

Multiple Agency Fiscal Note Summary

Bill Number: 2408 HB	Title: Individual health market
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Insurance Commissioner	.5	0	162,145	.8	0	266,130	.8	0	266,130
Total	0.5	\$0	\$162,145	0.8	\$0	\$266,130	0.8	\$0	\$266,130

Estimated Capital Budget Impact

NONE

Prepared by: Robyn Williams, OFM	Phone: (360) 902-0575	Date Published: Final 2/ 5/2018
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 51862

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Revised

Bill Number: 2408 HB	Title: Individual health market	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: Jim Morishima	Phone: 360-786-7191	Date: 01/10/2018
Agency Preparation: Tanya Deuel	Phone: 360-725-0908	Date: 02/05/2018
Agency Approval: Rene Newkirk	Phone: 360-725-1307	Date: 02/05/2018
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 02/05/2018

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.

See attached narrative.

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.

See attached narrative.

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.

See attached narrative.

Part III: Expenditure Detail

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.

See attached narrative.

HCA Fiscal Note

Bill Number: HB 2408

HCA Request #: 18-28

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Section 2 of this bill would require health carriers contracted by the School Employees' Benefits Board (SEBB) to offer at least one silver qualified health plan on the Washington State Health Benefit Exchange (HBE) in any county that would not otherwise have any individual market health plans offered.

Section 3 of this bill would allow a person eligible for WSHIP coverage, because individual health coverage is not available, to have his or her premium rate reduced. If there are no Qualified Health Plans in the geographic rating area, the amount of the reduction is the average amount of premium subsidies available to persons of the same income statewide. These reductions are funded through the WSHIP assessments on health carriers, Medicaid managed care plans, and the Uniform Medical Plan (UMP).

II. B - Cash Receipts Impact

No cash receipt impact.

II. C - Expenditures

Section 2(1) of this bill would require health carriers contracted by SEBB to offer at least one silver qualified health plan on the Washington State Health Benefit Exchange in any county that would not otherwise have any individual market health plans offered.

Although this bill has no direct impact to HCA, there may be an impact on size of the bidder pool for SEBB fully-insured medical plans. The requirement to annually offer a QHP in every county of the state may not be feasible for some carriers who would otherwise submit a bid to offer SEBB Program medical benefits to some school employees.

To ensure carriers do not add administrative costs of this requirement into their bid rates spread across their entire book of business including SEBB, HCA will have actuarial review during annual SEBB Program rate setting to ensure the rates for SEBB Program fully-insured medical plans reflect the risk for SEBB Program covered lives only. This additional actuarial review is estimated at \$10,000 per fiscal year.

It is assumed that the HCA will not be responsible for monitoring or enforcing compliance with the requirements mandated in Section 2 of this bill.

Any added cost to the upcoming SEBB procurements is assumed to be absorbed within existing resources. HCA contractual requirements that would require QHP offerings in the individual market would become effective alongside of SEBB Program benefits in calendar year 2020.

Section 3 of this bill would allow a person eligible for WSHIP coverage (because individual health coverage is not available) to receive a premium rate reduction that would be funded through the WSHIP assessments on health carriers, Medicaid managed care plans, and the UMP.

HCA Fiscal Note

Bill Number: HB 2408

HCA Request #: 18-28

If there is a bare county or counties the WHSIP assessment charged to Medicaid managed care plans and the state's UMP (UMP pays a one-tenth covered lives assessment) may increase to cover the described premium rate reductions. Qualified Health Plan filings for plan year 2019, which will indicate if bare counties may exist for 2019 and the impact to the WSHIP assessment, will not be available until Spring/Summer 2018, nor do we have a model that would predict the number of lives and reduction in premium that would be provided, therefore this fiscal note is **indeterminate**.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

No new rule making required.

Individual State Agency Fiscal Note

Bill Number: 2408 HB	Title: Individual health market	Agency: 160-Office of Insurance Commissioner
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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	0.0	1.0	0.5	0.8	0.8
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	162,145	162,145	266,130	266,130
Total \$	0	162,145	162,145	266,130	266,130

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: Jim Morishima	Phone: 360-786-7191	Date: 01/10/2018
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 01/19/2018
Agency Approval: Jim Odiorne	Phone: (360) 725-7106	Date: 01/19/2018
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 01/19/2018

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.

Section 2(1) requires a health carrier offering a School Employees' Benefit Board (SEBB) approved health plan to offer at least one silver qualified health plan (QHP) on the WA Health Benefit Exchange (SEBB-QHP) in any county that would not otherwise have an individual market health plan (aka "bare counties" or "counties without coverage").

Section (2)(2) creates a parallel approval process for the SEBB-QHP that is different than the standard process used by the OIC for other individual market plans. The bill requires the OIC to "provisionally approve" the plan before the filing deadline for other plans.

Section (2)(3) amends the standard filing process. It requires that if after the usual filing deadline the Commissioner identifies a bare county/counties without coverage on the Health Benefit Exchange, the Commissioner shall extend the filing date by 14 days and notify all health carriers that have submitted filings for individual market plans in other counties that no Health Benefit Exchange filing have been received for the bare counties. If after the extension expires no health carriers have submitted filings for an individual health plan on the Health Benefit Exchange in the bare county/counties, the Commissioner is required to notify each carrier who has submitted a SEBB-QHP filing that the plan will be approved for sale in the bare county.

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.

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.

Section 2 requires that any carrier offering SEBB plans must also file to offer a qualified health plan (QHP) on the individual market in "bare counties", "in addition" to its regular individual market filings. The language of the bill established different deadlines for these specific filings that are different from the process we use to approve individual market filings, and as a result they would require a separate process for approval. For example, the filing deadline for the SEBB-QHP in this bill is more than three months ahead of the usual certification date. Filings cannot be submitted prior to mid-April at the earliest, and per the bill the SEBB-QHP filings would need to be approved by the mid-May. This would give the OIC about one month to process all these submissions, an extremely compressed review schedule.

In order to complete the reviews within the timeframes indicated above, OIC's Rates and Forms division will require additional resources. The additional resources needed are comparable to reassignment of the existing staff to work on this one submission as follows:

- An Actuary 3, Functional Program Analyst 4, Actuarial Analyst 3, and a network access Management Analyst 3 will each need four weeks to review the filing.
- An Actuary 3 and an Actuarial Analyst 3 will need one week each for required federal risk adjustment program updates after approval.
- A network access Management Analyst 3 will require one day per week, four times per month, for seven

months, to get a state-wide network in place by January 1st of the plan year.

-A WMS3 Manager (health forms compliance) will require two days per week for 4 weeks to support the Functional Program Analyst 4 review activities.

-An Actuary 4 will require two days per week for four weeks plus another two days to support Actuary 3 for required federal risk adjustment program updates after approval.

-A WMS Manager 3 (network access) is expected to spend two days per week during the four week review period and one day per week, for seven months, to get state-wide network in place by January 1st of the plan year.

-A Management Analyst 4 will need five days to get issuer filings successfully submitted through SERFF into OIC back office system for review.

-A Deputy Insurance Commissioner will need eight days to facilitate successful completion of review in the compressed four week timeline.

OIC also expects 'normal' rulemaking in FY2019 to incorporate this bill into WAC and to set a filing deadline for SEBB issuer submission.

Ongoing Costs:

Salary, benefits and associated costs for .11 FTE Actuary 3, .05 FTE Actuary 4, .24 FTE Management Analyst 3, .09 FTE Functional Program Analyst 4, .11 FTE Actuarial Analyst 3, .20 FTE WMS Manager, and .04 FTE Deputy Insurance Commissioner.

One-time Costs:

Salary, benefits and associated costs for a 'normal' rulemaking process in FY2019.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.0	0.5	0.8	0.8
A-Salaries and Wages		97,994	97,994	161,094	161,094
B-Employee Benefits		31,722	31,722	51,810	51,810
C-Professional Service Contracts					
E-Goods and Other Services		32,429	32,429	53,226	53,226
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	\$162,145	\$162,145	\$266,130	\$266,130

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
Actuarial Analyst 3	86,076		0.1	0.1	0.1	0.1
Actuary 3	151,896		0.1	0.1	0.1	0.1
Actuary 4	171,888		0.1	0.0	0.1	0.1
Deputy Insurance Commissioner	121,848		0.0	0.0	0.0	0.0
Functional Program Analyst 4	72,456		0.1	0.1	0.1	0.1
Management Analyst 3	60,924		0.2	0.1	0.2	0.2
Senior Policy Analyst	92,160		0.2	0.1		
WMS3	98,796		0.2	0.1	0.2	0.2
Total FTE's	856,044		1.0	0.5	0.8	0.8

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.

OIC expects to have to incorporate this bill into WAC 284.43. OIC will also need to set a filing deadline for the SEBB issuer submission which is done in WAC. This is expected to be a 'normal' level rulemaking in FY2019.