

Multiple Agency Fiscal Note Summary

Bill Number: 2317 HB	Title: Hospital financing
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Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Washington Health Care Facilities Authority	0	1,850,500	0	1,646,000	0	1,646,000
Total \$	0	1,850,500	0	1,646,000	0	1,646,000

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Health	.0	0	0	.0	0	0	.0	0	0
Washington Health Care Facilities Authority	1.0	0	1,850,500	1.0	0	1,646,000	1.0	0	1,646,000
Total	1.0	\$0	\$1,850,500	1.0	\$0	\$1,646,000	1.0	\$0	\$1,646,000

Estimated Capital Budget Impact

NONE

Prepared by: Adam Aaseby, OFM	Phone: 360-902-0539	Date Published: Final 1/16/2012
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 2317 HB	Title: Hospital financing	Agency: 303-Department of Health
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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 Cordes	Phone: 360-786-7103	Date: 01/11/2012
Agency Preparation: Loan Nguyen	Phone: 360-236-4537	Date: 01/12/2012
Agency Approval: Jodine Sorrell	Phone: 360-236-4532	Date: 01/12/2012
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 01/12/2012

Request # 12-030-1

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.

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.

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.

Part IV: Capital Budget Impact

NONE

Individual State Agency Fiscal Note

Bill Number: 2317 HB	Title: Hospital financing	Agency: 599-Health Care Facilities Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2012	FY 2013	2011-13	2013-15	2015-17
All Other Funds-Non-Appropriated 000-6	1,027,500	823,000	1,850,500	1,646,000	1,646,000
Total \$	1,027,500	823,000	1,850,500	1,646,000	1,646,000

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
Account					
All Other Funds-Non-Appropriated 000-6	1,027,500	823,000	1,850,500	1,646,000	1,646,000
Total \$	1,027,500	823,000	1,850,500	1,646,000	1,646,000

Estimated Capital Budget Impact:

NONE

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 Cordes	Phone: 360-786-7103	Date: 01/11/2012
Agency Preparation: Donna Fincke	Phone: (360) 753-6185	Date: 01/13/2012
Agency Approval: Donna Fincke	Phone: (360) 753-6185	Date: 01/13/2012
OFM Review: Adam Aaseby	Phone: 360-902-0539	Date: 01/16/2012

Request # FN2317-1

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.

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.

Section 4 amends existing RCW 70.37.090 relating to the Authority's ability to assess fees and charges to participants, adding specific new authority to charge fees for the review, verification and enforcement with the requirements regarding charity care, nonemergent emergency department visits and hospital readmission mandated by Section 2 of the bill. Based on additional cost estimates, the Authority would have to collect an additional \$1,027,500 for fiscal year 2012 and \$823,000 annually thereafter from its applicants through increases in annual charges.

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.

II. C – Expenditures

Section 2 of the bill adds a new section to chapter 70.37 RCW with new mandates that participants in a hospital project must covenant to provide additional charity care and reduce nonemergent emergency department visits and readmissions rates. The Authority is required to verify compliance at least annually, and noncompliance is subject to penalties adopted by the Authority by rule

Section 3 amends existing RCW 70.37.050 relating to requests for Authority financial assistance and the issuance of bonds to add new requirement that the Authority specifically consider whether an applicant has agreed to and can reasonably be expected to achieve the requirements mandated by Section 2 the bill regarding charity care, nonemergent emergency department visits and hospital readmissions (Section 3(1)(b)(i)) and whether the applicant has complied with such requirements under previous financings subject to such mandates (Section 3(1)(b)(ii)).

Initial upfront planning costs and the costs of modifications to Authority rules and policies are estimated to be \$204,500. This estimate is based on an estimated 300 hours of outside attorney assistance at an average fee of \$400 per hour (plus incidental costs) plus 85 hours of Assistant Attorney General time at \$200 per hour.

The ongoing annual costs to the Authority to implement the bill are estimated at \$823,000. The additional costs would include outside consultant of \$735,000 per year to assist in the review of requests for financial assistance to determine borrower compliance with the new mandates and assist with the ongoing surveillance and enforcement of the new requirements and an additional compliance officer at \$88,000 per year (salary plus benefits). For the outside consultant it is assumed 35 reviews would be conducted annually and will take approximately 70 hours per review at a cost of \$300 per hour (plus incidental costs).

In addition, the Authority may incur additional legal costs in an amount that is currently undeterminable to defend the

Authority in the event of loan defaults resulting from any covenant failure as well as outside challenges during the application review process.

Finally, the Authority may also incur additional costs that are currently undeterminable in connection with the revision of debt issuance policies to accommodate adverse market reaction to the bill's potential borrower impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
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					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	\$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 2012	FY 2013	2011-13	2013-15	2015-17
Compliance Officer	88,000	1.0	1.0	1.0	1.0	1.0
Total FTE's	88,000	1.0	1.0	1.0	1.0	1.0

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.

The Authority rules would have to be modified to reflect the changes in the bill. This would include new rules for the investigation and verification requirements, and enforcement of penalties, modification of existing rules to conform to new statutory requirements that either modify or replace existing rules and modification of existing rules on application fees.