

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1505 HB	<b>Title:</b> Naloxone access grant prog.
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## Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Revenue	0	28,500,000	0	34,200,000	0	34,200,000
<b>Total \$</b>	<b>0</b>	<b>28,500,000</b>	<b>0</b>	<b>34,200,000</b>	<b>0</b>	<b>34,200,000</b>

## Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.1	20,900	20,900	.0	0	0	.0	0	0
Department of Health	1.0	78,000	17,078,000	.7	0	34,000,000	.7	0	34,000,000
<b>Total</b>	<b>1.1</b>	<b>\$98,900</b>	<b>\$17,098,900</b>	<b>0.7</b>	<b>\$0</b>	<b>\$34,000,000</b>	<b>0.7</b>	<b>\$0</b>	<b>\$34,000,000</b>

## Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

<b>Prepared by:</b> Bryce Andersen, OFM	<b>Phone:</b> (360) 902-0580	<b>Date Published:</b> Final 1/31/2017
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 45440

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1505 HB	<b>Title:</b> Naloxone access grant prog.	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

### 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). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: 01/20/2017
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 01/23/2017
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 01/23/2017
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/23/2017

## 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.*

HB 1505 creates the naloxone access account and allows the account to retain its earnings from investments.

### 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.*

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. Two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings. Based on the November 2016 revenue forecast, assume approximately \$6,800 in FY 18, \$16,800 in FY 19, \$26,800 in FY 20 and \$29,300 in FY 21 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

### 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.*

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## 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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1505 HB	<b>Title:</b> Naloxone access grant prog.	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Account	FY 2018	FY 2019	2017-19	2019-21	2021-23
NEW-State 00 - 00 -	11,400,000	17,100,000	28,500,000	34,200,000	34,200,000
<b>Total \$</b>	11,400,000	17,100,000	28,500,000	34,200,000	34,200,000

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.1	0.1		
<b>Account</b>					
GF-STATE-State 001-1	9,500	11,400	20,900		
<b>Total \$</b>	9,500	11,400	20,900		

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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.*

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/20/2017
Agency Preparation: Van Huynh	Phone: 360-534-1512	Date: 01/31/2017
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 01/31/2017
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 01/31/2017

Request # 1505-2-2

## 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.*

Note: This fiscal note reflects a revision to the revenue impacts, and supersedes fiscal note number 1505-1.

This bill imposes a new fee of one-half of one cent per morphine equivalent dose on each sale by wholesale distributors of prescription opioids distributed in Washington state.

The fee is in addition to any other fees or taxes that apply to the sale or use of prescription opioids. The fee will be remitted to the Department of Revenue (Department) at the same time as the wholesale distributor remits its business and occupation tax.

The Department will deposit all receipts from the fee into the new naloxone access account. Expenditures from the account will be used to administer the naloxone access grant program. The grant program distributes funds to local health jurisdictions to purchase naloxone, distribute it to persons at highest risk for opioid overdose, provide training regarding how to administer naloxone, and engage in community outreach to educate the public regarding potential harms of opioid use.

"Prescription opioid" means hydrocodone, oxycodone, oxymorphone, propoxyphene, hydromorphone, meperidine, diphenoxylate, or fentanyl prescribed by a health care provider.

The bill takes effect October 1, 2017.

### 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

- Annually, there are 4.0 million prescriptions for opioids in Washington. This quantity includes only the products specifically defined as "prescription opioid" in the legislation.
- These prescriptions together has 3.4 billion morphine equivalent doses to which the new fee will apply.

#### DATA SOURCES

- Department of Health.

#### REVENUE ESTIMATES

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2018 -	\$ 11,400
FY 2019 -	\$ 17,100
FY 2020 -	\$ 17,100
FY 2021 -	\$ 17,100
FY 2022 -	\$ 17,100
FY 2023 -	\$ 17,100

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:

This bill affects 50 taxpayers.

### FIRST YEAR COSTS:

The Department will incur total costs of \$9,500 in Fiscal Year 2018. These costs include:

Labor Costs – Time and effort equates to 0.1 FTEs.

- Act as liaison with IS; attend implementation meetings, monitor timelines, develop new line, reason, refund and transaction codes; assist in form development, oversee computer systems, resolve computer system problems, and conduct testing for each return period.

### SECOND YEAR COSTS:

The Department will incur total costs of \$11,500 in Fiscal Year 2019. These costs include:

Labor Costs – Time and effort equates to 0.1 FTEs.

- Program system changes.

### ONGOING COSTS:

There are no ongoing costs.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.1	0.1		
A-Salaries and Wages	5,900	7,300	13,200		
B-Employee Benefits	1,800	2,200	4,000		
E-Goods and Other Services	1,100	1,200	2,300		
J-Capital Outlays	700	700	1,400		
<b>Total \$</b>	<b>\$9,500</b>	<b>\$11,400</b>	<b>\$20,900</b>		

**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 2018	FY 2019	2017-19	2019-21	2021-23
EXCISE TAX EX 4	58,548	0.1		0.1		
IT SPEC 5	73,140		0.1	0.1		
<b>Total FTE's</b>	<b>131,688</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>		

## 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.

No rule-making required.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1505 HB	<b>Title:</b> Naloxone access grant prog.	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.7	1.2	1.0	0.7	0.7
<b>Account</b>					
General Fund-State 001-1	78,000	0	78,000	0	0
NEW-Private/Local NEW-7	0	17,000,000	17,000,000	34,000,000	34,000,000
<b>Total \$</b>	78,000	17,000,000	17,078,000	34,000,000	34,000,000

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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.*

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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: 01/20/2017
Agency Preparation: Summer Wurst	Phone: (360) 236-4537	Date: 01/27/2017
Agency Approval: Ryan Black	Phone: (360) 236-4530	Date: 01/27/2017
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 01/30/2017

## 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 establishes the Naloxone Access Grant Program.

Section 1: Imposes a fee of one-half of one cent per morphine equivalent dose placed upon each sale by any wholesale distributor of prescription opioids distributed in Washington State.

Section 2: Establishes the naloxone access account. Expenditures from this account may only be used for the Department of Health (department) to administer the naloxone access grant program and distribute grants to Local Health Jurisdictions (LHJs).

Section 3(1): Requires the department to establish a naloxone access grant program to distribute funds LHJs to purchase naloxone and distribute it to persons at highest risk for opioid overdose, provide training regarding how to administer naloxone, and engage in community outreach to educate the public regarding potential harms of opioid use.

Section 3(2): Requires the department to establish all necessary procedures to administer the naloxone access grant program, including establishing application procedures, adopting scoring criteria for grant applications, and distributing grants from the naloxone access account to successful applicants.

### 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.*

This bill creates the naloxone access account. The Department of Revenue is required to collect and deposit all receipts from the fee of one-half of one cent per morphine equivalent dose placed upon each sale of prescription opioids. Based on information from the Prescription Monitoring Program (PMP), there were approximately 4.0 million prescriptions for opioids filled in calendar year 2015.

The department assumes that the fees received will be in excess of \$17,000,000 per year (see attachment for assumption calculations).

### 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: The department is assuming grants will be distributed to all Local Health Jurisdictions (LHJs). Work to implement the requirements of this bill will need to start as soon as possible after the bill passes; the department anticipates work will begin in November 2017. The department will need to work closely with the Washington State Association of Local Public Health Officials (WASALPHO) and LHJs to design and develop training for LHJs on how to train people to administer naloxone. Because this is a new program, the level of oversight will be higher in the first two years. Once LHJs are used to doing the work, the departments' management and monitoring of the program will be less.

Section 5: Establishes an effective date of October 1, 2017. The department will begin the naloxone access grant program on July 1, 2018. This will allow the department time to develop a grant application procedure, an



application, scoring criteria, and determine if rulemaking is necessary. This also allows for revenue collection prior to any grant awards.

### Section 3:

If rulemaking is deemed necessary, rulemaking will include two stakeholder meetings and one formal rules hearing; all meeting will be held in free facilities. Costs include staff and associated costs, and \$1,000 associated with Office of Attorney General time.

In fiscal year (FY) 2018, total one-time General fund state rulemaking costs will be 0.1 FTE and \$13,000.

The department will require .7 FTE in FY 2018, 1.2 FTE in FY 2019 and .7 FTE ongoing to establish a naloxone access grant program and distribute funds to LHJs. These staff will create contractor allocations, determine high-risk regions and create funding requirements per epidemiological data, develop and provide trainings and monitor the grant program. The department will work with WASALPHO and LHJs to develop and design a training program, develop the grant application; adopt scoring criteria for grant applications, process annual competitive grant applications, review, monitor, and track grant deliverables, and process grant payments. The department anticipates the grant program to model many federal programs cycles: (1) first year will require a competitive application; (2) second and third year will be non-competitive renewals, and; (3) fourth year will begin competitive application cycle.

Starting in November of FY 2018, program implementation costs will include staff and related costs for 0.6 FTE for a total of \$65,000 General Fund State.

In FY 2019 costs will include staff and related costs for 1.2 FTE and estimated \$16,700,000 in grant funding to LHJs for a total of \$17,000,000.

In FY 2020 and ongoing, operating costs will include staff and related costs for 0.7 FTE and estimated \$16,800,000 in grant funding for a total of \$17,000,000.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.7	1.2	1.0	0.7	0.7
A-Salaries and Wages	40,000	70,000	110,000	82,000	82,000
B-Employee Benefits	14,000	25,000	39,000	30,000	30,000
E-Goods and Other Services	21,000	234,000	255,000	442,000	442,000
J-Capital Outlays	2,000		2,000		
N-Grants, Benefits & Client Services		16,668,000	16,668,000	33,444,000	33,444,000
T-Intra-Agency Reimbursements	1,000	3,000	4,000	2,000	2,000
<b>Total:</b>	<b>\$78,000</b>	<b>\$17,000,000</b>	<b>\$17,078,000</b>	<b>\$34,000,000</b>	<b>\$34,000,000</b>

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

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>
HEALTH SERVICES	57,144	0.6	1.0	0.8	0.5	0.5
CONSULTANT 2 HEALTH SERVICES	64,620		0.2	0.1	0.2	0.2
CONSULTANT 3 HEALTH SERVICES	71,316	0.1		0.1		
CONSULTANT 4 <b>Total FTE's</b>	193,080	0.7	1.2	1.0	0.7	0.7

**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.*

Section 3: The Department will adopt rules as necessary to implement the bill.

Medication Per Bill Language	Number of Prescriptions	Total Units (tabs, caps, etc.)	Mean Units per Prescription	Total MED in 2015	Mean MED per Prescription	Total Days of Supply	Mean Days of Supply per Prescription	Mean MED per Day	Estimated Cash Receipts (\$0.005 per MED)
Hydrocodone	2,063,817	130,460,284	63.2	869,163,646	421.1	31,617,240	15.3	27.5	\$4,345,818
Oxycodone	1,669,242	131,848,248	79.0	1,921,211,118	1,150.9	28,648,586	17.2	67.1	\$9,606,056
Oxymorphone	16,052	1,158,466	72.2	52,699,320	3,283.0	430,452	26.8	122.4	\$263,497
Propoxyphene (discontinued)	0	0	0.0	0	0.0	0	0.0	0.0	\$0
Hydromorphone	142,576	11,716,960	82.2	172,801,918	1,212.0	2,367,329	16.6	73.0	\$864,010
Meperidine	5,424	328,207	60.5	1,523,780	280.9	74,394	13.7	20.5	\$7,619
Diphenoxylate (diarrhea med)	31,990	2,562,813	80.1	0	0.0	551,972	17.3	0.0	\$0
Fentanyl	104,887	1,600,775	15.3	407,572,861	3,885.8	2,798,442	26.7	145.6	\$2,037,864
	4,033,988	279,675,753	452	3,424,972,643	10,234	66,488,415	134	456	\$ 17,124,863.22