

Individual State Agency Fiscal Note

Bill Number: 5338 SB	Title: Essential health benefits	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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.0	0.2	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	260,414	0	260,414	0	0
Total \$	260,414	0	260,414	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1(1) requires the Office of Insurance Commissioner (OIC), in consultation with relevant interested persons and entities, to review Washington's benchmark health plan establishing the state's essential health benefits to determine whether to request approval from federal Centers for Medicare and Medicaid Services to modify the state's essential health benefits benchmark plan.

Section 1(2) requires the OIC, as part of its review, to determine the potential impacts on qualified health plan design, actuarial values, and premium rates if coverage for hearing instruments and associated services, fertility services, contralateral prophylactic mastectomies, and magnetic resonance imaging for breast cancer screening was included as an essential health benefit.

Section 1(3) requires the OIC to report the results of the review to the relevant committees of the legislature, including any findings related to modifying the state's essential health benefits by December 1, 2023.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

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Section 1(3) requires the OIC to report the results of the review to the relevant committees of the legislature, including any findings related to modifying the state's essential health benefits by December 1, 2023.

Section 1 will require the OIC to engage in a competitive procurement to determine the potential impacts on health plan design, actuarial values and premium rates if the coverage for hearing instruments and associated services, fertility services, contralateral prophylactic mastectomies, and magnetic resonance imaging for breast cancer screening is included as an essential health benefit. Based upon the cost of an actuarial analysis of hearing instrument coverage completed in 2021 and information gathered from other states that have updated their EHB benchmark plan recently, OIC assumes the professional services contract will cost \$200,000 in FY2024.

The OIC will hold at least four public meetings, each with an opportunity to submit written comments, with interested persons and entities, as well as consultation with the American Indian Health Commission, to review Washington's essential health benefits benchmark plan, the provisions of Section 1(2), the requirements of 45 CFR §156.111, the OIC's workplan, the preliminary findings of the contractor, the final findings of the contractor, and the OIC's proposed EHB benchmark

plan.

In FY2024, the OIC will require a total of 360 hours of a Senior Policy Analyst to develop the project plan, maintain the website for the project, contract for services and manage the contractor, attend and manage the public meetings, review written comments, engage in tribal consultation, and prepare a report of OIC’s findings for submission to the Legislature. If OIC determines that an updated EHB benchmark plan should be submitted to the federal government for approval, this work will include preparation of all material necessary for the submission. Additionally, 102 hours of an Actuary 4 and 30 hours of an Insurance Enforcement Specialist to attend the public meetings and provide technical input and subject matter expertise will be required in FY2024.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	260,414	0	260,414	0	0
Total \$			260,414	0	260,414	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3		0.2		
A-Salaries and Wages	37,367		37,367		
B-Employee Benefits	10,964		10,964		
C-Professional Service Contracts	200,000		200,000		
E-Goods and Other Services	12,083		12,083		
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 \$	260,414	0	260,414	0	0

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Actuary 4	192,036	0.1		0.0		
Insurance Enforcement Specialist	99,516	0.0		0.0		
Senior Policy Analyst	108,432	0.2		0.1		
Total FTEs		0.3		0.2		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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.