

MultipleAgencyFiscalNoteSummary

BillNumber: 1364HB

Title: Generalanesthesiaservices

EstimatedCashReceipts

AgencyName	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
WashingtonStateHealthCare Authority	0	55,171	0	74,976	0	74,976
Total:	0	55,171	0	74,976	0	74,976

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	.0	0	55,171	.0	0	74,976	.0	0	74,975
OfficeofInsurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total:	.0	0	55,171	.0	0	74,976	.0	0	74,975

LocalGov.Courts*									
LocalGov.Other**									
LocalGov.Total									

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Preparedby: GinaTerry,OFM

Phone:

360-902-0579

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* SeeOfficeoftheAdministratorfortheCourtsjudicialfiscalnote

** Seelocalgovernmentfiscalnote

Individual State Agency Fiscal Note

Revised

Bill Number: 1364HB	Title: General anesthetics services	Agency: 107-Wash State Health Care Authority
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
Public Employees' and Retirees Insurance Account-Non-Appropriated 721-6-----	17,683	37,488	55,171	74,976	74,976
Total	\$17,683	\$37,488	\$55,171	\$74,976	\$74,976

Estimated Expenditures from:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years					
Fund					
Public Employees' and Retirees Insurance Account-Non-Appropriated 721-6	17,683	37,488	55,171	74,976	74,975
Total	\$17,683	\$37,488	\$55,171	\$74,976	\$74,975

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: John Welsh	Phone: 360-786-7133	Date: 02/13/2001
Agency Preparation: Faith Lai	Phone: (360)923-2746	Date: 02/23/2001
Agency Approval: Beau Bergeron	Phone: (360)923-2827	Date: 03/02/2001
OFM Review: Gina Terry	Phone: 360-902-0579	Date: 03/05/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

Seetheattached.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriate,thedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

Seetheattached.

II.C-Expenditures

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

Seeattached

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears					
A-Salaries&Wages					
B-EmployeeBenefits					
C-PersonalServContr					
E-GoodsandServices					
G-Travel					
J-CapitalOutlays					
M-InterAgencyFundTransfers					
N-Grants,BenefitsServices	17,683	37,488	55,171	74,976	74,976
P-DebtService					
S-InteragencyReimbursement					
T-Intra-AgencyReimbursement					
Total:	\$17,683	\$37,488	\$55,171	\$74,976	\$74,976

III.C-ExpendituresByProgram(optional)

Program	FY2002	FY2003	2001-03	2003-05	2005-07
BasicHealth(020)					
BHBenefits(070)					
CommunityHealthServices(030)					
HealthCarePlanning(060)					
Other(New)					
PEBB(040)	17,683	37,488	55,171	74,976	74,976
ProgramSupport(010)					
UMP(050)					
WSHIP(080)					
Total	\$17,683	\$37,488	\$55,171	\$74,976	\$74,976

PartIV:CapitalBudgetImpact

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.

None.

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

This bill would require health plans and dental plans to cover general anesthesia services in conjunction with dental procedures when provided in the hospital, medical or ambulatory surgical center, or a dental office for persons 1) under the age of seven; 2) with physical or developmental disabilities; and 3) with at least one medical condition that would create an undue medical risk if the procedure was not performed safely and effectively. The bill refers to public employees and their covered dependents. We have assumed that:

- 1) Public Employees Benefits Board (PEBB) non-Medicare and Medicare retirees are excluded;
- 2) Basic Health (BH) subsidized and non-subsidized programs are not covered;
- 3) Disabled dependents who might qualify for Medicare are excluded;
- 4) The bill would take effect on January 1, 2002, the Health Care Authority (HCA) next contract renewal date.

II. B - Cash Receipts Impact

It is assumed that the state funding rate and employee contribution will increase to cover the cost for state employees. It is assumed that the increased costs for retirees and other PEBB members will be paid by those individuals.

II. C - Expenditures

The Washington State Dental Association (WSDA) submitted a report to the Department of Health (DOH) for the managed benefit review two years ago. We used the WSDA report as a basis for our cost assumptions. The WSDA report was based upon several studies including the following information:

- 1) A study by the Washington Dental Services (WDS) reported that coverage of general anesthesia for dental procedures would cause an increase of approximately \$.02 per subscriber per month (pmpm).
- 2) The cost for dental anesthesia was approximately .042 percent of total dental insurance premiums.
- 3) The average cost for general anesthesia was between \$2,250 and \$4,000.
- 4) The WSDA report also cited the Medi-Cal program in California which provides medically necessary general anesthesia coverage for Denti-Cal patients. The Medi-Cal program estimated a .23 percent utilization rate for dental anesthesia, which is for children ages 0~20.

Based upon the WSDA report, we were able to develop a mid range estimate that assumes cost increases of 0.042 percent of the total dental plan premiums. The cost assumptions do not include any potential medical cost offsets. Revenue and expenditure calculations are shown in Table 1.

The use of dental anesthesia in certain cases may allow a dentist to perform dental care that would prevent more serious oral surgeries later. We were, however, unable to reasonably predict the impact the use of dental anesthesia might have on the reduction of future surgeries.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

HCA Fiscal Note

Bill #: HB 1364R

Table 1, PEBB-UMP Impact

HCA Request: FN 01-21

	FY 2002	FY 2003	Total Biennium		PEBB Subscribers	Percent of total
MCO Dental Premiums	\$14,273,116	\$15,129,503	\$29,402,619	Employees	100,369	77.1%
UMP Dental Plan Claims	<u>\$71,590,288</u>	<u>\$75,873,398</u>	<u>\$147,463,686</u>	Retirees w/ dental	29,734	22.9%
Total	\$85,863,404	\$91,002,901	\$176,866,305	Total pool	130,103	100%

Impact of dental anesthesia requirement	0.042%	0.042%	
Annual dental anesthesia costs	\$ 36,063	\$ 38,221	\$ 74,284
Adjust FY 02 base to start 1/1/02 (6 months)	\$ (18,032)		\$ (18,032)

Additional cost of this bill \$ 18,032 \$ 38,221 \$ 56,253

Expenditures

	7/01-12/01	1/02-6/02	7/02-12/02	1/03-6/03	7/03-12/03	1/04-6/04	7/04-12/04	1/05-6/05	7/05-12/05	1/06-6/06	7/06-12/06	1/07-6/07
Additional benefits cost		18,032	19,111	19,111	19,111	19,111	19,111	19,111	19,111	19,111	19,111	19,111
		CY 02 total	37,142	CY 03 total	38,221	CY 04 total	38,221	CY 05 total	38,221	CY 06 total	38,221	
Total Expenditures	FY 02 total	18,032	FY 03 total	38,221	FY 04 total	38,221	FY 05 total	38,221	FY 06 total	38,221	FY 07 total	38,221

Revenues

	7/01-12/01	1/02-6/02	7/02-12/02	1/03-6/03	7/03-12/03	1/04-6/04	7/04-12/04	1/05-6/05	7/05-12/05	1/06-6/06	7/06-12/06	1/07-6/07
Revenue needed		18,032	19,111	19,111	19,111	19,111	19,111	19,111	19,111	19,111	19,111	19,111
		CY 02 total	37,142	CY 03 total	38,221	CY 04	38,221	CY 05 total	38,221	CY 06 total	38,221	
Total revenue	FY 02 total	18,032	FY 03 total	38,221	FY 04 total	38,221	FY 05 total	38,221	FY 06 total	38,221	FY 07 total	38,221

	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Revenue by Source						
Funding rate - State Share (total funds)	\$ 12,798	\$ 26,537	\$ 26,537	\$ 26,537	\$ 26,537	\$ 26,537
Funding rate - Employee Contribution	\$ 1,113	\$ 2,949	\$ 2,949	\$ 2,949	\$ 2,949	\$ 2,949
NM retirees	\$ 4,121	\$ 8,735	\$ 8,735	\$ 8,735	\$ 8,735	\$ 8,735
Total	\$ 18,032	\$ 38,221	\$ 38,221	\$ 38,221	\$ 38,221	\$ 38,221

Funding rate - State Share Source						
61% GF-State	7,807	16,188	16,188	16,188	16,188	16,188
11% GF-Federal	1,408	2,919	2,919	2,919	2,919	2,919
1% GF-Local	128	265	265	265	265	265
27% Non Appropriated	3,455	7,165	7,165	7,165	7,165	7,165
100% Total funds	12,798	26,537	26,537	26,537	26,537	26,537

Funding rate - State Share per subscriber per month.

	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
State employee enrollment 100,369	0.02	0.02	0.02	0.02	0.02	0.02

Notes:

- For purposes of this fiscal note, average rates for FY04 and subsequent years are assumed to remain at the FY03 level.
- This fiscal note assumes that state employees pay 8% of the FY 02 cost and 10% of the cost in FY 03 and following years, consistent with the Governor's 01-03 budget. Employee contributions are shown as a cash receipt to other non appropriated funds on the front page summary of this fiscal note.
- Non Medicare retirees are 10% of the risk pool, so they are assumed to pay 10% of the cost.
- Current dental premium costs and PEBB enrollment are per the February 01 PEBB projection (William Mercer, Inc).

IndividualStateAgencyFiscalNote

BillNumber: 1364HB	Title: Generalanesthesiaservices	Agency: 160-OfficeofInsurance Commissioner
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PartI:Estimates

☒ NoFiscalImpact

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemostlikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

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

LegislativeContact: JohnWelsh	Phone: 360-786-7133	Date: 02/13/2001
AgencyPreparation: BillHagens	Phone: (360)586-5597	Date: 02/15/2001
AgencyApproval: MikeWatson	Phone: 360-664-4614	Date: 02/16/2001
OFMReview: DougJenkins	Phone: 360-902-0563	Date: 02/16/2001