

Multiple Agency Fiscal Note Summary

Bill Number: 5377 SB	Title: Increasing affordability of standardized plans on the individual market
-----------------------------	---

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	3.0	1,866,000	1,866,000	9,878,000	3.0	1,338,000	1,338,000	5,135,000	3.0	1,338,000	1,338,000	5,090,000
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Office of Insurance Commissioner	.0	0	0	1,538	.0	0	0	0	.0	0	0	0
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	3.0	1,866,000	1,866,000	9,879,538	3.0	1,338,000	1,338,000	5,135,000	3.0	1,338,000	1,338,000	5,090,000

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Preliminary 2/19/2021
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 5377 SB	Title: Increasing affordability of standardized plans on the individual market	Agency: 107-Washington State Health Care Authority
-----------------------------	---	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
Account					
General Fund-State 001-1	947,000	919,000	1,866,000	1,338,000	1,338,000
Health Benefit Exchange Account-State 17t-1	4,368,000	3,644,000	8,012,000	3,797,000	3,752,000
Total \$	5,315,000	4,563,000	9,878,000	5,135,000	5,090,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. 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: Greg Attanasio	Phone: 360-786-7410	Date: 01/29/2021
Agency Preparation: Kathryn Kingman	Phone: 360-725-0455	Date: 02/03/2021
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 02/03/2021
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/19/2021

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

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	947,000	919,000	1,866,000	1,338,000	1,338,000
17t-1	Health Benefit Exchange Account	State	4,368,000	3,644,000	8,012,000	3,797,000	3,752,000
Total \$			5,315,000	4,563,000	9,878,000	5,135,000	5,090,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	280,000	280,000	560,000	560,000	560,000
B-Employee Benefits	95,000	95,000	190,000	190,000	190,000
C-Professional Service Contracts	4,868,000	4,144,000	9,012,000	4,297,000	4,252,000
E-Goods and Other Services	39,000	39,000	78,000	78,000	78,000
G-Travel	2,000	2,000	4,000	4,000	4,000
J-Capital Outlays	31,000	3,000	34,000	6,000	6,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	5,315,000	4,563,000	9,878,000	5,135,000	5,090,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
MANAGEMENT ANALYST 5	88,644	1.0	1.0	1.0	1.0	1.0
MEDICAL ASSISTANCE PROGRAM SPECIALIST 3	80,292	1.0	1.0	1.0	1.0	1.0
WMS BAND 3	110,854	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.0	3.0	3.0	3.0	3.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

See attached narrative

Part V: New Rule Making Required

HCA Fiscal Note

Bill Number: 5377 SB

HCA Request #: 21-50

Part II: Narrative Explanation

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

This bill seeks to increase affordability of health care in the individual market by establishing a subsidy program to be administered by the Washington Health Benefit Exchange (HBE).

NEW SECTION. Section 1 is added to RCW 43.71 to establish the requirements for the subsidy program.

NEW SECTION. Section 2 is added to RCW 43.71 requires HBE to work in consultation with the Washington State Health Care Authority (HCA) and the Washington Office of the Insurance Commissioner for a waiver or other available federal flexibilities for cost sharing.

NEW SECTION. Section 3 is added to RCW 43.71 creates a state health care affordability account in the state treasury.

NEW SECTION. Section 4 adds a new section to RCW 48.43 (Insurance Reform) that states for all qualified health plans offered on the exchange, the carrier shall:

- Accept payments for enrollee premiums or cost-sharing assistance as defined in Section 1 of the bill,
- Clearly communicate premium assistance amounts to enrollees as part of the invoicing and payment processes,
- Accept and process enrollment and payment data transferred by the exchange in a timely manner.

NEW SECTION. Section 5 of the bill adds a new section to RCW 41.05 (State Health Care Authority) that requires the following for plan years 2022 and later:

- Section 5(1) establishes that an ambulatory surgical facility or hospital that receives payment for services provided to enrollees of the Public Employees Benefits Board (PEBB) or School Employees Benefits Board (SEBB) programs, or through a Medicaid program must contract with the public option plan to provide in-network services to enrollees.
- Section 5(3) establishes that hospital rate reimbursement for inpatient and outpatient services are to be based on a percentage of Medicare basis, and may not exceed 135% of Medicare. These reimbursement rates are to be established for services provided to enrollees enrolled in a qualified health plan offered through HBE on or after January 1, 2023.
 - o Section 5(3b) allows for up to a ten percentage point increase to the base reimbursement rate of 135% of Medicare for qualified health plans offered through HBE under certain circumstances.
- Section 5(4) requires HCA along with HBE to establish in rule the hospital reimbursement rate formula and carrier reimbursement rates to hospitals for inpatient and outpatient hospital services to enrollees of the public option plan.
- Section 5(5) allows HCA to adopt program rules to ensure compliance with the rates established and allows for HCA to take action against an ambulatory surgical facility or hospital that fails to comply, and may levy fines, take contract actions, refuse to contract with said facility or prohibit a health carrier contracted with the PEBB or SEBB program to contract with said facility.
- Section 5(6) requires HCA, in consultation with the health care cost transparency board and HBE, to submit a report to the Legislature by December 15, 2024 with recommendations on any

HCA Fiscal Note

Bill Number: 5377 SB

HCA Request #: 21-50

adjustments to the base reimbursement rate or any other factors that are to be considered in the hospital reimbursement rate formula.

Section 6 is amended to remove the authority to waive the reimbursement caps, and it inserts reference to the hospital specific rates pursuant to Section 4 of this bill. Adds a requirement for a qualified health plan offered under this section to provide costs and quality of care information upon request to HCA or HBE for monitoring, enforcement or quality improvement activities. This data is to be exempt from public disclosure.

Section 7 amends the requirements for qualified health plan(s) established under this bill be offered on the exchange, offering "the" silver standard plan and removing the limit on "one" gold offering. Limits the non-standardized plan offering to one bronze, silver and gold plan.

II. B - Cash Receipts Impact

Indeterminate.

Section 5(5) of the bill allows HCA to levy fines and/or take action against any hospital or ambulatory surgical center who does not comply with the bill's directive. It is unknown if HCA will ever need to take action or collect any levies or fines against health carriers.

II. C – Expenditures

Indeterminate fiscal impact but greater than \$50,000 with some costs determinate:

The impacts to the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) are indeterminate,

The HCA Administrative impacts can be determined and HCA requests \$1,866,000 of GF-State funding and 3 Full Time Equivalent (FTE) staff in the 2021-23 Biennium for these costs.

HCA Administrative Impacts

The FTEs requested are:

Program Manager (WMS Band 3), 1 FTE to manage the program for HCA and coordinate the report to the Legislature in Section 5(6).

Management Analyst 5, 1 FTE to coordinate with both Washington Administrative Code and program development.

Medical Assistance Program Specialist 3, 1 FTE to support rule-making as required in Section 5(5). HCA anticipates the need for initial and ongoing actuarial support \$500,000 for the first two years and \$250,000 annually after that.

Assumptions:

Where Section 6(2h) directs rate development for services provided by hospitals to be developed via the methodologies set forth in Section 4 of the bill is intended to point to Section 5 of the bill, which speaks for the underlying calculation for facility rate reimbursement.

HCA Fiscal Note

Bill Number: 5377 SB

HCA Request #: 21-50

The estimated increases to administrative funding as a result of the impacts of this bill are as follows:

HCA Expenditures by Fund:

Expenditures	FundDesc	FundType	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
001	GF-State	1	947,000	919,000	669,000	669,000	669,000	669,000
Total			947,000	919,000	669,000	669,000	669,000	669,000
Biennial Total				1,866,000		1,338,000		1,338,000

HCA Expenditures by Object:

Objects		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
A	Salaries & Wages	280,000	280,000	280,000	280,000	280,000	280,000
B	Employee Benefits	95,000	95,000	95,000	95,000	95,000	95,000
C	Personal Serv Contr	500,000	500,000	250,000	250,000	250,000	250,000
E	Goods and Services	39,000	39,000	39,000	39,000	39,000	39,000
G	Travel	2,000	2,000	2,000	2,000	2,000	2,000
J	Capital Outlays	31,000	3,000	3,000	3,000	3,000	3,000
Total		947,000	919,000	669,000	669,000	669,000	669,000

HCA FTEs included in Expenditures:

Job title	Salary	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
WMS Band 3	110,854	1.0	1.0	1.0	1.0	1.0	1.0
Management Analyst 5	88,644	1.0	1.0	1.0	1.0	1.0	1.0
Medical Assistance Program Specialist 3	80,292	1.0	1.0	1.0	1.0	1.0	1.0
Total	279,790	3.0	3.0	3.0	3.0	3.0	3.0

Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Program Impacts

Indeterminate potential fiscal impact.

Section 5(1) amends RCW 41.05 (State Health Care Authority) and directs ambulatory surgical facilities or hospitals that currently receive payment for services provided to members of the PEBB and SEBB programs to participate in a public option plan for plan years 2022 and beyond, if requested by a public option carrier.

Sections 5(2) and 5(3) establish a facility reimbursement rate formula for services provided to the public option plan enrollees, effective on or after January 1, 2023. This formula is based on a percent of Medicare basis, and shall not exceed 135% of Medicare for qualified health plans offered via HBE; carriers are able to increase this base level of reimbursement by up to 10%, resulting in maximum reimbursement rate of 145% of Medicare, if they meet requirements set out in Section 5(3) of the bill. Furthermore, Section 6(g) establishes that total reimbursement for providers and facilities of a qualified health plan over all covered benefits, including pharmacy benefits, may not exceed 160% of Medicare.

Given this base level of reimbursement for qualified health plans offered via HBE, it is possible that the impacts of this bill's requirements could result in ambulatory surgical facilities or hospitals possibly seeking higher reimbursement rates for PEBB and SEBB facility contracts. If this cost-shifting should

HCA Fiscal Note

Bill Number: 5377 SB

HCA Request #: 21-50

occur, increases could impact unit costs in the PEBB and SEBB self-insured plan offerings, resulting in future increased costs to the state, as well as increased monthly premiums for members, because the monthly cost of the self-insured plan offerings is a fundamental component of the bid rate process and the calculation of the employer contribution in the applicable bargaining agreements.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

Part II: Narrative Explanation

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

This bill seeks to increase affordability of standardized health insurance plans on the individual market.

Section 1 directs the Health Benefit Exchange (Exchange), subject to appropriation, to establish a premium subsidy program and permits the Exchange to provide a cost-sharing-reduction (CSR) program.

The Exchange must establish procedures for eligibility and participation, facilitating payments to carriers, and develop appeals procedures for eligibility determinations.

Subject to appropriations, an individual would be eligible for premium assistance and cost-sharing reductions if:

- They reside in Washington,
- Have an income up to 500% of the federal poverty level (FPL),
- Are enrolled in the lowest cost bronze/silver/gold standard plan in their county,
- Apply for and accept all available APTCs for which they are eligible,
- Are ineligible for other minimum essential coverage (MEC), and
- Meet other eligibility criteria as established by the Exchange subject to additional eligibility criteria established by the Legislature in the enacted omnibus budget.

Section 2 directs the Exchange in consultation with the Health Care Authority (HCA) and the Office of the Insurance Commissioner (OIC) to explore all opportunities to apply for a federal waiver to:

- Receive federal funds for premium/cost sharing reduction (CSR) programs,
- Increase access to Qualified Health Plans (QHP), and
- Implement or expand other Exchange programs that increase affordability or access.
- If the Exchange submits an application to the federal Secretary of Health and Human Services, the Exchange Board must notify the chairs and ranking members of appropriate committees of the legislature.

Section 3 establishes a Health Care Affordability Account in the state treasury, with expenditures from the account being used exclusively for premium and cost-sharing assistance programs established in Section 1. The following funds must be deposited in the account:

- Any grants/donations/contributions collected for purposes of premium or CSR assistance,
- Any federal funds received pursuant to a federal waiver under section 2 of the bill, and
- Any additional funding specifically appropriated to the account.

Section 4 requires QHP carriers to accept payments for premium and CSR assistance and for sponsorship programs, clearly communicate premium assistance amounts to enrollees, and accept and process enrollment and payment data in a timely manner.

Section 5 amends chapter 41.05 to require hospitals and ambulatory surgical facilities (ASF) that participate in public employees' benefits program, school employees' benefits program, or in a medical assistance program to contract with public option plans to provide in-network services to enrollees of that plan. This section requires HCA to establish hospital reimbursement rates for services provided to Public Option enrollees.

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

Section 6 removes certain flexibilities for HCA to contract with Public Option plans that do not meet provider reimbursement targets and requires public option carriers to provide HCA and the Exchange with cost and quality data for monitoring, enforcement, or program and quality improvement activities.

Section 7 requires carriers to offer the standard health plans that are designed and beginning January 1, 2023, this section permits carriers to offer up to one nonstandard plan at each metal level.

II. B - Cash Receipts Impact

Indeterminate.

A state premium subsidy offered through the Exchange is expected to increase coverage among the uninsured, and therefore increase overall Exchange enrollment. Actuarial work done in support of the subsidy report submitted to the Legislature in November 2020 found that a state appropriation of \$100 million to \$200 million annually would lead to 14,000 to 24,000 uninsured Washington residents newly gaining coverage and increase overall new Exchange enrollment by 15,000 to 26,000.

This bill does not specify the appropriation for the state premium subsidy and therefore there is an indeterminate revenue and cash receipt impact to the state, assuming an unknown increase in enrollment generating additional health insurance tax premiums and carrier assessments collected under RCW 43.71. All funding for the Exchange is appropriated, and any change in resources to the Exchange would be subject to future appropriation.

II. C - Expenditures

Total Cost: Indeterminate. The requirements of the bill are subject to appropriation, which are not made in the bill. Further, important legislative assumptions with regard to the size and scale of the subsidy are not yet specified. However, the Exchange has identified known costs to setup a premium assistance program and ongoing administrative costs to administer payments if an appropriation is provided for assistance payments. Exchange assumptions and cost estimates are provided below and attempt to provide useful information for decision making.

The Exchange estimates a total fiscal impact of \$8,012,000 in the 2021-23 Biennium from the Health Benefit Exchange Account (Fund 17T) for administrative costs to implement and administer the state premium assistance program required by the bill, including phased costs in the biennium to add state subsidy functionality the Exchange's Healthplanfinder consumer shopping tools. After the initial two-year start-up period, there would be ongoing costs associated with operating the premium assistance program. Program start-up costs for state subsidy functionality in Healthplanfinder would generally be fixed, regardless of the size of the subsidy offered by the state. Ongoing implementation costs of the new program are a blend of fixed and scalable costs, depending on the amount of premium assistance (which would affect the numbers of enrollees in the program) and complexity of the program.

This fiscal note only includes expenditures for the required state premium assistance program. Additional expenditures would be needed for start-up of a state cost-sharing reduction program that is optional under the current bill. Development of a CSR program is dependent of the successful implementation of the required subsidy program before CSRs could be implemented in 2024 or beyond.

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

Expenditures			FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
17T	Health Benefit Exchange	1	-	4,368,000	3,644,000	1,921,000	1,876,000	1,876,000
Biennial Total					8,012,000		3,797,000	

Objects			FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
A	Salaries & Wages		-	1,302,000	1,260,000	1,098,000	1,069,000	1,069,000
B	Employee Benefits		-	463,000	449,000	391,000	381,000	381,000
C	Personal Serv Contr		-	2,100,000	1,654,000	188,000	188,000	188,000
E	Goods and Services		-	494,000	273,000	237,000	231,000	231,000
G	Travel		-	9,000	8,000	7,000	7,000	7,000
Total			-	4,368,000	3,644,000	1,921,000	1,876,000	1,876,000

Job title	Salary		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Business Systems Analyst	86,396.0		-	1.0	0.5	-	-	-
Business Systems Analyst	71,397.0		-	1.0	0.5	-	-	-
UAT Analyst	71,397.0		-	1.0	0.5	-	-	-
Project Manager II	95,031.0		-	1.0	0.5	-	-	-
Business Systems Analyst	71,397.0		-	2.0	2.0	-	-	-
Compliance Analyst	86,396.0		-	1.0	1.0	-	-	-
Senior Systems Developer	104,535.0		-	1.0	1.0	-	-	-
UAT Analyst	71,397.0		-	1.0	1.0	-	-	-
SR UI/UX	95,031.0		-	1.0	1.0	-	-	-
Digital Communications	64,903.0		-	1.0	1.0	1.0	1.0	1.0
Senior Communications	78,538.0		-	1.0	1.0	1.0	1.0	1.0
Data and Reporting Analyst	78,538.0		-	0.5	1.0	1.0	1.0	1.0
Senior Systems Developer	104,535.0		-	-	-	1.0	1.0	1.0
UAT Analyst	71,397.0		-	-	-	1.0	1.0	1.0
SR UI/UX	95,031.0		-	-	-	1.0	1.0	1.0
Enrollment Analyst	59,005.0		-	2.0	3.0	3.0	2.5	2.5
Eligibility Specialist	53,642.0		-	0.8	1.0	1.0	1.0	1.0
Appeals Specialist	59,005.0		-	0.8	1.0	1.0	1.0	1.0
Business Systems Analyst	71,397.0		-	-	-	2.0	2.0	2.0
Compliance Analyst	86,396.0		-	-	-	1.0	1.0	1.0
Senior Policy Analyst	86,396.0		-	-	1.0	1.0	1.0	1.0
Senior Policy Analyst	86,396.0		-	1.0	-	-	-	-
Total	1,748,156		0.0	17.1	17.0	15.0	14.5	14.5

Section 1:

The Exchange has identified system changes in Healthplanfinder that would be necessary to implement a new premium assistance program.

Healthplanfinder System Changes:

The system changes would be implemented in two phases. While the timeline is aggressive, the first phase would enable premium assistance to be delivered to consumers starting in 2022. More robust functionality and automation would occur in the second phase for the 2023 plan year. Along with additional staffing and contracts for the phased implementation, the Exchange will also have to redirect key staff and contractors from other planned work. The planned approach is as follows:

- The first phase would allow Healthplanfinder to identify eligible consumers, communicate eligibility to consumers and carriers, and facilitate payments to carriers. The process of determining eligibility, communicating with consumers and carriers, and helping to facilitate payments would largely mirror the process the Exchange uses today to support administration of the \$600 million annual federal premium subsidy program. Carriers would inform customers of the subsidy amount through their customer invoicing process, and the Exchange would

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

monitor enrollment and securely submit monthly payments to carriers on behalf of subsidized customers.

- This first phase would be implemented by November 2021, for the open enrollment period supporting plan year 2022. With new features that include:
 - New flexible ruleset that can support partial premium assistance benefits, that may change in amount from year to year,
 - Changes to current correspondence notifications notifying consumers about their enrollment into the premium assistance program,
 - Consumer dashboard changes to the current 'Tax Credit' screen,
 - Changes to the current database to store subsidy program data,
 - The ability to turn on/off subsidy functionality based on appropriations being provided for the program, and
 - Changes to 834 and 820 EDI files to support secure transfer of subsidy and payment information between the Exchange and Carriers.

- The second phase would provide more on-screen help for consumers, displaying the available subsidy on the screen when shopping.
 - This second phase would be implemented by November 2022, for the open enrollment period supporting plan year 2023.
 - Support for Trial Eligibility used for the auto renewal process,
 - Adding a new tax form for tax reconciliation,
 - Account Worker Tools for reconciliation,
 - Additional UI Changes to address feedback provided by the consumer on how to improve the UI experience.

Objects of Expenditure:	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
A - Salaries And Wages	\$ -	\$ 824,374	\$ 662,264	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ 291,385	\$ 233,720	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ 1,554,232	\$ 929,240	\$ 63,000	\$ 63,000	\$ 63,000
E - Goods And Services	\$ -	\$ 287,765	\$ 143,999	\$ 1,600	\$ 1,600	\$ 1,600
G - Travel	\$ -	\$ 5,200	\$ 4,800	\$ 800	\$ 800	\$ 800
J - Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (specify) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 2,962,956	\$ 1,974,023	\$ 65,400	\$ 65,400	\$ 65,400

Section 1 and Section 3:

In addition to funding noted above that is needed to support required system changes, the staff support identified below would be needed for ongoing administration of the premium assistance program identified in Section 1.

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

FTEs by Phase	FY2022	FY2023	FY2024	FY2025	FY2026
Red FTEs = Phase 1: HPF Partial Initial Build for November 2021 Go-Live	3.5				
Blue FTEs = Phase 2: Full Program Build by November 2022 Go-Live	3.5	3.5			
Orange FTEs= Federal Waiver submission	1.0				
Green FTEs = Administering Premium Assistance Program	6.3	12.0	15.0	14.5	14.5
Total FTEs by Fiscal Year	14.3	15.5	15.0	14.5	14.5

Position	FY2022			FY2023			FY2024			FY2025		
	PHASE 1	PHASE 2		PHASE 3: ONGOING OPERATIONAL STAFF FOR THE SUBSIDY PROGRAM								
	July-Dec	Jan - June	FY Total	July-Dec	Jan - June	FY Total	July-Dec	Jan - June	FY Total	July-Dec	Jan - June	FY Total
Finance	1.0	1.0	1.0	1.0	-	0.5	-	-	-	-	-	-
Project Management	1.0	1.0	1.0	1.0	-	0.5	-	-	-	-	-	-
Outreach and Education	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Digital Design (UI/UX) {IT}	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Digital Marketing Specialist	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Communications Specialist	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Operations	4.0	7.0	5.5	7.0	7.0	7.0	7.0	7.0	7.0	6.5	6.5	6.5
CEV- Eligibility Specialist	0.5	1.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Appeals Specialist	0.5	1.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Enrollments- Enrollment Analyst	0.5	1.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Enrollments- Enrollment Analyst	0.5	1.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Enrollments- Enrollment Analyst		1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5
CSA functional analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business Analyst- EDI	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
OSP	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Senior Policy Analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Compliance Analyst/Program Specialist	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
IT	2.5	3.0	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Data Reporting/Monitoring/Analysis	0.5	1.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
System Developer for EDI	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Quality Assurance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Grand Total	12.50	16.00	14.3	16.00	15.00	15.5	15.00	15.00	15.0	14.50	14.50	14.5

Program Support

To establish procedures for monitoring eligibility and participation, facilitating payments to carriers, and developing and conducting appeals procedures for eligibility determinations, the Exchange requests funding for additional staff to support the new program.

- The Exchange anticipates costs for creating infrastructure to implement reporting and reconciliation activities that facilitate state premium assistance payments between the Exchange and carriers. Additional costs to establish anti-fraud and compliance measures are expected.
- This program will necessitate ongoing development and updates to the consumer user interface design for Washington Healthplanfinder based on user needs and communications/outreach strategies for the premium assistance program, including providing UI/UX in the SDLC process for Washington Healthplanfinder as well as the administrator for the web content management system including analyze, triage, and coordinate resolution of Washington Healthplanfinder defects related to the new program.
- Federal rule requires the Exchange to reconcile qualified health plan enrollments no less than monthly. In order to ensure enrollment accuracy, the Exchange also reconciles individual policy transactions on a daily and weekly basis, which requires manual review and intervention. The Exchange has in place automated monthly audits to maintain enrollments for 208,000 individuals. Initial costs associated with incorporating the proposed premium assistance into

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

existing Exchange-Issuer HIPAA compliant transactions are expected along with additional staff to review, analyze, and reconcile additional daily, weekly, and monthly audit data between Exchange and issuers. These staff positions are scalable, depending on the amount of subsidy and numbers of eligible enrollees in the program. It is estimated that 1.0 additional Enrollment Analyst would be needed for every 30,000 new enrollments.

- To determine the continued eligibility for premium assistance recipients specified in Section 1 of the proposed bill, the Exchange expects an increase in income verification staff. The Exchange utilizes federal and state wage data to verify income for customers eligible for federal subsidies. Additional Eligibility Specialists to account for the increase in income verification necessary to ensure recipients of the proposed premium assistance program meet the necessary criteria. These staff positions are scalable, depending on the amount of subsidy and numbers of eligible enrollees in the program. It is estimated that 1.0 additional eligibility Specialist would be needed for every 50,000 new enrollments.
- The Exchange expects to incur costs processing additional appeals associated with premium assistance program denials as required in Section 1, These staff positions are scalable, depending on the amount of subsidy and numbers of eligible enrollees in the program. It is estimated that 1.0 additional Appeals Specialist would be needed for every 50,000 new enrollments.
- The Policy Analyst would also be tasked with supporting implementation of the subsidy program, including ongoing analysis of eligibility criteria and subsidy amounts, as well as tracking and reporting related to the subsidy program and any received federal waivers.
- The Exchange also anticipates engaging in additional third-party audits for the new program.

Education and Outreach

The Exchange requests funding for staff resources to manage and support the following types of communication and outreach activities: development of population specific materials on the state program and its interaction with federal subsidies, community outreach and engagement with consumers, population research, and contract management with community-based organizations.

- These team members will Collaborate with marketing and outreach team members to develop consumer engagement and marketing campaigns for Washington Healthplanfinder affordability programs and marketing campaigns that optimize activation of various communications channels reaching the uninsured population. Act as the administrator of the corporate website for the FPL and subsidy program ensuring consumer tools and information is up to date. Respond to customers' comments, complaints, or questions on social media by providing online resources or connecting consumers to the in-person assistance.

The Exchange uses a variety of outreach tactics each year to reach populations who face barriers to accessing health and dental coverage through Washington Healthplanfinder. Increased outreach and education regarding the new program will be needed in the first two years of implementation. Outreach campaign activities include but are not limited to contracting with community-based organizations; developing population specific educational materials (including translated materials); participation in in-person events and enrollment centers; engagement in community-based events; development of community-based partnership; and utilization of various media platforms.

HBE Fiscal Note

Bill Number: 5377 SB

HBE Request #: 21-06-01

Objects of Expenditure:	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
A - Salaries And Wages	\$ -	\$ 390,838	\$ 598,037	\$ 1,098,190	\$ 1,068,688	\$ 1,068,688
B - Employee Benefits	\$ -	\$ 140,900	\$ 215,420	\$ 391,477	\$ 380,841	\$ 380,841
C - Personal Service Contracts	\$ -	\$ 300,000	\$ 725,000	\$ 125,000	\$ 125,000	\$ 125,000
E - Goods And Services	\$ -	\$ 186,161	\$ 129,219	\$ 235,450	\$ 229,429	\$ 229,429
G - Travel	\$ -	\$ 3,200	\$ 3,600	\$ 6,000	\$ 6,000	\$ 6,000
J - Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (specify) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 1,021,099	\$ 1,671,276	\$ 1,856,117	\$ 1,809,958	\$ 1,809,958

Section 2: The Exchange requests funding to prepare and to submit a 1332 federal waiver to seek any available federal funding to support the premium assistance program. The waiver may include requesting federal funds for the premium assistance program. The Exchange may also seek approval to increase access to Qualified Health Plans (QHP) and implement or expand other Exchange programs to increase affordability or access, as authorized in the bill. The feasibility of receiving an approved federal waiver is unknown. The costs below include actuarial services, consultant, and staff costs necessary for submitting the waiver request. The Exchange anticipates the potential for a future budget request based on the outcome of an approved waiver if that approval expands affordability or access to Exchange programs, or as necessary to renew a waiver at the end of the initial 5-year waiver period.

The staff resource would be needed for coordination with the Centers for Medicare and Medicaid Services (CMS), state agency partners, and the contracted actuary to analyze the feasibility of pursuing a federal waiver and to draft the waiver request.

Objects of Expenditure:	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
A - Salaries And Wages	\$ -	\$ 86,396	\$ -	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ 30,969	\$ -	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ 246,000	\$ -	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ 20,405	\$ -	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ -
J - Capital Outlays						
N - Grants, Benefits & Client Services						
Other (specify) -						
Total	\$ -	\$ 384,170	\$ -	\$ -	\$ -	\$ -

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5377 SB	Title: Increasing affordability of standardized plans on the individual market	Agency: 160-Office of Insurance Commissioner
-----------------------------	---	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	1,538	0	1,538	0	0
Total \$	1,538	0	1,538	0	0

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: Greg Attanasio	Phone: 360-786-7410	Date: 01/29/2021
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 02/03/2021
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 02/03/2021
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/04/2021

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 the Health Benefit Exchange, in consultation with the Health Care Authority and the Office of Insurance Commissioner, to explore all opportunities to apply to the Dept. of Health and Human Services for a §1332 waiver.

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(1) requires the Health Benefit Exchange (HBE), in consultation with the Health Care Authority and the Office of Insurance Commissioner (OIC), to explore all opportunities to apply to the Dept. of Health and Human Services for a §1332 waiver.

Under section 2(1), the OIC will be consulted as the HBE explores opportunities for a potential §1332 waiver. Given OIC's experience with preparation of a potential §1332 waiver request in 2017 and 2018 (for reinsurance) we anticipate that our experience and thoughts will be requested as part of the consultation requiring 20 hours of a Senior Policy Analyst in FY2022.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
138-1	Insurance Commissioners Regulatory Account	State	1,538	0	1,538	0	0
Total \$			1,538	0	1,538	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0		0.0		
A-Salaries and Wages	919		919		
B-Employee Benefits	311		311		
C-Professional Service Contracts					
E-Goods and Other Services	308		308		
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 \$	1,538	0	1,538	0	0

III. C - Operating FTE 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 2022	FY 2023	2021-23	2023-25	2025-27
Senior Policy Analyst	91,896	0.0		0.0		
Total FTEs		0.0		0.0		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5377 SB	Title: Increasing affordability of standardized plans on the individual market	Agency: 360-University of Washington
-----------------------------	---	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. 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: Greg Attanasio	Phone: 360-786-7410	Date: 01/29/2021
Agency Preparation: Kelsey Rote	Phone: 2065437466	Date: 02/03/2021
Agency Approval: Kelsey Rote	Phone: 2065437466	Date: 02/03/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/10/2021

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.

SB 5377 establishes a premium assistance program, outlines eligibility criteria for enrollees, establishes requirements for carriers of a qualified health plan, establishes requirements for participation of hospitals and ambulatory surgical centers (ASCs) as in-network providers for qualified health plans, and grants HCA enforcement authority for hospitals and ACS that do not comply with the bill's provisions.

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.

We estimate SB 5377 will have an indeterminant but significant fiscal impact on UW Medicine, with estimated impact to UW Medical Center (UWMC) and Harborview Medical Center (HMC) being over \$132 million annually.

SECTION 5

Section 5 states that for plan years 2022 and later, hospitals and ambulatory surgical facilities that provide services to enrollees of PEBB, SEBB, or Medicaid must contract as in-network with a public option plan if a carrier requests their participation. We assume this mandates UWMC and HMC to contract with any public option plans being offered in King County that request to contract with us, resulting in both hospitals contracting with multiple public option plans.

The section also directs the Health Care Authority and Health Benefit Exchange to establish a hospital reimbursement rate formula with a base rate of 135 percent of the Medicare rate. We assume this is 135 percent of the fee-for-service Medicare base rate absent hospital-specific adjustment factors.

The section allows for an incremental upward rate adjustment of up to five percent for hospitals serving more Medicaid patients than the statewide average, as well as a five percent upward adjustment for hospitals efficient in managing their cost of care, as represented by total operating margin, operating costs, and net patient revenue. There is not a definition or threshold for how efficient hospitals would be identified based on the proposed criteria. We have assumed UWMC and HMC would each receive at least a five percent upward rate adjustment.

We have modeled for annual impact and assume some existing commercial business from individuals and employers would migrate to public option plans. For every 20 percent of current commercial activity that shifts to Cascade Care public option plans, the estimated net revenue impact to UWMC and HMC is \$132 million annually. Since it is unknown what that ultimate percentage shift would be, the fiscal impact is indeterminate but likely more than \$132 million per year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5377 SB	Title: Increasing affordability of standardized plans on the individual market
-----------------------------	---

Part I: Jurisdiction

Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts: Indeterminate decrease in revenues due to uncertainties of how mandated inclusion of public option plans would affect hospital reimbursement.
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Which public hospitals (if any) are currently participating in the public option plan; how many of the patients served by each public hospital use public option plans currently; how much revenue public hospitals currently receive from more expensive individual plans; and which counties do not yet offer public option plans.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Rebecca Duncan	Phone: 360-725-5040	Date: 02/05/2021
Leg. Committee Contact: Greg Attanasio	Phone: 360-786-7410	Date: 01/29/2021
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/05/2021
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/11/2021

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

Section 5 would provide that for plan years 2022 and later, at the request of a public option plan, an ambulatory surgical facility or a hospital that receives payment for services provided to enrollees in the Public Employees' Benefits program, School Employees' Benefits program, or through a medical assistance program, must contract with the Public Option Plan to provide in-network services to enrollees of that plan. In addition, Section 5 would require that by December 1, 2022, the HCA, in collaboration with the Exchange, must establish in rule the hospital reimbursement rate formula and corresponding carrier reimbursement rates to hospitals for inpatient and outpatient hospital services provided to enrollees of a public option plan. Furthermore, the HCA would have the option to adopt program rules to ensure compliance with this section.

Section 6 would reduce the public option plan reimbursement rate for providers and facilities, lowering it from 160 percent of Medicare reimbursement to 135 percent.

BACKGROUND:

In 2019, the Legislature passed ESSB 5526, which created standardized health plans on the Health Benefit Exchange (Exchange). The Exchange, in consultation with the Health Care Authority (HCA) designed standardized plans at the bronze, silver, and gold metal tiers. The standardized plans are designed to reduce deductibles, make more services available before the deductible, provide predictable cost sharing, maximize subsidies, limit adverse premium impacts, and encourage choice based on value, while limiting increases in health plan premium rates.

ESSB 5526 also established state-procured QHPs, or public option plans. These plans are standardized plans that must meet additional participation requirements to reduce barriers to maintaining and improving health and align to state agency value-based purchasing, including standards for population health management, high value and proven care, health equity, primary care, care coordination and chronic disease management, wellness and prevention, prevention of wasteful and harmful care, and patient engagement. At its creation, it was optional for hospitals to participate in or accept public option plans.

The total amount a public option plan reimburses providers and facilities for all covered benefits in the statewide aggregate, excluding pharmacy benefits, may not exceed 160 percent of the total amount Medicare would have reimbursed providers and facilities for the same or similar services in the statewide aggregate.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill would have minimal or no impacts to local government expenditures.

According to the Washington State Hospital Association (WSHA), the costs of hospitals participating public option plans would be de minimis, as including a new health care plan would be within the normal book of business for hospital staff. There is also some potential costs for hospitals depending on rulemaking from the HCA, but these rules are not known at this time. Implementation of changes that would result from these new rules are expected to cost very little.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This bill would result in indeterminate decreases to local government revenues.

Currently, each hospital has the option to participate in a public option plan. In addition, the total amount a public option plan reimburses providers and facilities is 160 percent of the total amount Medicare would have reimbursed providers and facilities for the same or similar services in the statewide aggregate.

Section 5 of this bill would mandate that hospitals participate in public options plans, if these hospitals receive payment for services provided to enrollees in the Public Employees' Benefits program, School Employees' Benefits program, or through a medical assistance program. We expect this would mandate every hospital in the state to accept public option plans.

In addition, this bill would reduce the public option plan reimbursement rate, lowering it from 160 percent of Medicare reimbursement to 135 percent. Therefore, hospitals would be required to participate in public option plans with a lower reimbursement rate for their services. For public hospital districts, this could lead to a decrease in revenues. However, the precise fiscal impact to revenues depends on several factors:

- Which public hospitals (if any) are currently participating in the public option plan
- How many of the patients served by each public hospital use public option plans currently, and how many more would participate in a public option plan after bill implementation
- How much revenue public hospitals currently receive from more expensive individual plans
- Which counties do not yet have public option plans

All of these uncertainties mean the impacts to public hospitals district revenues would be indeterminate, and the impacts would vary from district to district.

SOURCES

Washington State Hospital Association

Association of Washington Public Hospital Districts

Washington State Association of Counties