

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1862 HB	<b>Title:</b> Health care facility fees
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## 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.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

## 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	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Insurance Commissioner	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Health	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

## 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
Department of Health	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Breann Boggs, OFM	<b>Phone:</b> (360) 485-5716	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1862 HB	<b>Title:</b> Health care facility fees	<b>Agency:</b> 107-Washington State Health Care Authority
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## 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:

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: Meghan Morris	Phone: 360-786-7119	Date: 01/09/2022
Agency Preparation: Cari Tikka	Phone: 360-725-1181	Date: 01/14/2022
Agency Approval: SUMAN MAJUMDAR	Phone: 360-725-1319	Date: 01/14/2022
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/14/2022

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

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

None

**Part V: New Rule Making Required**

# HCA Fiscal Note

Bill Number: 1862 HB

HCA Request #: 22-26

## Part II: Narrative Explanation

This bill adds language to RCW 70.01.040 (Provider-based clinics that charge a facility fee—Posting of required notice—Reporting requirements.) to not allow health care providers to charge facility fees unless the associated service is provided on a hospital campus. A hospital campus defined as any of the hospital's main buildings or any area within 250 yards on the main buildings.

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

Section 1 – Amends RCW 70.01.040 (Provider-based clinics that charge a facility fee) and stipulates that a health care provider may not charge, bill, or collect a facility fee except for services provided to a patient when the patient is on a hospital's campus.

Section 1(b) amends the definition of “facility fee” to clarify that a fee means any separate charge or billing by a provider-based clinic in addition to a professional fee for physicians' services that is intended to cover ancillary services, regardless of the modality through which the health care services were provided.

Section 1(c) adds a definition for “Health care provider” to specify an entity, individual, corporation, person or organization, whether for profit or nonprofit, that furnishes, bills, or is paid for health care service delivery in the normal course of business, and includes but is not limited to health systems, hospitals, and provider-based clinics.

Section 1(d) amends the definition for “Provider-based clinic” to exclude clinics exclusively designated for laboratory services, imaging services or other ancillary health services from the list of locations that are not included in the definition, thereby including these locations in the definition of “Provider-based clinic”.

Section 1(7) defines:

- Campus: a hospital main building and other building including provider-based clinics are located within 250 yards of the main buildings.
- Health care provider: an individual, entity, corporation, person, or organization, whether for profit or nonprofit, that furnishes, bills, or is paid for health care service delivery in the normal course of business, and includes, but is not limited to, health system, hospitals, and provider-based clinics.
- Facility fee has an updated definition to mean any separate charge/billing in addition to the professional that is to cover building, electronic medical records systems, billing and administrative and operational expenses regardless of the modality that was used to provide the service.
- Provider-based clinic: a clinic that is owned or operated in whole or in part, by a hospital licensed under chapter 70.41 or health system that operates one or more hospitals, is licensed as part of the hospital. Provider based clinics do not include RHC's, critical access hospitals or sole community hospitals.

### II. B - Cash Receipts Impact

Indeterminate

### II. C – Expenditures

The fiscal impact is indeterminate.

## HCA Fiscal Note

Bill Number: 1862 HB

HCA Request #: 22-26

### **Apple Health**

The fiscal impact is indeterminate.

This bill requires health care providers to not charge, bill, or collect a facility fee except for services provided to a patient when the patient is on a hospital's campus. This bill defines a hospital's campus as the hospital's main buildings; and the physical area immediately adjacent to a hospital's main buildings and other areas and structures, including a provider-based clinic, that are not strictly contiguous to the main buildings, but are located within 250 yards of the main buildings.

A hospital and clinics associated with it often share the same billing National Provider Identifier; and off-campus providers are not required to bill with any specific identifier for location (a modifier, for example). As a result, the claims data available in HCA's ProviderOne system does not allow identifying if a provider is located outside of a hospital's campus. While implementing the requirement of a modifier for off-campus providers is currently being considered, enforcement of such requirement will be ineffective without a strict and comprehensive audit process.

In Apple Health, facility fees are currently paid to providers outside of a hospital's campus as defined by this bill. The proposed policy, therefore, is expected to result in cost savings. In the absence of a reliable way of identifying off-campus healthcare providers, however, the volume of claims submitted by off-campus healthcare providers remain unknown and HCA is unable to determine a reasonably accurate estimate of the fiscal impact of this bill.

### **Public Employee Benefits Board (PEBB) and School Employee Benefits Board (SEBB) Program**

No fiscal impact.

Section 1 of the bill amends RCW 70.01.040 (Provider-based clinics that charge a facility fee) and stipulates that a health care provider may not charge, bill, or collect a facility fee except for services provided to a patient when the patient is on the hospital's campus. Currently, PEBB and SEBB members who seek outpatient care at hospital-owned buildings may be charged a facility fee in addition to treatment costs and fees charged by providers.

This legislation should not result in additional expenditures to the PEBB and SEBB programs. The self-insured Uniform Medical Plan (UMP) fee schedule for the PEBB and SEBB programs includes negotiated allowed amounts for both facility and non-facility based services. By eliminating the ability for a health care provider to charge a facility fee at locations not on a hospital's campus, this legislation could result in updates to all facility fee provisions in these agreements with some providers. The net impact of the results of updates to these agreements is not expected to be substantial. PEBB and SEBB fully insured carriers do not anticipate any fiscal impacts as a result of this legislation. Fiscal impacts of this bill would be reflected in decreased out-of-pocket costs to PEBB and SEBB members who are currently paying facility fees for services that are provided at hospital owned provider based clinics.

### **Part IV: Capital Budget Impact**

None

## HCA Fiscal Note

Bill Number: 1862 HB

HCA Request #: 22-26

### **Part V: New Rule Making Required**

None



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1862 HB	<b>Title:</b> Health care facility fees	<b>Agency:</b> 160-Office of Insurance Commissioner
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

<b>Legislative Contact:</b> Meghan Morris	<b>Phone:</b> 360-786-7119	<b>Date:</b> 01/09/2022
<b>Agency Preparation:</b> Barb Jones	<b>Phone:</b> 360-725-7041	<b>Date:</b> 01/11/2022
<b>Agency Approval:</b> Mark Dietzler	<b>Phone:</b> 360-725-7106	<b>Date:</b> 01/11/2022
<b>OFM Review:</b> Jason Brown	<b>Phone:</b> (360) 742-7277	<b>Date:</b> 01/12/2022

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 does not impact Title 48; therefore, no fiscal impact to the Office of Insurance Commissioner.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1862 HB	<b>Title:</b> Health care facility fees	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

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<b>Agency Approval:</b> Alisa Weld	<b>Phone:</b> (360) 236-2907	<b>Date:</b> 01/12/2022
<b>OFM Review:</b> Breann Boggs	<b>Phone:</b> (360) 485-5716	<b>Date:</b> 01/13/2022

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 amends RCW 70.01.040 (Provider-based clinics that charge a facility fee - Posting of required notice - Reporting requirements) to prohibit a health care provider from charging, billing, or collecting a facility fee, except for services provided to a patient when the patient is on a hospital’s campus. This amendment allows the Department of Health (department) to impose sanctions on a hospital in accordance with RCW 70.41.130 (Administrative Actions Against License – Rules – Procedure), and updates definitions used in this section. The department expects non-compliance with facility fee billing and reporting requirements to be low, existing staff will accomplish the work required within their normal workload. This bill creates no fiscal impact to the department.

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.

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.

None

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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**