

Individual State Agency Fiscal Note

Revised

Bill Number: 5518 SB	Title: OT licensure compact	Agency: 303-Department of Health
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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	0.2	0.1	0.4	0.3
Account					
Health Professions Account-State 02G-1	0	85,000	85,000	73,000	54,000
Total \$	0	85,000	85,000	73,000	54,000

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: Julie Tran	Phone: 360-786-7283	Date: 01/08/2022
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 01/14/2022
Agency Approval: Alisa Weld	Phone: (360) 236-2907	Date: 01/14/2022
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/17/2022

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 adds a new section to Chapter 18.59 RCW (Occupational therapy) authorizing the State of Washington to participate in the Occupational Therapy Licensure Compact. The bill would allow one representative from the Occupational Therapy Practice Board (board) to be Washington State's delegate on the new Occupational Therapy Compact Commission (commission). The compact establishes an expedited process for eligible occupational therapists and occupational therapy assistants to be licensed in compact member states as well as their state of principal licensure.

Section 1, Article 3: Under the compact, the Department of Health (department) will grant a compact privilege to an occupational therapist (OT) or an occupational therapy assistant (OTA) who holds a valid, unencumbered license in another member state. The department may charge a fee for granting a compact privilege. The department will participate fully in the commission's data system and will utilize an FBI background check to consider the criminal history records of applicants for an initial compact privilege. The department will provide for the state's delegate to attend all commission meetings.

Section 1, Article 4: The compact privilege issued by the department is valid until the expiration date of the home state license.

Section 1, Article 7: The department has the authority to take adverse action against an occupational therapist's or occupational therapy assistant's compact privilege, in accordance with existing state due process law. If the department takes adverse action, it shall promptly notify the administrator of the commission's data system. Additionally, the department may participate with other member states in joint investigations of licensees, and compact member states will share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under this compact.

Section 1, Article 8: Washington State will have one delegate to the commission, selected by the board. The delegate shall be either a current member of the board or an administrator of the board. The commission shall meet at least once during each calendar year, and a delegate shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for the delegates' participation in meetings by telephone or other means of communication. The commission may levy on and collect an annual assessment from the department.

Section 1, Article 9: The commission shall provide for the development, maintenance, and utilization of a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states. The department shall submit a uniform data set to the data system on all individuals to whom this compact is applicable.

Section 1, Article 12: The compact shall come into effect on the date on which the compact statute is enacted into law in the tenth member state.

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.

Section 1, Article 3: This bill allows the department to charge a fee for granting a compact privilege to OTs and OTAs who are licensed in other compact member states. Current law, RCW 43.70.250 (License fees for professions, occupations, and businesses.), requires health professions be fully self-supporting and the collection of sufficient revenue through fees to cover the cost of administering the program.

Washington State joined the physical therapy compact in 2017 and began issuing and accepting compact privileges in late September of 2019. There are 10,000 physical therapists (PT) and physical therapy assistants (PTA) licensed by the department. The department has issued 523 physical therapy compact privileges to licensees from other physical therapy compact member states, 5% of the number of PT and PTA licensed by the department. Based on the department's experience with the physical therapy interstate compact and the 5,200 occupational therapists and occupational therapy assistants currently licensed, the department estimates it will issue 263 initial compact privileges to licensees in other member states in the first year and 138 each year thereafter.

During the rulemaking process, a fee study will be prepared with proposed fees and provided for stakeholder input. The department will monitor the program fund balance and adjust fees over a six (6) year period to ensure that fees are sufficient to cover all program expenditures. For the purpose of this fiscal note, the department assumes it will charge between \$125 and \$175 for each initial compact privilege and for each compact privilege renewal. The current application and initial license fee for both Occupational Therapists and Occupational Therapy Assistants is \$150. The current renewal fee is \$125 for Occupational Therapists and \$105 for Occupational Therapy Assistants.

The bill does not specify the account the compact privilege fees should be deposited to, but the department assumes fees will be deposited to the Health Professions Account (02G).

Section 1, Article 4: Under this bill, each compact privilege issued by the department is valid until the licensee's home state license expires. All but one of the current compact member states have a two-year renewal cycle for OT and OTA licenses. Based on experience with health profession renewals, the department assumes 98.5% of compact privileges granted by the department will be renewed every two years.

Section 1, Article 12: The interstate compact shall come into effect the date on which the compact statute is enacted into law in 10 member states. Currently nine states are part of the compact. Washington will be the tenth state if this bill is enacted into law. For the purpose of this fiscal note, the department assumes a compact start date of June 8, 2022 and to begin issuing compact privilege credentials July 1, 2023.

Estimated Occupational Therapy and Occupational Therapist Assistant Compact fee revenue (rounded to the nearest thousand):

FY 2024: \$39,000 (263 applications)

FY 2025: \$21,000 (138 applications)

FY 2026: \$59,000 (138 applications, 259 renewals)

FY 2027: \$41,000 (138 applications, 136 renewals)

FY 2028: \$49,000 (138 applications, 391 renewals)

FY 2029: \$61,000 (138 applications, 270 renewals)

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 .

Rulemaking

Section 1, Article 3: The department will adopt rules to establish new fees and to incorporate the department's participation in the compact into existing rules. The department anticipates this will be a standard rulemaking process taking approximately 12 months to complete. Rulemaking will include two stakeholder meetings as well as one formal hearing which allows for stakeholder participation.

Costs include staff, associated expenses (including goods and services, travel, intra-agency, and indirect charges), and Office of Attorney General support in the amount of \$4,100. In fiscal year 2023, one-time costs for rulemaking will be 0.10 FTE and \$17,000 (02G).

Office of Customer Service

Section 1, Articles 3 and 9: The bill creates two new credentials for the Occupational Therapist compact privilege and the Occupational Therapy Assistant compact privilege. Additionally, the bill requires the department to submit a uniform data set to the commission's data system on all individuals to whom this compact is applicable. In FY 2023 staff time will be required to implement the specific configuration to capture the required data for the uniform data set the department must submit for the compact's database. Staff time will also be required to configure the new compact credentials, create a new paper application, and to update the department's systems and websites.

Beginning in FY 2024, the department will begin processing compact privilege applications and require FBI biometric-based (fingerprint-based) background checks done by the Washington State Patrol for OT and OTA applicants for an initial compact privilege to meet the requirements of the compact. Based on the number of compact privileges expected, the department estimates 263 applications and background checks in FY 2024 and 138 applications and background checks in each year thereafter. Staff time will be required to process the completed background checks, receive background check reports, and provide technical assistance to applicants requiring additional information. Additionally, staff time will be required to review and process compact privilege applications and renewals and to provide technical assistance.

In FY 2023, one-time costs include Customer Service Credentialing and Operations staff and associated goods and services, intra-agency, and indirect costs of \$6,000. Ongoing costs include Credentialing staff and associated goods and services, intra-agency, and indirect costs in FY 2024 of 0.40 FTE and \$39,000 and 0.20 FTE and \$20,000 in FY 2025 and each year thereafter.

Health Technology Services (HTS)

Section 1, Articles 3 and 9: In FY 2023 HTS staff and the department contractor's time will be required to make updates to the department's Healthcare Enforcement and Licensing Modernization Solution (HELMS). This will include configuration and testing of two new credential types. Tasks include establishing and maintaining credentialing workflows, user defined fields, templates, fee tables, renewals, database support, modification of reports, and creating interfaces for the data set. Ongoing, HTS staff time will be required to maintain the credentials, fields, and reports.

The HELMS system is scheduled to go live in February 2023, replacing the current Integrated Licensing and Regulatory System (ILRS). The department assumes it will begin issuing compact privilege credentials on July 1, 2023, and the HELMS updates necessary to support this bill will occur after HELMS implementation. However, if the updates to support this bill occur prior to HELMS implementation, it may delay the department's HELMS project schedule. Such a delay increases risks to HELMS implementation and increases project costs due to an extended implementation timeline (e.g. staffing and associated costs) as well as contractor change order requests. Additionally, if the HELMS project implementation is delayed, additional staff time will be required to update ILRS in order to support this bill and the new OT and OTA compact privilege credentials until HELMS is implemented.

Costs include HELMS contractor costs in the amount of \$57,750, HTS staff, associated goods and services, intra-agency, and indirect costs. Total one-time implementation costs in FY 2023 will be \$62,000. Beginning in FY 2024, ongoing maintenance and operation costs will be \$7,000 each year.

Discipline

Section 1, Article 7: The department assumes the complaint rate for compact privilege OTs and OTAs will be the same as the complaint rate for those licensed by the department. Based on the current complaint rate for Occupational Therapists

and Occupational Therapy Assistants (0.73% percent), the department estimates and additional 3 complaints per year. The department estimates the staff time to be minimal, and existing staff will accomplish the work within their normal workload.

Compact Commission Delegate and Annual Assessment

Section 1, Articles 3 and 8: The department will provide for the state's delegate to the commission, selected by the board, to attend all commission meetings. Additionally, the commission may levy on and collect an annual assessment from the department.

The department assumes the commission will adopt bylaws which allow for delegates to attend meetings and vote remotely through teleconference or other means not requiring travel. Costs for delegate participation in the commission would be minimal.

The annual assessment is to be determined by the commission after the compact is established. Both the Physical Therapy Compact Commission and the Interstate Medical Licensure Compact Commission have adopted rules allowing each of their respective commissions to determine each year if an assessment will be made and how much the assessment will be for that year, depending on the commission's budget needs for that year. Neither compact commission has levied an assessment to date. The department assumes the Occupational Therapy Compact Commission will adopt similar rules, however the department is unable to estimate the cost of the annual assessment, if any, or predict the method of distributing costs among the member states. These costs are indeterminate at this time.

Total cost to implement this bill:

FY 2023: 0.20 FTE and \$85,000 (02G)

FY 2024: 0.40 FTE and \$46,000 (02G)

FY 2025: 0.30 FTE and \$27,000 (02G)

FY 2026: 0.30 FTE and \$27,000 (02G)

FY 2027: 0.30 FTE and \$27,000 (02G)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
02G-1	Health Professions Account	State	0	85,000	85,000	73,000	54,000
Total \$			0	85,000	85,000	73,000	54,000

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		0.2	0.1	0.4	0.3
A-Salaries and Wages		14,000	14,000	45,000	34,000
B-Employee Benefits		4,000	4,000	17,000	12,000
C-Professional Service Contracts		58,000	58,000		
E-Goods and Other Services		8,000	8,000	8,000	6,000
T-Intra-Agency Reimbursements		1,000	1,000	3,000	2,000
9-					
Total \$	0	85,000	85,000	73,000	54,000

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
Fiscal Analyst 2	53,000				0.1	0.1
FORMS & RECORDS ANALYST 1	44,412				0.1	
HEALTH SERVICES CONSULTANT 1	54,108				0.1	0.1
HEALTH SERVICES CONSULTANT 2	64,332				0.1	
HEALTH SERVICES CONSULTANT 3	72,756				0.1	
HEALTH SERVICES CONSULTANT 4	80,292		0.2	0.1	0.1	0.1
Total FTEs			0.2	0.1	0.4	0.3

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

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules .

Section 1, Article 3: The department will adopt rules as necessary in 246-847 WAC to implement the bill.