,984,807 | 11,619,724 | 11,619,724 | 11,619,724 | 11,619,724 | 11,619,724 | |
| State share Revenue split (funding rate) | | | | | | | | | | |
| 61% GF-State | | - | | 3,285,659 | 6,379,229 | 6,379,229 | 6,379,229 | 6,379,229 | 6,379,229 | |
| 11% GF-Federal | | - | | 592,496 | 1,150,353 | 1,150,353 | 1,150,353 | 1,150,353 | 1,150,353 | |
| 1% GF-Local | | - | | 53,863 | 104,577 | 104,577 | 104,577 | 104,577 | 104,577 | |
| 27% Non Appropriated | | - | | 1,454,308 | 2,823,593 | 2,823,593 | 2,823,593 | 2,823,593 | 2,823,593 | |
| 100% Total State revenue | | - | | 5,386,326 | 10,457,752 | 10,457,752 | 10,457,752 | 10,457,752 | 10,457,752 | |

Notes:

HCA Fiscal Note

Bill #: SB 5211/HB 1080

Table 2, BH Sub & Non sub

HCA Request: 01-04

January - June
2003

Premium increase

Total premium expenditure increase 2,999,411

State cost 2,602,715

Subscriber cost 396,696

Total 2,999,411

Non Sub

| | FY 02 | FY 03 | FY 04 | FY 05 | FY 06 | FY 07 |
|-----------------------|----------|-----------|-----------|-----------|-----------|-----------|
| Health Services Acc't | - | 2,602,715 | 5,205,430 | 5,205,430 | 5,205,430 | 5,205,430 |
| Sub premiums | - | 396,696 | 793,392 | 793,392 | 793,392 | 793,392 |
| Non Sub | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total BH Benefits | - | 2,999,411 | 5,998,822 | 5,998,822 | 5,998,822 | 5,998,822 |

Notes: Assumes bill causes BH subsidized premiums to increase 2%.

HCA Fiscal Note

Bill #: SB 5211/HB 1080

HCA Request:

Mental Health Parity

01-04

Table 4, Supporting Calculations

| PEBB Managed Care Plans: | | | | | | |
|-----------------------------------|------------------------------------|----------------------------------|------------------|--------------|--------------|----------------|
| MCO Enrollment | CY 2003 Estimated Average Premiums | Estimated Total Monthly Premiums | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
| 69,674 | \$ 498.50 | \$ 34,732,489 | | | | |
| Mental Health Parity Increase | | 1.75% | | | | |
| Est. Mental Parity Monthly Impact | | \$ 607,819 | \$ 3,646,911 | \$ 7,293,823 | \$ 7,293,823 | \$ 14,587,645 |
| State Cost | | | \$ 3,282,220 | \$ 6,564,440 | \$ 6,564,440 | \$ 13,128,881 |
| State Employee Cost | | | \$ 364,691 | \$ 729,382 | \$ 729,382 | \$ 1,458,765 |
| Total | | | \$ 3,646,911 | \$ 7,293,823 | \$ 7,293,823 | \$ 14,587,645 |

| Uniform Medical Plan: | | | | | | |
|---------------------------------------|------------------------------------|-------------------------------|------------------|--------------|--------------|----------------|
| UMP Enrollment | CY 2003 Estimated Average Premiums | Estimated Total Monthly Costs | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
| 28,667 | \$ 532.14 | \$ 15,254,857 | | | | |
| Mental Health Parity Increase | | 2.25% | | | | |
| Est. Mental Parity Monthly Impact | | \$ 343,234 | \$ 2,059,406 | \$ 4,118,811 | \$ 4,118,811 | \$ 8,237,623 |
| UMP Administration | | | \$ 278,490 | 207,090 | 207,090 | \$ 414,180 |
| Total UMP Benefits and Administration | | | \$ 2,337,896 | \$ 4,325,901 | \$ 4,325,901 | \$ 8,651,803 |
| State Cost | | \$ - | \$ 2,104,106 | \$ 3,893,311 | \$ 3,893,311 | \$ 7,786,623 |
| State Employee Cost | | \$ - | \$ 233,790 | \$ 432,590 | \$ 432,590 | \$ 865,180 |
| Total | | \$ - | \$ 2,337,896 | \$ 4,325,901 | \$ 4,325,901 | \$ 8,651,803 |

UMP and PEBB combined Premiums \$ 49,987,346
 UMP and PEBB increases \$ 951,053
 Weighted Average increase 1.9%

| UMP Administration: | | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
|---|---------------|------------------|------------|------------|----------------|
| Internal Operations (fund 418) | | | | | |
| Behavioral Care Manager | 1.0 FTE | \$ 72,000 | \$ 72,000 | \$ 72,000 | \$ 144,000 |
| Behavioral Care Director | .8 FTE | \$ 81,200 | \$ 81,200 | \$ 81,200 | \$ 162,400 |
| Benefits | | \$ 37,948 | \$ 37,948 | \$ 37,948 | \$ 75,896 |
| Computers | | \$ 16,400 | \$ - | \$ - | \$ - |
| Other Administrative Support Costs | | \$ 15,942 | \$ 15,942 | \$ 15,942 | \$ 31,884 |
| 3 mos. Consulting | One time cost | \$ 45,000 | \$ - | \$ - | \$ - |
| Subtotal | | \$ 268,490 | \$ 207,090 | \$ 207,090 | \$ 414,180 |
| Benefits Administration (fund 439) | | | | | |
| TPA computer programing | | \$ 10,000 | | | |
| Total UMP | | \$ 278,490 | \$ 207,090 | \$ 207,090 | \$ 414,180 |

| Basic Health: | | | | | | |
|------------------|---|---|-------------------------------|--------------|--------------|----------------|
| | Jan - June 2003 Estimated Premiums Before MH Parity | Jan - June 2004 Estimated Premiums Post MH Parity | Net Increase FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
| State Share | \$ 133,261,097 | \$ 135,863,811 | \$ 2,602,715 | \$ 5,205,430 | \$ 5,205,430 | \$ 10,410,859 |
| Subscriber Share | \$ 31,701,570 | \$ 32,098,267 | \$ 396,696 | \$ 793,393 | \$ 793,393 | \$ 1,586,785 |
| Total Premiums | \$ 164,962,667 | \$ 167,962,078 | \$ 2,999,411 | \$ 5,998,822 | \$ 5,998,822 | \$ 11,997,644 |

Mental Health Parity**PEBB Managed Care Plans: Low End Assumption**

| MCO Enrollment | CY 2003 Estimated Average Premiums | Estimated Total Monthly Premiums | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
|-----------------------------------|------------------------------------|----------------------------------|------------------|--------------|--------------|----------------|
| 69,674 | \$ 498.50 | \$ 34,732,489 | | | | |
| Mental Health Parity Increase | | 1.00% | | | | |
| Est. Mental Parity Monthly Impact | | \$ 347,325 | \$ 2,083,949 | \$ 4,167,899 | \$ 4,167,899 | \$ 8,335,797 |
| State Cost | | | \$ 1,875,554 | \$ 3,751,109 | \$ 3,751,109 | \$ 7,502,218 |
| State Employee Cost | | | \$ 208,395 | \$ 416,790 | \$ 416,790 | \$ 833,580 |
| Total | | | \$ 2,083,949 | \$ 4,167,899 | \$ 4,167,899 | \$ 8,335,797 |

Uniform Medical Plan: Low End Assumption

| UMP Enrollment | CY 2003 Estimated Average Premiums | Estimated Total Monthly Costs | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
|---------------------------------------|------------------------------------|-------------------------------|------------------|--------------|--------------|----------------|
| 28,667 | \$ 532.14 | \$ 15,254,857 | | | | |
| Mental Health Parity Increase | | 1.75% | | | | |
| Est. Mental Parity Monthly Impact | | \$ 266,960 | \$ 1,601,760 | \$ 3,203,520 | \$ 3,203,520 | \$ 6,407,040 |
| UMP Administration | | | \$ 278,490 | 207,090 | 207,090 | \$ 414,180 |
| Total UMP Benefits and Administration | | | \$ 1,880,250 | \$ 3,410,610 | \$ 3,410,610 | \$ 6,821,220 |
| State Cost | | | \$ 1,692,225 | \$ 3,069,549 | \$ 3,069,549 | \$ 6,139,098 |
| State Employee Cost | | | \$ 188,025 | \$ 341,061 | \$ 341,061 | \$ 682,122 |
| Total | | | \$ 1,880,250 | \$ 3,410,610 | \$ 3,410,610 | \$ 6,821,220 |

UMP and PEBB combined Premiums \$ 49,987,346
 UMP and PEBB increases \$ 614,285
 Weighted Average increase 1.2%

| | | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
|------------------------------------|---------------|------------------|------------|------------|----------------|
| UMP Administration: | | | | | |
| BH Care Manager | 1.0 FTE | \$ 72,000 | \$ 72,000 | \$ 72,000 | \$ 144,000 |
| BH Director | .8 FTE | \$ 81,200 | \$ 81,200 | \$ 81,200 | \$ 162,400 |
| 3 mos. Consulting | One time cost | \$ 45,000 | \$ - | \$ - | \$ - |
| TPA computer programing | | \$ 10,000 | \$ - | | |
| Benefits | | \$ 37,948 | \$ 37,948 | \$ 37,948 | \$ 75,896 |
| Computers | | \$ 16,400 | \$ - | \$ - | \$ - |
| Other Administrative Support Costs | | \$ 15,942 | \$ 15,942 | \$ 15,942 | \$ 31,884 |
| Total | | \$ 278,490 | \$ 207,090 | \$ 207,090 | \$ 414,180 |

Basic Health: Low End Assumption

| Jan - June 2003 Estimated Premiums Before MH Parity | | Jan - June 2004 Estimated Premiums Post MH Parity | Net Increase FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
|---|----------------|---|-------------------------------|--------------|--------------|----------------|
| State Share | \$ 133,261,097 | \$ 135,477,403 | \$ 2,216,306 | \$ 4,432,613 | \$ 4,432,613 | \$ 8,865,226 |
| Subscriber Share | \$ 31,701,570 | \$ 32,036,848 | \$ 335,278 | \$ 670,555 | \$ 670,555 | \$ 1,341,111 |
| Total Premiums | \$ 164,962,667 | \$ 167,514,251 | \$ 2,551,584 | \$ 5,103,168 | \$ 5,103,168 | \$ 10,206,336 |

Mental Health Parity

| PEBB Managed Care Plans: High End Assumption | | | | | | |
|---|------------------------------------|----------------------------------|------------------|---------------|---------------|----------------|
| MCO Enrollment | CY 2003 Estimated Average Premiums | Estimated Total Monthly Premiums | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
| 69,674 | \$ 498.50 | \$ 34,732,489 | | | | |
| Mental Health Parity Increase | | 2.75% | | | | |
| Est. Mental Parity Monthly Impact | | \$ 955,143 | \$ 5,730,861 | \$ 11,461,721 | \$ 11,461,721 | \$ 22,923,443 |
| State Cost | | | \$ 5,157,775 | \$ 10,315,549 | \$ 10,315,549 | \$ 20,631,098 |
| State Employee Cost | | | \$ 573,086 | \$ 1,146,172 | \$ 1,146,172 | \$ 2,292,344 |
| Total | | | \$ 5,730,861 | \$ 11,461,721 | \$ 11,461,721 | \$ 22,923,443 |

| Uniform Medical Plan: High End Assumption | | | | | | |
|--|------------------------------------|-------------------------------|------------------|--------------|--------------|----------------|
| UMP Enrollment | CY 2003 Estimated Average Premiums | Estimated Total Monthly Costs | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
| 28,667 | \$ 532.14 | \$ 15,254,857 | | | | |
| Mental Health Parity Increase | | 4.00% | | | | |
| Est. Mental Parity Monthly Impact | | \$ 610,194 | \$ 3,661,166 | \$ 7,322,332 | \$ 7,322,332 | \$ 14,644,663 |
| UMP Administration | | | \$ 278,490 | 207,090 | 207,090 | \$ 414,180 |
| Total UMP Benefits and Administration | | | \$ 3,939,656 | \$ 7,529,422 | \$ 7,529,422 | \$ 15,058,843 |
| State Cost | | | \$ 3,545,690 | \$ 6,776,479 | \$ 6,776,479 | \$ 13,552,959 |
| State Employee Cost | | | \$ 393,966 | \$ 752,942 | \$ 752,942 | \$ 1,505,884 |
| Total | | | \$ 3,939,656 | \$ 7,529,422 | \$ 7,529,422 | \$ 15,058,843 |

UMP and PEBB combined Premiums \$ 49,987,346

UMP and PEBB increases \$ 1,565,338

Weighted Average increase 3.1%

| | | FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
|------------------------------------|---------------|------------------|------------|------------|----------------|
| UMP Administration: | | | | | |
| BH Care Manager | 1.0 FTE | \$ 72,000 | \$ 72,000 | \$ 72,000 | \$ 144,000 |
| BH Director | .8 FTE | \$ 81,200 | \$ 81,200 | \$ 81,200 | \$ 162,400 |
| 3 mos. Consulting | One time cost | \$ 45,000 | \$ - | \$ - | \$ - |
| TPA computer programing | | \$ 10,000 | \$ - | | |
| Benefits | | \$ 37,948 | \$ 37,948 | \$ 37,948 | \$ 75,896 |
| Computers | | \$ 16,400 | \$ - | \$ - | \$ - |
| Other Administrative Support Costs | | \$ 15,942 | \$ 15,942 | \$ 15,942 | \$ 31,884 |
| Total | | \$ 278,490 | \$ 207,090 | \$ 207,090 | \$ 414,180 |

| Basic Health: High End Assumption | | | | | | |
|--|---|---|-------------------------------|--------------|--------------|----------------|
| | Jan - June 2003 Estimated Premiums Before MH Parity | Jan - June 2004 Estimated Premiums Post MH Parity | Net Increase FY 2003 (6 mos.) | FY 2004 | FY 2005 | 03-05 Biennium |
| State Share | \$ 133,261,097 | \$ 136,515,210 | \$ 3,254,113 | \$ 6,508,227 | \$ 6,508,227 | \$ 13,016,454 |
| Subscriber Share | \$ 31,701,570 | \$ 32,197,451 | \$ 495,881 | \$ 991,761 | \$ 991,761 | \$ 1,983,523 |
| Total Premiums | \$ 164,962,667 | \$ 168,712,661 | \$ 3,749,994 | \$ 7,499,988 | \$ 7,499,988 | \$ 14,999,976 |

IndividualStateAgencyFiscalNote

| | | |
|---------------------------|------------------------------------|--|
| BillNumber: 5211SB | Title: Mentalhealthbenefits | Agency: 160-OfficeofInsurance Commissioner |
|---------------------------|------------------------------------|--|

PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

| | | | | | |
|--------------|--|--|--|--|--|
| Fund | | | | | |
| | | | | | |
| Total | | | | | |

EstimatedExpendituresfrom:

| | | | | | |
|---|---------------|---------------|----------------|----------------|----------------|
| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
| FTEStaffYears | 0.9 | | 0.5 | | |
| Fund | | | | | |
| InsuranceCommissionersRegulatory Account-State 138-1 | 66,624 | | 66,624 | | |
| Total | \$66,624 | | \$66,624 | | |

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☒ Requiresnewrulemaking,completePartV.

| | | |
|------------------------------------|----------------------|------------------|
| LegislativeContact: | Phone: | Date: 02/02/2001 |
| AgencyPreparation: KacyBrandeberry | Phone: (360)664-3784 | Date: 01/23/2001 |
| AgencyApproval: KacyBrandeberry | Phone: (360)664-3784 | Date: 01/24/2001 |
| OFMReview: DougJenkins | Phone: 360-902-0563 | Date: 01/29/2001 |

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

Healthinsurersmustcoveroutpatientandinpatientmentalhealthservicesthesameashospitalormedicalservicesissued orrenewedafterJuly1,2002,andforgroupswithatleast25employees,butlessthan50,issuedorrenewedafterJuly1, 2003.Copaysorcoinsurancemayapply,butmaybenogreaterthenthoseofJanuary1,2001.

Children’s,asdefinedinthepolicy,benefitsmustbecomparabletomedicalandsurgicalservices.Adultmentalhealth benefitsmustbecovered,butmayhavedifferentialcopaysandcoinsuranceformentalhealthbenefitshowever,copays orcoinsurancemaynotbegreaterthanasofJanuary1,2001.

EffectiveJuly1,2002,largegroupplansnolongerhavetoofferamentalhealthbenefitsincethemandatedbenefitwill beineffect.Insurersmuststillofferanoptionalmentalhealthbenefittoallgroupplans.Stateemployeehealth benefitshaveanimplementationdateofJuly1,2002,andtheBHPhasanimplementationdateofJuly1,2003.

The measure states that the Office of the Insurance Commissioner will write administrative rules.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriaethedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

None

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthatresultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

Theagencyexpendituresinclude rule development, mailing notification to affected parties, and hearings related to the rules process. Rates and Forms will make a one-time modification to the analyst worksheet, mental health section, to assure carrier compliance with the new statute, and review changes to the contracts as they are filed by the carrier. This is assumed to be part of the normal course of the workflow. It is assumed that the writing of rules, and related hearings will also be part of the normal course of the workflow. Other expenditures are related to the cost of mailings related to rule notification. A one-page mailing to approximately 1100 people, two additional mailings will be sent to 1100 people, approximately 5 pages each.

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|--------------------------------------|----------|--------|----------|---------|---------|
| FTE Staff Years | 0.9 | | 0.5 | | |
| A-Salaries and Wages | 51,515 | | 51,515 | | |
| B-Employee Benefits | 10,786 | | 10,786 | | |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | 4,323 | | 4,323 | | |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | \$66,624 | | \$66,624 | | |

III.B-FTE 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 | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|---------------------------|--------|--------|--------|---------|---------|---------|
| Ins Poland Rate Analyst 2 | 50,016 | .2 | | .1 | | |
| Regulatory Pol Specialist | 65,928 | .7 | | .4 | | |
| Total | | .9 | | .5 | | |

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

- New section 3, 1, a, relating to disability carriers.
- New section 4, 1, a, relating to Health Care Services Contractors.
- New section 5, 1, a, relating to Health Maintenance Organizations.

Individual State Agency Fiscal Note

Revised

| | | |
|---------------------------|------------------------------------|--|
| BillNumber: 5211SB | Title: Mentalhealthbenefits | Agency: 300-DeptofSocialand HealthServices |
|---------------------------|------------------------------------|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| Fund | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|---|--------|--------|---------|----------------------|----------------------|
| General Fund-Federal 001-2----- | | | | (998,525) | (1,356,144) |
| General Fund-Private/Local 001-7-- --- | | | | (135,033) | (155,516) |
| Total | | | | \$(1,133,558) | \$(1,511,660) |

Estimated Expenditures from:

| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|----------------------------------|--------|--------|---------|----------------------|----------------------|
| FTE Staff Years | | | | | |
| Fund | | | | | |
| General Fund-State 001-1 | | | | (850,414) | (1,142,384) |
| General Fund-Federal 001-2 | | | | (998,525) | (1,356,144) |
| General Fund-Private/Local 001-7 | | | | (135,033) | (155,516) |
| Total | | | | \$(1,983,972) | \$(2,654,044) |

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: | Phone: | Date: 02/02/2001 |
| Agency Preparation: Debbie Schaub | Phone: 360-902-8177 | Date: 02/15/2001 |
| Agency Approval: Stan Marshburn | Phone: 360-902-8181 | Date: 02/23/2001 |
| OFM Review: Tom Lineham | Phone: 360-902-0543 | Date: 02/25/2001 |

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

Section2NewSection41.05

Publicemployeesandtheircovereddependentshealthplanprovidersshallprovidedcoverageformentalhealthservices.

Section3NewSection48.12

Allgroupdisabilityinsurancecontractsandblanketinsurancecontractsprovidinghealthcareservicesshallprovide coverageformentalhealthservices.

Section4NewSection48.44

Allhealthcareservicecontractsprovidinghealthcareservicesshallprovidecoverageformentalhealthservices.

Section5NewSection48.46

Allhealthbenefitplansofferedbyhealthmaintenanceorganizationsformentalhealthservices.

Section6NewSection70.47

Thebasichealthplanshallprovidecoverageformentalhealthservicestosubsidizedchildrenandadults.

ThesesectionareassumedtoimpacttheCategoricallyNeedy(CN)DisabledpersonsservedbytheMedicalAssistance Administration(MAA)andMentalHealthDivision(MHD).

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriatethedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

II.C-Expenditures

Brieflydescribetheagencyexpendituresnecessarytoimplementthislegislation(orsavingsresultingfromthislegislation),identifyingbysection numbertheprovisionsofthelegislationthatresultintheexpenditures(orsavings).Brieflydescribethefactualbasisoftheassumptionsandthe methodbywhichtheexpenditureimpactisderived.Explainhowworkloadassumptionstranslateintocostestimates.Distinguishbetweenonetime andongoingfunctions.

Sections2through7areassumedtoimpacttheCategoricallyNeedy(CN)DisabledpersonsservedbytheMedical AssistanceAdministration(MAA)andMentalHealthDivision(MHD).Itisestimatedthatofthispopulation10percent havementalhealthproblems.ItisassumedthatthischangewillbegradualandnothaveanimpactuntilafterDecember 2003.Itisestimatedthat1percentofthe10percentwillnolongercontinueontheprogramasaresultoftheavailability ofmentalhealthinsurancecoverage.

ThesechangesareassumedtoimpacttheGeneralAssistanceUnemployeable(GAU)programeligibles.Itisestimated that50percentofGAUrecipientshavementalhealthproblems.Itisassumedthatthischangewillbegradualandnot haveanimpactuntilafterDecember2003.Itisestimatedthat1percentofthe10percentwillnolongercontinueonthe programasaresultoftheavailabilityofmentalhealthinsurancecoverage.

Seeattachedworksheets5211RAttachment1.

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|--------------------------------------|--------|--------|---------|---------------|---------------|
| FTE Staff Years | | | | | |
| A-Salaries and Wages | | | | | |
| B-Employee Benefits | | | | | |
| C-Personal Service Contracts | | | | | |
| E-Goods and Services | | | | | |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | (1,983,972) | (2,654,044) |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| Total: | | | | \$(1,983,972) | \$(2,654,044) |

III.C-Expenditures By Program (optional)

| Program | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|----------|--------|--------|---------|---------------|---------------|
| MAA(080) | | | | (1,759,552) | (2,299,302) |
| MHD(030) | | | | (224,419) | (354,742) |
| Total | | | | \$(1,983,971) | \$(2,654,044) |

Part IV: Capital Budget Impact

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.

HB 5211

MAA

| | FY 2004 | FY 2005 |
|------------|---------|-----------|
| GF-State | 255,909 | 483,162 |
| GF-Local | 57,275 | 77,758 |
| GF-Federal | 296,717 | 588,731 |
| Total | 609,901 | 1,149,651 |

MHD

| | | |
|------------|--------|---------|
| GF-State | 23,313 | 88,029 |
| GF-Local | | |
| GF-Federal | 23,736 | 89,342 |
| Total | 47,049 | 177,371 |

Agency Totals

| | | |
|------------|---------|-----------|
| GF-State | 279,222 | 571,192 |
| GF-Local | 57,275 | 77,758 |
| GF-Federal | 320,453 | 678,072 |
| Total | 656,950 | 1,327,022 |

Medical Assistance Administration

| catego | DATE | eligibles | Per Cap | Blind | Disabled | Disabled *10%*1% | Savings | Minors | Adults |
|--------|-------|-----------|---------|-------|----------|---------------------|---------|---------|--------|
| 1040 | Jul03 | 107,084 | 669.23 | (100) | 106,984 | | 0 | 0 | 0 |
| 1040 | Aug03 | 107,084 | 669.23 | (100) | 106,984 | | 0 | 0 | 0 |
| 1040 | Sep03 | 107,084 | 669.23 | (100) | 106,984 | | 0 | 0 | 0 |
| 1040 | Oct03 | 107,084 | 669.23 | (100) | 106,984 | | 0 | 0 | 0 |
| 1040 | Nov03 | 107,084 | 669.23 | (100) | 106,984 | | 0 | 0 | 0 |
| 1040 | Dec03 | 107,084 | 669.23 | (100) | 106,984 | 107 | 71,597 | 10,740 | 60,857 |
| 1040 | Jan04 | 107,084 | 669.23 | (100) | 106,984 | 108 | 72,313 | 10,847 | 61,466 |
| 1040 | Feb04 | 107,084 | 669.23 | (100) | 106,984 | 109 | 73,036 | 10,955 | 62,081 |
| 1040 | Mar04 | 107,084 | 669.23 | (100) | 106,984 | 110 | 73,766 | 11,065 | 62,701 |
| 1040 | Apr04 | 107,084 | 669.23 | (100) | 106,984 | 111 | 74,504 | 11,176 | 63,328 |
| 1040 | May04 | 107,084 | 669.23 | (100) | 106,984 | 112 | 75,249 | 11,287 | 63,962 |
| 1040 | Jun04 | 107,084 | 669.23 | (100) | 106,984 | 114 | 76,002 | 11,400 | 64,601 |
| | | | | | | | 516,467 | | |
| | | | | | | | GF-S | 255,909 | |
| | | | | | | | GF-F | 260,557 | |
| | | | | | | | Total | 516,467 | |
| 1040 | Jul04 | 107,084 | 669.23 | (100) | 106,984 | 115 | 76,762 | 11,514 | 65,247 |
| 1040 | Aug04 | 107,084 | 669.23 | (100) | 106,984 | 116 | 77,529 | 11,629 | 65,900 |
| 1040 | Sep04 | 107,084 | 669.23 | (100) | 106,984 | 117 | 78,304 | 11,746 | 66,559 |
| 1040 | Oct04 | 107,084 | 669.23 | (100) | 106,984 | 118 | 79,088 | 11,863 | 67,224 |
| 1040 | Nov04 | 107,084 | 669.23 | (100) | 106,984 | 119 | 79,878 | 11,982 | 67,897 |
| 1040 | Dec04 | 107,084 | 669.23 | (100) | 106,984 | 121 | 80,677 | 12,102 | 68,576 |
| 1040 | Jan05 | 107,084 | 669.23 | (100) | 106,984 | 122 | 81,484 | 12,223 | 69,261 |
| 1040 | Feb05 | 107,084 | 669.23 | (100) | 106,984 | 123 | 82,299 | 12,345 | 69,954 |
| 1040 | Mar05 | 107,084 | 669.23 | (100) | 106,984 | 124 | 83,122 | 12,468 | 70,654 |
| 1040 | Apr05 | 107,084 | 669.23 | (100) | 106,984 | 125 | 83,953 | 12,593 | 71,360 |
| 1040 | May05 | 107,084 | 669.23 | (100) | 106,984 | 127 | 84,793 | 12,719 | 72,074 |
| 1040 | Jun05 | 107,084 | 669.23 | (100) | 106,984 | 128 | 85,640 | 12,846 | 72,794 |
| | | | | | | 106,984 | 121 | 973,529 | |
| | | | | | | | GF-S | 483,162 | |
| | | | | | | | GF-F | 490,366 | |
| | | | | | | | Total | 973,529 | |

| category | DATE | eligibles | Per Cap | GAU *50%*1% | |
|----------|-------|-----------|---------|----------------|--------|
| 1110 | Jul03 | 8,517 | 304.16 | | 0 |
| 1110 | Aug03 | 8,517 | 304.16 | 0 | 0 |
| 1110 | Sep03 | 8,517 | 304.16 | 0 | 0 |
| 1110 | Oct03 | 8,517 | 304.16 | 0 | 0 |
| 1110 | Nov03 | 8,517 | 304.16 | 0 | 0 |
| 1110 | Dec03 | 8,517 | 304.16 | 43 | 12,953 |
| 1110 | Jan04 | 8,517 | 304.16 | 43 | 13,082 |
| 1110 | Feb04 | 8,517 | 304.16 | 43 | 13,213 |
| 1110 | Mar04 | 8,517 | 304.16 | 44 | 13,345 |
| 1110 | Apr04 | 8,517 | 304.16 | 44 | 13,479 |
| 1110 | May04 | 8,517 | 304.16 | 45 | 13,613 |
| 1110 | Jun04 | 8,517 | 304.16 | 45 | 13,750 |
| FY 2002 | | | | | 93,434 |

| | |
|-------|--------|
| GF-L | 57,275 |
| GF-F | 36,159 |
| Total | 93,434 |

| | | | | | |
|------|-------|-------|--------|----|---------|
| 1110 | Jul04 | 8,517 | 304.16 | 46 | 13,887 |
| 1110 | Aug04 | 8,517 | 304.16 | 46 | 14,026 |
| 1110 | Sep04 | 8,517 | 304.16 | 47 | 14,166 |
| 1110 | Oct04 | 8,517 | 304.16 | 47 | 14,308 |
| 1110 | Nov04 | 8,517 | 304.16 | 48 | 14,451 |
| 1110 | Dec04 | 8,517 | 304.16 | 48 | 14,595 |
| 1110 | Jan05 | 8,517 | 304.16 | 48 | 14,741 |
| 1110 | Feb05 | 8,517 | 304.16 | 49 | 14,889 |
| 1110 | Mar05 | 8,517 | 304.16 | 49 | 15,038 |
| 1110 | Apr05 | 8,517 | 304.16 | 50 | 15,188 |
| 1110 | May05 | 8,517 | 304.16 | 50 | 15,340 |
| 1110 | Jun05 | 8,517 | 304.16 | 51 | 15,493 |
| | | | | | 176,122 |

| | |
|-------|---------|
| GF-L | 77,758 |
| GF-F | 98,364 |
| Total | 176,122 |

Mental Health Division

| | Average Annual Eligibles | Blind | Average Less Blind | Reduction | New Average Eligibles | Minors (15%) Combined Monthly Rate | Estimated Reduction |
|---------|--------------------------------|-------|--------------------------|-----------|-----------------------------|--|------------------------|
| FY 2004 | 107,084 | (100) | 107,184 | 32 | 107,152 | 80.05 | 4,633.29 |
| FY 2005 | 107,084 | (100) | 107,184 | 121 | 107,063 | 80.05 | 17,467.31 |

| Adults (85%) | |
|--------------------------|------------------------|
| Combined Monthly Rate | Estimated Reduction |
| 129.32 | 42,415.21 |
| 129.32 | ##### |

| Total | |
|---------|-----------|
| FY 2004 | 47,048.50 |
| FY 2005 | ##### |

| | |
|---------|-----------|
| FY 2004 | |
| GF-S | 23,312.53 |
| GF-F | 23,735.97 |
| Total | 47,048.50 |

| | |
|---------|-----------|
| FY 2003 | |
| GF-S | 88,029.15 |
| GF-F | 89,341.69 |
| Total | ##### |

| | |
|---------|-------|
| FY 2004 | |
| GF-S | ##### |
| GF-F | ##### |
| Total | ##### |

IndividualStateAgencyFiscalNote

| | | |
|---------------------------|------------------------------------|---|
| BillNumber: 5211SB | Title: Mentalhealthbenefits | Agency: 350-SuptofPublic Instruction |
|---------------------------|------------------------------------|---|

PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

| | | | | | |
|--------------|--|--|--|--|--|
| Fund | | | | | |
| | | | | | |
| Total | | | | | |

EstimatedExpendituresfrom:

| | | | | | |
|-------------------------|---------------|---------------|----------------|----------------|----------------|
| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
| FTEStaffYears | | | | | |
| Fund | | | | | |
| GeneralFund-State 001-1 | | 7,329,000 | 7,329,000 | 17,862,100 | 17,908,764 |
| Total | | \$7,329,000 | \$7,329,000 | \$17,862,100 | \$17,908,764 |

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemoslikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☐ Requiresnewrulemaking,completePartV.

| | | |
|--------------------------------|---------------------|------------------|
| LegislativeContact: | Phone: | Date: 02/02/2001 |
| AgencyPreparation: TomCase | Phone: 360-586-8841 | Date: 02/02/2001 |
| AgencyApproval: JenniferPriddy | Phone: 360-586-2356 | Date: 02/04/2001 |
| OFMReview: JulieSalvi | Phone: 360-902-0542 | Date: 02/05/2001 |

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 proposed legislation would require comparable mental health benefits for public employees.

Any requirement that impacts state employee health insurance impacts the K-12 system in two ways. The first is to public schools and educational serviced districts because of the past practice of the state providing funding to school districts based upon increases in the employer funding rate for state agencies. If health care insurance costs go up for state employees with health care insurance through the Health Care Authority, it is assumed that school districts and educational serviced districts would incur a similar, if not the same, increased cost per employee for health insurance. Health insurance is a cost factor recognized in the various funding formulae for K-12 education. Increases or decreases to the employer's share for health insurance costs for state employees becomes a corresponding increase or decrease to the health insurance component in the school funding formulae regardless of the actual impact to school districts and educational serviced districts.

The second impact is the employer's share for health insurance for employees of the Office of the Superintendent of Public Instruction. This impact is very small compared to the public schools. This impact is assumed to be included in the cost impact in the fiscal note prepared by the Health Care Authority.

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 assumption translates into estimates. Distinguish between one time and ongoing functions.

II.C- Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provision of the legislation that results 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 assumption translates into cost estimates. Distinguish between one time and ongoing functions.

For purposes of this fiscal note the following assumptions are used:

- 1) The impact would begin with the 2002-03 school year. Health care policies purchased by most of the school districts and educational serviced districts are renewed in September of each year;
- 2) Costs are based upon the assumptions in the Governor's maintenance level budget for the 2001-2003 Biennium adjusted by the COLA mandated by Initiative 732. Enrollment is increased for the 03-05 and 05-07 Bienniums by the percentage increase in K-12 enrollment as estimated by the Washington State Caseload Forecast Council for the 03-05 and 05-07 Bienniums;
- 3) School year costs are converted to state fiscal year costs using 80 percent of a school year in the current state fiscal year with the remaining 20 percent occurring in the following state fiscal year. Thus, the state fiscal year costs for 2001-02 represent 80 percent of the 2001-02 school year and state fiscal year costs for 2002-03 represent 20 percent of the 2001-02 school year and 80 percent of the 2002-03 school year.

Using Health Care Authority estimates, the increase in the state funding formulae health benefit cost factor areas follows:

| |
|--|
| Increase in Health Care Benefit Factor |
| 2001-20022002-20032003-20042004-20052005-20062006-2007 |
| \$0.00\$9.13\$8.86\$8.86\$8.86\$8.86 |

FormoreinformationonhowtheserateswerecalculatedrefertotheFiscalNotepreparedbytheHealthCareAuthority.

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

| | FY2002 | FY2003 | 2001-03 | 2003-05 | 2005-07 |
|----------------------------------|--------|-------------|-------------|--------------|--------------|
| FTEStaffYears | | | | | |
| A-SalariesandWages | | | | | |
| B-EmployeeBenefits | | | | | |
| C-PersonalServiceContracts | | | | | |
| E-GoodsandServices | | | | | |
| G-Travel | | | | | |
| J-CapitalOutlays | | | | | |
| M-InterAgency/FundTransfers | | | | | |
| N-Grants,Benefits&ClientServices | | 7,329,000 | 7,329,000 | 17,862,100 | 17,908,764 |
| P-DebtService | | | | | |
| S-InteragencyReimbursements | | | | | |
| T-Intra-AgencyReimbursements | | | | | |
| Total: | | \$7,329,000 | \$7,329,000 | \$17,862,100 | \$17,908,764 |

PartIV:CapitalBudgetImpact

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseexistingrules.