

Multiple Agency Fiscal Note Summary

Bill Number: 5939 SB	Title: Long-term care insurance
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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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Employment Security Department	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	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
Office of the State Actuary	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	.0	0	0	0	(1.4)	0	0	(5,314,100)	.0	0	0	0
Department of Retirement Systems	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.6	0	0	259,120	.5	0	0	234,220	1.2	0	0	459,456
Department of Social and Health Services	(9.9)	6,069,000	6,069,000	(4,804,000)	(20.5)	0	0	(10,873,000)	.0	0	0	0
Employment Security Department	(31.0)	0	0	(8,573,557)	(41.8)	0	0	(14,155,393)	(29.3)	0	0	(7,255,492)
Total \$	(40.3)	6,069,000	6,069,000	(13,118,437)	(63.2)	0	0	(30,108,273)	(28.1)	0	0	(6,796,036)

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the State Actuary	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

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Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Preliminary 2/ 3/2022
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Individual State Agency Fiscal Note

Bill Number: 5939 SB	Title: Long-term care insurance	Agency: 035-Office of the State Actuary
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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.

Legislative Contact:	Phone:	Date: 01/27/2022
Agency Preparation: Melinda Aslakson	Phone: 3607866161	Date: 02/03/2022
Agency Approval: Luke Masselink	Phone: 360-786-6154	Date: 02/03/2022
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/03/2022

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 repeals the LTSS trust program and replaces it with a new program of state-financed reinsurance.

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.

Based on Section 15 which repeals Chapter 50B.04 RCW, the Office of the State Actuary’s (OSA) is no longer required to do the following:

- Perform an actuarial audit and valuation of the LTSS trust fund biennially, or more frequently at the request of the LTSS trust;
- Make recommendations to the council and the legislature on actions necessary to maintain trust solvency, including options to redesign or reduce benefit units, approved services, or both, to prevent or eliminate any unfunded actuarially accrued liability in the trust or to maintain solvency; and
- Contract for such actuarial, research, technical, and other consultants as the actuary deems necessary to carry out OSA’s responsibilities under Chapter 50B.04 RCW.

This means the interagency agreement between OSA and the Department of Social and Health Services (DSHS) would be terminated, and OSA expenses would no longer need to be reimbursed. The fiscal impact represents the maintenance level budget allotment DSHS has for OSA actuarial services being returned to DSHS.

Due to current actual actuarial expenses incurred as of the date of this submission, and potential additional expenses until this bill is enacted, OSA anticipates returning zero dollars in FY 2022 and FY 2023. The remaining biennia represent the full budget allotment being returned to DSHS.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages				(81,600)	(81,600)
B-Employee Benefits				(38,400)	(38,400)
C-Professional Service Contracts				(383,000)	(383,000)
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements				503,000	503,000
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	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*

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

Bill Number: 5939 SB	Title: Long-term care insurance	Agency: 090-Office of State Treasurer
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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:

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.

Legislative Contact:	Phone:	Date: 01/27/2022
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/27/2022
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/27/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/28/2022

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 .

SB 5939 creates the Washington long-term care reinsurance program account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.79A.040 (4).

In addition, the bill repeals RCW 50B.04.100 which created the long-term services and supports trust account. The long-term services and supports trust account earnings from investments are credited to itself under RCW 43.79A.040 (4) (b).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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

Bill Number: 5939 SB	Title: Long-term care insurance	Agency: 107-Washington State Health Care Authority
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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	0.0	0.0	(1.4)	0.0
Account					
LTSS Trust Account-State NEW-1	0	0	0	(5,314,100)	0
Total \$	0	0	0	(5,314,100)	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:	Phone:	Date: 01/27/2022
Agency Preparation: Michael Grund	Phone: 360-725-1949	Date: 02/02/2022
Agency Approval: Carl Yanagida	Phone: 360-725-5755	Date: 02/02/2022
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/02/2022

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

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
NEW-1	LTSS Trust Account	State	0	0	0	(5,314,100)	0
Total \$			0	0	0	(5,314,100)	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years				(1.4)	
A-Salaries and Wages				(273,100)	
B-Employee Benefits				(114,000)	
C-Professional Service Contracts				(4,700,000)	
E-Goods and Other Services				(36,000)	
G-Travel				(4,000)	
J-Capital Outlays				(31,000)	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements				(156,000)	
9-					
Total \$	0	0	0	(5,314,100)	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
IT BUSINESS ANALYST - SENIOR/SPECIALIST					(1.0)	
MEDICAL ASSISTANCE SPECIALIST 3					(0.2)	
MEDICAL PROGRAM SPECIALIST 3					(0.3)	
Total FTEs					(1.4)	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

HCA Fiscal Note

Bill Number: 5939 SB

HCA Request #: 22-097

Part II: Narrative Explanation

This bill replaces the Long-Term Services and Supports (LTSS) trust program with affordable and optional long-term care insurance coverage.

This bill would repeal RCW 50B.04.020 which includes the duties of HCA for purposes of carrying out the LTSS trust program. The fiscal impact to the Health Care Authority (HCA) would be an expected savings from not having to update ProviderOne to process payments to LTSS providers.

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

Section 1 – In 2019, the legislature enacted the LTSS trust program, which imposed a .58 percent premium on wages beginning in January 2022 to pay for long-term care benefits for qualified individuals. It is the intent of the legislature to repeal the existing LTSS trust program and replace it with a new program of state-financed reinsurance that will stabilize the private long-term care insurance market and provide Washington consumers with access to long-term care coverage that is both affordable and optional.

Section 9 – The program account is created in the custody of the state treasurer. All receipts from reinsurance assessments collected must be deposited directly into the account.

II. B - Cash Receipts Impact

None.

II. C – Expenditures

In the 2019 Legislative Session, for Bill 1087 2S HB AMS ENGR S3352.1 which established the LTSS trust program, HCA's fiscal note included FTEs and funds related to ProviderOne system enhancements for the 2023-25 biennium. If the LTSS trust program is repealed, those FTEs and funds would no longer be needed. Those costs are reversed below and include:

1. Estimated system/enhancement costs: \$3.5 million
2. Estimated cost of changes/enhancements to coordination of benefits (COB)/third party liability (TPL) correspondence: \$1.2 million
3. Two ITS5 business analyst/testing project FTEs to support enhancements for FY24
4. One fifty percent MAS3 FTE to manage coordination of receipt of COB information and entering it into ProviderOne beginning January 1, 2025
5. Beginning in FY 2025, one fifty percent MPS 3 position to coordinate rules, operational and system changes, and eligibility with HCA and DSHS programs.

FTEs:

Job title	Salary	FY-2022	FY-2023	FY-2024	FY-2025
IT BUSINESS ANALYST - SENIOR/SPECIALIST	107,000	0.0	0.0	-1.0	-1.0
MEDICAL ASSISTANCE SPECIALIST 3	52,000	0.0	0.0	0.0	-0.3
MEDICAL PROGRAM SPECIALIST 3	87,000	0.0	0.0	0.0	-0.5
Totals		0.0	0.0	-1.0	-1.8

Costs:

HCA Fiscal Note

Bill Number: 5939 SB

HCA Request #: 22-097

		FY-2022	FY-2023	FY-2024	FY-2025
A	Salaries and Wages	-	-	(107,000)	(166,100)
B	Employee Benefits	-	-	(37,000)	(77,000)
C	Professional Service Contracts	-	-	(2,350,000)	(2,350,000)
E	Goods and Other Services	-	-	(9,000)	(27,000)
G	Travel	-	-	(1,000)	(3,000)
J	Capital Outlays	-	-	(10,000)	(21,000)
T	Intra-Agency Reimbursements	-	-	(39,000)	(117,000)
Totals		\$ -	\$ -	\$ (2,553,000)	\$ (2,761,100)

Funds:

Account	Account Title	Type	FY-2022	FY-2023	FY-2024	FY-2025
NEW	LTSS Trust Account	1	-	-	(2,553,000)	(2,761,100)
Totals			\$ -	\$ -	\$ (2,553,000)	\$ (2,761,100)

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5939 SB	Title: Long-term care insurance	Agency: 124-Department of Retirement Systems
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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.

Legislative Contact:	Phone:	Date: 01/27/2022
Agency Preparation: Shawn Merchant	Phone: 360-664-7303	Date: 01/27/2022
Agency Approval: Tracy Guerin	Phone: 360-664-7312	Date: 01/27/2022
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/01/2022

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 .

Section 15(8) repeals RCW 50B.04.080 concerning the responsibility of the Pension Funding Council (PFC) to set the premium rate for the long-term services and supports trust program beginning January 1, 2024, and biennially thereafter. That repeal does not have a cost impact on the Department of Retirement Systems.

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

Bill Number: 5939 SB	Title: Long-term care insurance	Agency: 160-Office of Insurance Commissioner
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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	1.3	0.6	0.5	1.2
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	259,120	259,120	234,220	459,456
Total \$	0	259,120	259,120	234,220	459,456

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:	Phone:	Date: 01/27/2022
Agency Preparation: Shari Maier	Phone: 360-725-7173	Date: 01/28/2022
Agency Approval: Mark Dietzler	Phone: 360-725-7106	Date: 01/28/2022
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/03/2022

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.

Section 5(1) subjects the Washington Long-Term Care Reinsurance program (program) to examination by the Office of Insurance Commissioner (OIC) as provided under chapter 48.03 RCW. This impacts RCW 48.03.010 (Examination of insurers, bureaus).

Section 5(2) requires the board of the WA Long-term Care Reinsurance Association to submit an annual financial report for the applicable benefit year to the OIC.

Section 7(1) requires the OIC to annually determine the attachment point for the program. The attachment point is required to be established by the OIC by March 31st of each year, before the applicable benefit year.

Section 10 requires the OIC to require eligible long-term care (LTC) insurance issuers to calculate the premium amount the eligible LTC insurance issuer would have charged for the benefit year if the program had not been established. The eligible LTC insurance issuer is required to submit this information as part of its rate filing. The OIC is required to consider this information as part of the rate review.

Section 11 authorizes the OIC to adopt rules necessary to carry out the requirements of the chapter, including rules prescribing the annual establishment of the attachment point and measures to enforce reporting of LTC policyholder information for purposes of determining expected costs for cohort groups, audits of LTC insurance policyholder reporting, and payment of applicable assessments.

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 5(1) subjects the Washington Long-Term Care Reinsurance program (program) to examination by the Office of Insurance Commissioner (OIC) as provided under chapter 48.03 RCW. This impacts RCW 48.03.010 (Examination of insurers, bureaus) and RCW 48.03.060 (Examination expense) and RCW 48.03.060 (Examination expense).

RCW 48.03.010(2) allows the OIC to examine the program as often as is deemed advisable. For purposes of this fiscal note the OIC assumes that the program will be subject to a financial examination, in FY2026 (two years after initial plan year of 2024), and then every five years thereafter. Based on the Health Care Authority financial examination the OIC conducted in 2020, it is assumed that a total of 2,200 hours of a Financial Examiner 3 (1,889 hours) and Financial Examiner 4 (311 hours) and 180 hours of an Actuary 3 will be required to examine the program in FY2026 and every five years thereafter.

Section 5(2) requires the board of the WA Long-term Care Reinsurance Association to submit an annual financial report for the applicable benefit year to the OIC requiring 24 hours of a Financial Examiner 3 to monitor and analyze the reports each year beginning in FY2025.

Section 7(1) requires the OIC to annually determine the attachment point for the program. The attachment point is required to be established by the OIC by March 31st of each year, before the applicable benefit year. The attachment point for the

claims related to the 2024 benefit year shall be established as 120 percent of the total expected costs for each cohort group. The OIC is required to adjust the attachment point for subsequent years in accordance with claims history data and other information that assists in establishing an attachment point that promotes the goals in (a) of this subsection. The OIC is required to identify cohort groups within Washington's long-term care (LTC) insurance market and establish total expected costs for LTC insurance policyholders within each cohort group. The commissioner shall identify any data needed from the program to determine the attachment point, cohort groups, and total expected costs within each cohort group for each upcoming benefit year, and such data must be timely provided to the OIC by the program upon request.

In order to determine the attachment point, the OIC will need to pull in industry-wide claims experience and /or cost projection information, as well as involve LTC experts. OIC will need to contract with an organization with expertise in LTC to assist in determining 120% of the total expected costs for each cohort group for the 2024 benefit year. Based on previous contracts, the hourly cost of a contractor with this expertise is estimated at \$350 per hour. The OIC anticipates needing one-time costs of 40 hours (\$14,000) of a contractor in FY2023. Beginning in FY2023 and thereafter, the OIC anticipates requiring 400 hours of an Actuary 3 to analyze the data and determine the attachment point each year.

Section 10 requires the OIC to require eligible long-term care (LTC) insurance issuers to calculate the premium amount the eligible LTC insurance issuer would have charged for the benefit year if the program had not been established. The eligible LTC insurance issuer is required to submit this information as part of its rate filing. The OIC is required to consider this information as part of the rate review. Currently, the OIC receives approximately 67 LTC rate filings each year and it takes an average of 10 hours of review time each. As a result of this bill, LTC insurance issuers will be required to submit two sets of premiums and assumptions as part of its rate filing; the second set of rate filings will add 50 %, or 5 hours, to the review time for rate filings. The OIC will require an additional 335 hours (67 rate filings x 5 hours) of an Actuary 2 (111 hours) and Actuary 3 (224 hours) each year beginning in FY2023.

Section 11 authorizes the OIC to adopt rules necessary to carry out the requirements of the chapter, including rules prescribing the annual establishment of the attachment point and measures to enforce reporting of LTC policyholder information for purposes of determining expected costs for cohort groups, audits of LTC insurance policyholder reporting, and payment of applicable assessments. ‘Complex’ rulemaking, in FY2023, will be required.

Ongoing costs:

Salary, benefits and associated costs for .39 FTE Actuary 3; .07 FTE Actuary2; and .02 FTE Financial Examiner 3.

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	0	259,120	259,120	234,220	459,456
Total \$			0	259,120	259,120	234,220	459,456

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		1.3	0.6	0.5	1.2
A-Salaries and Wages		151,635	151,635	148,143	285,138
B-Employee Benefits		44,461	44,461	39,233	82,427
C-Professional Service Contracts		14,000	14,000		
E-Goods and Other Services		49,024	49,024	46,844	91,891
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	259,120	259,120	234,220	459,456

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
Actuary 2	128,436		0.1	0.0	0.1	0.1
Actuary 3	164,364		0.4	0.2	0.4	0.4
Financial Examiner 3	97,872				0.0	0.6
Financial Examiner 4	108,036					0.1
Functional Program Analyst 4	78,408		0.2	0.1		
Senior Policy Analyst	99,996		0.7	0.3		
Total FTEs			1.3	0.7	0.5	1.2

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 11 authorizes the Office of Insurance Commissioner (OIC) to adopt rules necessary to carry out the requirements of the chapter, including rules prescribing the annual establishment of the attachment point and measures to enforce reporting of

long-term care (LTC) policyholder information for purposes of determining expected costs for cohort groups, audits of LTC insurance policyholder reporting, and payment of applicable assessments. ‘Complex’ rulemaking, in FY2023, will be required.

Individual State Agency Fiscal Note

Bill Number: 5939 SB	Title: Long-term care insurance	Agency: 300-Department of Social and Health Services
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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	6.2	(26.0)	(9.9)	(20.5)	0.0
Account					
General Fund-State 001-1	6,069,000	0	6,069,000	0	0
Long-Term Services & Supports Trust Acct-State 567-1	(4,230,000)	(6,643,000)	(10,873,000)	(10,873,000)	0
Total \$	1,839,000	(6,643,000)	(4,804,000)	(10,873,000)	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:	Phone:	Date: 01/27/2022
Agency Preparation: Cliff Hicks	Phone: 360-902-8240	Date: 01/31/2022
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/31/2022
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/02/2022

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 .

Section 1 (2): It is the intent of the legislature to repeal the existing Long-Term Services and Supports Trust (LTSS) Program and replace it with a new program of state-financed reinsurance that will stabilize the private long-term care insurance market and provide Washington consumers with access to long-term care coverage that is both affordable and optional.

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 .

Funding for the expenditures related to the LTSS Trust were paid for with GF-State funds.

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.

The General Fund - State dollars used to set up the LTSS Trust will need to be reimbursed for expenses that occurred between Fiscal Year 2020 - Fiscal Year 2022 :

Fiscal Year 2020: \$506,000
Fiscal Year 2021: \$1,333,000
Fiscal Year 2022: \$4,230,000
Total: \$6,069,000

The LTSS Trust will reflect a negative balance for Fiscal Year 2022, as GF-State is used to pay for expenditures incurred in Fiscal Year 2022 for staffing, IT costs, and the Office of the State Actuary (OSA).

Removing Appropriation from the LTSS Trust Account starting in Fiscal Year 2023 :

**Fiscal Year 2023: -\$6,643,000; removes 26.0 FTE
Fiscal Year 2024: -\$3,977,000; removes 15.0 FTE
Fiscal Year 2025: -\$6,896,000; removes 26.0 FTE

**The Fiscal Year 2023 total is \$253,000 less because these funds were shifted from Fiscal Year 2023 to Fiscal Year 2022 to support OSA.

Assumptions:

The Department of Social and Health Services (DSHS) is not making any assumptions regarding repaying with interest to the LTSS account.

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	6,069,000	0	6,069,000	0	0
567-1	Long-Term Services & Supports Trust Acct	State	(4,230,000)	(6,643,000)	(10,873,000)	(10,873,000)	0
Total \$			1,839,000	(6,643,000)	(4,804,000)	(10,873,000)	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	6.2	(26.0)	(9.9)	(20.5)	
A-Salaries and Wages	568,000	(2,521,000)	(1,953,000)	(3,955,000)	
B-Employee Benefits	194,000	(839,000)	(645,000)	(1,307,000)	
C-Professional Service Contracts	573,000	(2,628,000)	(2,055,000)	(4,051,000)	
E-Goods and Other Services	465,000	(410,000)	55,000	(1,155,000)	
G-Travel	20,000	(127,000)	(107,000)	(216,000)	
J-Capital Outlays	8,000	(66,000)	(58,000)	(123,000)	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	11,000	(52,000)	(41,000)	(66,000)	
9-					
Total \$	1,839,000	(6,643,000)	(4,804,000)	(10,873,000)	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
Administrative Assistant 4	56,856	1.2	(1.0)	0.1	(1.0)	
Communication Consultant 4	72,756	0.3	(2.0)	(0.9)	(1.8)	
Director	123,072	1.8	(1.0)	0.4	(1.0)	
IT App Development Journey	96,888		(4.5)	(2.3)	(3.0)	
IT App Development Senior/Specialist	112,176		(3.0)	(1.5)	(1.8)	
IT Business Analyst - Senior/Specialist	106,824		(1.5)	(0.8)	(1.0)	
IT Business Analyst Journey	96,888		(1.5)	(0.8)	(0.8)	
IT Data Management - Journey	101,748		(0.5)	(0.3)	(0.3)	
IT Project Management Senior/Specialist	112,176		(1.0)	(0.5)	(1.0)	
IT Quality Assurance - Journey	96,888		(0.5)	(0.3)	(0.3)	
IT System Administration Journey	101,748		(0.5)	(0.3)	(0.3)	
WMS - Accounting and Budget Support	79,608		(1.0)	(0.5)	(0.5)	
WMS - Program Manager	84,000	1.3	(3.0)	(0.9)	(3.0)	
WMS - Public Disclosure	79,116		(1.0)	(0.5)	(1.0)	
WMS Comm and Media Relations Manager	84,048	0.1	(1.0)	(0.5)	(1.0)	
WMS -Research/Data Analysis	118,452	1.5	(3.0)	(0.8)	(3.0)	
Total FTEs		6.2	(26.0)	(9.9)	(20.5)	0.0

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Aging Long-Term Support Administration (050)	1,839,000	(6,643,000)	(4,804,000)	(10,873,000)	
Total \$	1,839,000	(6,643,000)	(4,804,000)	(10,873,000)	

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: 5939 SB	Title: Long-term care insurance	Agency: 540-Employment Security Department
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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.
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Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	(61.9)	(31.0)	(41.8)	(29.3)
Account					
Family and Medical Leave Insurance Account-State 22F-1	0	3,345,530	3,345,530	3,474,420	3,474,420
Long-Term Services & Supports Trust Acct-State 567-1	30,000	(11,949,087)	(11,919,087)	(17,629,813)	(10,729,912)
Total \$	30,000	(8,603,557)	(8,573,557)	(14,155,393)	(7,255,492)

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:	Phone:	Date: 01/27/2022
Agency Preparation: Steve Zawoysky	Phone: 360-890-3695	Date: 02/01/2022
Agency Approval: Danielle Cruver	Phone: 360-810-0901	Date: 02/01/2022
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/01/2022

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 .

Section 15 repeals all sections of the LTSS Trust Program in chapter 50B.04 RCW.
Section 18 contains an emergency clause making the bill effective immediately upon the Governor's signature.

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 .

The exact amount of the revenue reduction due to repealing the current LTSS program is unknown. There would be no premiums received for the program. This bill would make ESD unable to pay back the loan received from the general fund for program start-up costs.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
22F-1	Family and Medical Leave Insurance Account	State	0	3,345,530	3,345,530	3,474,420	3,474,420
567-1	Long-Term Services & Supports Trust Acct	State	30,000	(11,949,087)	(11,919,087)	(17,629,813)	(10,729,912)
Total \$			30,000	(8,603,557)	(8,573,557)	(14,155,393)	(7,255,492)

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		(61.9)	(31.0)	(41.8)	(29.3)
A-Salaries and Wages		(3,809,215)	(3,809,215)	(5,603,160)	(3,300,360)
B-Employee Benefits		(1,523,686)	(1,523,686)	(2,241,265)	(1,320,146)
C-Professional Service Contracts		232,823	232,823	(668,377)	
E-Goods and Other Services	30,000	(2,475,682)	(2,445,682)	(4,131,020)	(1,743,790)
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		(1,027,797)	(1,027,797)	(1,511,571)	(891,196)
9-					
Total \$	30,000	(8,603,557)	(8,573,557)	(14,155,393)	(7,255,492)

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
Administrative Assistant 3	42,420		(1.0)	(0.5)	(1.0)	(1.0)
Administrative Assistant 5	54,108		0.5	0.3	0.5	0.5
Economic Analyst 3	70,956		1.0	0.5	1.0	1.0
EMS Band 3	117,960		(0.3)	(0.2)	(0.3)	(0.3)
EMS Band 4	147,420		0.5	0.3	0.5	0.5
Fiscal Analyst 3	54,108		(1.0)	(0.5)	(1.0)	(1.0)
Fiscal Analyst 4	59,688		(1.0)	(0.5)	(1.0)	(1.0)
Fiscal Analyst 5	67,560		(1.0)	(0.5)	(1.0)	(1.0)
IT App Developer Entry	78,690		0.5	0.3		
IT App Developer Journey	83,556		1.0	0.5		
IT Architecture Senior Specialist	101,568		0.5	0.3		
IT Business Analyst Journey	83,556		2.3	1.1	1.5	1.5
IT Business Analyst Senior Specialist	92,112		(14.3)	(7.1)	(13.0)	(0.5)
IT Project Management Journey	87,732		1.5	0.8	1.0	1.0
IT Project Management Senior Specialist	96,720		(0.1)	(0.1)	(1.0)	(1.0)
IT Quality Assurance Entry	78,465		0.5	0.3		
IT Quality Assurance Journey	83,556		0.3	0.1		
IT Quality Assurance Senior Specialist	92,112		0.3	0.1		
IT Systems Administration Entry	64,987		0.5	0.3		
IT Systems Administration Manager	96,720		(1.0)	(0.5)	(1.0)	(1.0)
Management Analyst 4	69,264		2.0	1.0	2.0	2.0
PFML Specialist 2	54,108		(41.5)	(20.8)	(20.0)	(20.0)
PFML Specialist 3	59,688		(7.5)	(3.8)	(6.0)	(6.0)
Tax Policy Specialist 2	70,956		(1.0)	(0.5)	(1.0)	(1.0)
Tax Policy Specialist 4	86,484		(1.0)	(0.5)	(1.0)	(1.0)
WMS Band 1	79,137		(3.0)	(1.5)	(1.5)	(1.5)
WMS Band 2	96,569		1.4	0.7	1.4	1.4
WMS Band 3	119,041		(0.9)	(0.4)	(0.9)	(0.9)
Total FTEs			(61.9)	(31.0)	(41.8)	(29.3)

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 .

This bill would require minor rulemaking to repeal rules already adopted to implement and administer the program. Rulemaking would begin when the bill is signed.

Section 15 of this bill repeals all sections of the Long-Term Services and Supports (LTSS) in chapter 50B.04 RCW. The bill creates a Long-Term Care Reinsurance Program to stabilize the rates and premiums for long-term care (LTC) insurance, expand access to LTC insurance, and provide assurance that LTC insurance policies will be available into the future. The bill also creates a Long-Term Care Reinsurance Association and a board to operate the program. Oversight for the reinsurance program will be provided by the Office of the Insurance Commissioner. ESD has no oversight or involvement for the reinsurance program or association.

The emergency clause in Section 18 will make the bill effective immediately upon the Governor's signature. Assuming an effective date of April 1, 2022, ESD will need approximately 90 days to reduce staffing levels. Additionally, there will be work associated with implementing this bill, beginning immediately. The current fiscal year budget will be utilized for this work, therefore any reduction to the budget is reflected beginning July 1, 2022, and after.

The additional costs that would result from this bill, beginning on the effective date of the bill, are rulemaking costs, estimated at \$30,000. This cost would be added to the Fiscal Year 2022 budget.

The following lists work that would need to be done, beginning on the effective date of the bill. The costs will be absorbed within the current Fiscal Year 2022 budget:

- Human Resources
 - The repeal of the program and subsequent layoffs would require human resources staff to process the layoffs and manage other processes.
- Communications
 - ESD Communications would need to clearly communicate to employers about immediate changes to wage reporting and premium collection standards until the program officially closes. This effort would require resources for communications planning and campaign and will include the following:
 - Web changes: ESD Communications would need to make significant and immediate updates to the WA Cares, Paid Family and Medical Leave, and ESD websites. These changes would need to be made by communications staff and contractors. The project would include a full content scrub of all three websites, full review, redevelopment, and republishing content with updated information and info about future program expectations.
 - Email and Postal Mail: ESD Communications would need to develop an aggressive email and postal mail campaign. These campaigns would be designed and executed by internal division staff.
 - Press Release: ESD would need to publish a press release, brief division directors, determine when to communicate messaging with oversight bodies, share through GovDelivery to media contacts, and align with DSHS and partners.
 - Support Internal Communications: Review, share talking points/FAQs, align with DSHS.
- Operations will maintain current staffing levels through June 2022 to answer questions and inquiries from employees and employers regarding the program.
- Technology
 - Architecture redesign and Planning – Plan the changes necessary to decommission assets and to adjust the intended cloud and security architecture.
 - Software remediation, testing, and deployment – Execute the necessary coding changes to decommission assets (LTSS employee exemption code, elective coverage, reversion of wage filing and premium collections and the program website) and regression testing of the system after changes are made.

Building the ESD IT systems to support the LTSS program was planned to take an estimated 18 months to complete. As expressed in the OCIO Investment Plan approved by OFM, the product scope is being delivered in three phases through gated funding. Although many of the technical deliverables planned for the LTSS program also have retained value for the PFML service, the bill decommissioning LTSS effective immediately creates necessary shut down costs for the service and system vulnerabilities for the existing PFML platform.

The bill creates the need to decommission assets for security reasons. Additionally, some work underway to bring up LTSS must continue to ensure PFML platform health (e.g., the on-premises migration to the cloud). These costs were planned costs that should be assessed as a cost of LTSS repeal and transferred to the PFML program.

Some work undertaken and partially funded in support of LTSS service generates value for the PFML program if and only if the work in progress is completed. If the bill is effective immediately, some of the cloud platform migration will be completed, but some critical work for testing and integration of the PFML system will be yet to do. If this work is not completed, it creates system security vulnerabilities for the PFML service and maintenance challenges.

This work will continue and complete migration of the PFML's core Financial Operations system currently located in the state data center into Microsoft Azure cloud, which improves system security, stability, and manageability. The work will include completing all development, testing, and deployment of the migrated system with project FTEs already assigned to the project and contracted employees.

The following FTEs and Contracted Services represent costs that will need to be assumed by PFML funding beginning July 2022 through December 2022:

- .88 FTE of IT Project Manager Senior/Specialist
- .5 FTE of IT Project Manager Journey
- .25 FTE of IT Business Analyst Senior/Specialist
- .75 FTE of IT Business Analyst Journey
- .5 FTE of IT Architect Senior/Specialist
- 1 FTE of IT App Developer Journey
- .5 FTE of IT App Developer Entry
- .5 FTE of IT QA Entry
- .25 FTE of IT QA Journey
- .25 FTE of IT QA Senior/Specialist
- .5 FTE of IT Sys Admin Entry
- Senior Integration Architects – 2064 hours at \$147 per hour = \$303,408
- Various contracted resources including project management, Senior Consultants, and developers - \$231 per hour for 1623 hours = \$375,000

The Leave and Care Division is budgeted with both LTSS and PFML funding, and many positions within the agency are budgeted with both funding sources. The following positions are necessary to the operation of the division, and with the removal of LTSS funding, will need PFML funding to continue in a permanent capacity. These positions are budgeted with LTSS funding through June 2022. Beginning July 2022 on ongoing, these will need to be funded by PFML funding:

Transformation Team

- .5 FTE of WMS 3
- 1 FTE of WMS 2
- 1 FTE IT Project Management Journey
- 1.5 FTE Management Analyst 4
- 1.5 FTE of IT Business Analyst Journey
- .5 FTE IT Business Analyst Senior/Specialist

Administration

- .5 FTE of EMS 4
- .5 FTE of WMS 1
- .5 FTE of Management Analyst 4
- .5 FTE of Admin Assistant 5
- .25 FTE of WMS 2
- .5 FTE of WMS 3

Data and Research

- 1 FTE of Economic Analyst 3 Economic Analyst 3
- .5 FTE of WMS 2

Policy and Rules

- .4 FTE of WMS 3

The following table shows the net effect of the bill on LTSS and PFML funding by fiscal year:

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 and Ongoing
Increase to PFML Budget		\$3,345,530	\$1,737,210	\$1,737,210	\$1,737,210
LTSS Increase - Rulemaking	\$30,000				
Fund 567 - LTSS Base Budget		-\$10,793,002	-\$8,282,637	-\$7,553,078	-\$4,467,907
Fund 567 - HB 1323		-\$1,156,085	-\$897,049	-\$897,049	-\$897,049
Total Fund 567 Adjustment	\$30,000	-\$11,949,087	-\$9,179,686	-\$8,450,127	-\$5,364,956