

Department of Revenue Fiscal Note

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| Bill Number: 1183 HB | Title: Radiology benefit managers | Agency: 140-Department of Revenue |
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| Account | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|---|---------|---------|---------|---------|---------|
| Master License Account-State 02 - Lic., Permits & Fees 92 - Master License | 22,000 | 22,000 | 44,000 | 44,000 | 44,000 |
| Total \$ | 22,000 | 22,000 | 44,000 | 44,000 | 44,000 |

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

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.

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|-----------------------------------|-----------------------|------------------|
| Legislative Contact: | Phone: | Date: 01/15/2015 |
| Agency Preparation: Gerald Sayler | Phone: 360-534-1517 | Date: 01/20/2015 |
| Agency Approval: Don Gutmann | Phone: 360-534-1510 | Date: 01/20/2015 |
| OFM Review: Kathy Cody | Phone: (360) 902-9822 | Date: 01/20/2015 |

Request # 1183-1-1

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.

This legislation relates to radiology benefit managers adding a new chapter to Title 19 RCW.

Section 1 of this act establishes definitions pertaining to this legislation. It defines a "radiology benefit manager" as a person that contracts with, or is owned by, an insurer or a third-party payor to:

- (i) Process claims for services and procedures performed by a licensed radiologist or advanced diagnostic imaging service provider; or
- (ii) Pay or authorize payment to radiology clinics, radiologists, or advanced diagnostic imaging services providers or services or procedures

Section 2 requires that radiology benefit managers to register with the Department of Revenue (Department) and annually renew the registration. The licensing requirements are outlined in this section. The registration and renewal fee is \$200. The fee is to be deposited into the business license account created in RCW 19.02.210.

Sections 3 through 9 outline the requirements and procedures that must be followed in an audit of a radiologist, radiology clinic, or advanced diagnostic imaging service provider. These rules do not apply to state agencies or state contractors auditing a radiologist, radiology clinic, or advanced diagnostic imaging service provider.

Section 10 establishes that sections 1 through 9 constitute a new chapter in Title 19 RCW.

This legislation has an effective date of 90 days after final adjournment of this legislative session.

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.

ASSUMPTIONS

- Estimated 100 permits issued per year.
- Number of permits to remain constant each year.
- The Department will be the administering agency.

DATA SOURCES

- Department taxpayer data

REVENUE ESTIMATES

State revenues will increase by approximately \$44,000 per biennium beginning in the biennium ending in Fiscal Year 2017.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

| | |
|-----------|-------|
| FY 2016 - | \$ 22 |
| FY 2017 - | \$ 22 |
| FY 2018 - | \$ 22 |
| FY 2019 - | \$ 22 |
| FY 2020 - | \$ 22 |

Local Government, if applicable (cash basis, \$000): None

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.

ASSUMPTIONS:

- 100 taxpayers will be affected by this legislation.
- Only licensing by the Department's Business Licensing Service will be administered by the Department.

INITIAL COSTS:

The Department will incur costs of \$11,000 in Fiscal Year 2015 that are NOT included in the six year expenditure impact for this fiscal estimate. These start-up costs include:

- Labor Costs - Time and effort equates to 0.1 FTE.
- Set up, program and test computer system changes for the Business License System to establish a radiology benefit manager license.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

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.

No rule-making required.