

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1508 HB	<b>Title:</b> Health care cost board	<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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.3	4.3	4.3	4.3	4.3
<b>Account</b>					
General Fund-State 001-1	1,936,000	1,136,000	3,072,000	2,272,000	2,272,000
<b>Total \$</b>	1,936,000	1,136,000	3,072,000	2,272,000	2,272,000

### Estimated Capital Budget Impact:

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

*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: Chris Blake	Phone: 360-786-7392	Date: 01/24/2023
Agency Preparation: Alexa Price	Phone: 360-725-0000	Date: 01/30/2023
Agency Approval: Megan Atkinson	Phone: 360-725-1222	Date: 01/30/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/01/2023

## 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.

Please see attached narrative.

### 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.

Please see attached narrative.

### 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.

Please see attached narrative.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	1,936,000	1,136,000	3,072,000	2,272,000	2,272,000
<b>Total \$</b>			1,936,000	1,136,000	3,072,000	2,272,000	2,272,000

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	4.3	4.3	4.3	4.3	4.3
A-Salaries and Wages	474,000	474,000	948,000	948,000	948,000
B-Employee Benefits	152,000	152,000	304,000	304,000	304,000
C-Professional Service Contracts	1,300,000	500,000	1,800,000	1,000,000	1,000,000
E-Goods and Other Services	10,000	10,000	20,000	20,000	20,000
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-					
<b>Total \$</b>	1,936,000	1,136,000	3,072,000	2,272,000	2,272,000

### 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
Contract Specialist 3	25,000	0.3	0.3	0.3	0.3	0.3
Management Analyst 5	92,000	1.0	1.0	1.0	1.0	1.0
WMS Band 02	119,000	3.0	3.0	3.0	3.0	3.0
<b>Total FTEs</b>		4.3	4.3	4.3	4.3	4.3

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

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

**IV. B - Expenditures by Object Or Purpose**

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

**IV. C - Capital Budget Breakout**

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

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

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

NONE

Please see attached narrative.

**Part V: New Rule Making Required**

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

New rules will need to be adopted/amended related to the submission, content, and enforcement of the performance improvement plans that the Board may require payers or health care providers to submit.

# HCA Fiscal Note

Bill Number: 1508 HB

HCA Request #: 23-067

## **Part II: Narrative Explanation**

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

AN ACT Relating to improving consumer affordability through the health care cost transparency board and amending the RCW.

Sec. 2 The Washington Health Care Authority (HCA) is authorized to enforce the performance improvement plan including collecting payments and fines issued by the board.

Sec. 6 adds a new section to RCW 70.390 to include an annual analysis of an underinsurance survey.

Sec. 7 adds a new section to RCW 70.390 to conduct a one-time study of the costs to the state related to nonprofit healthcare providers and payers not already included in the calculation of total health care expenditures.

Sec. 8 states the board may impose a civil fine on a payer or health care provider that exceeds the health care costs benchmark without reasonable justification. This also gives the authority to use any of the fees to offset administrative costs related to this chapter.

### **II. B - Cash Receipts Impact**

Indeterminate. HCA assumes all payers and health care providers will follow the board's performance improvement plans. Section 8 directs that any fines be deposited into the State Health Care Affordability Account (Account 25M).

### **II. C – Expenditures**

The fiscal impact is greater than \$50,000. HCA requests \$3,072,000 (GF-S) and 4.3 Full Time Equivalent (FTE) staff in the 2023-2025 biennium and \$1,136,000 (GF-S) per year thereafter for staff and underinsurance survey costs.

- 2.0 FTEs WMS2 Research Managers whose duties would include: support and perform additional cost driver analyses with the additional data elements and datasets required under the revised statute; provide technical assistance to contractor about how to implement the survey of underinsurance and recommend any improvements to the measure of underinsurance; interpretation and reporting associated with the additional survey, the above referenced study/analysis, and expanded cost driver analysis; support the board, advisory groups on meeting materials, annual report, and other products developed and released by the board; analyses and reports leading up to determination of requiring a performance improvement plan from any organization; assessment and analysis of data provided by organizations supporting their claims on the submitted performance improvement plans, and advise program leadership on technical aspects of the accompanying analyses; provide a health economist perspective on developing criteria for imposing a civil fine on a payer or health care provider and establishing the civil fine schedule; analysis of drug price transparency data (43.71C RCW) and prescription drug affordability board data (70.405 RCW) if the board decides to use these data.
- 0.3 FTE Contracts Specialist to support work beginning July 1, 2023, for the Office of Contracts and Procurement.

# HCA Fiscal Note

Bill Number: 1508 HB

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- 1.0 FTE WMS 2 whose duties would include: managing the contract for the study due August 1, 2025, including planning and developing the project's scope of work, ensuring the project stays within scope and budget, identifies risks and risk mitigation strategies, disseminating the results of the study and developing related content for the Board's legislative report, and other work necessary to manage the contract; serve as liaison with other HCA divisions supporting the one-time study and any data collection; managing the ongoing contract for the underinsurance survey, including developing the scope of work, ensuring the project stays within scope and budget, identifies risks and risk mitigation strategies, disseminating the results of the study and developing related content for the Board's legislative report, and other work necessary to manage the contract.
- 1.0 FTE Management Analyst 5 for cross-divisional work with Medicaid Program Division (MPD) and Legal Services (DLS) for expertise in the development of performance improvement plans; cross-divisional work with MPD and DLS in the development of enforcement processes, standards, procedures, and regulations for performance improvement plans and their submissions; cross-divisional work with MPD contracts and compliance for review and enforcement of improvement plans submitted by Medicaid Managed Care Organizations (MCC); supporting the rule making process and serving as a liaison with other HCA divisions supporting HCA's adoption for rules applicable to payers and providers; providing support and expertise for anticipated public hearings required under Sec. 8.
- \$300,000 for a one-time only contract to evaluate whether state tax preferences, tax deductions, tax-exempt capital financing, and other public reimbursement and funding streams available to nonprofit health care providers and nonprofit payers would affect the calculation of total health care expenditures.
- \$500,000 for a one-time contract to develop the Performance Improvement Plan process.
- \$500,000 annually to conduct the annual underinsurance survey.

**II. C - Operating Budget Expenditures**

Account	Account Title	Type	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
001-1	General Fund	State	1,936,000	1,136,000	1,136,000	1,136,000	1,136,000	1,136,000	3,072,000	2,272,000	2,272,000
<b>Totals</b>			<b>\$ 1,936,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 3,072,000</b>	<b>\$ 2,272,000</b>	<b>\$ 2,272,000</b>

**II. C - Expenditures by Object Or Purpose**

		FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
<b>FTE</b>		4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
A	Salaries and Wages	474,000	474,000	474,000	474,000	474,000	474,000	948,000	948,000	948,000
B	Employee Benefits	152,000	152,000	152,000	152,000	152,000	152,000	304,000	304,000	304,000
C	Professional Service Contracts	1,300,000	500,000	500,000	500,000	500,000	500,000	1,800,000	1,000,000	1,000,000
E	Goods and Other Services	10,000	10,000	10,000	10,000	10,000	10,000	20,000	20,000	20,000
<b>Totals</b>		<b>\$ 1,936,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 1,136,000</b>	<b>\$ 3,072,000</b>	<b>\$ 2,272,000</b>	<b>\$ 2,272,000</b>

**II. C - Operating FTE Detail:** List FTEs by classification and corresponding annual compensation.

Job title	Salary	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
CONTRACTS SPECIALIST 3	81,000	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
MANAGEMENT ANALYST 5	92,000	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
WMS BAND 02	119,000	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Totals</b>		<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>

## Part IV: Capital Budget Impact

None.

## HCA Fiscal Note

Bill Number: 1508 HB

HCA Request #: 23-067

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

New rules will need to be adopted/amended related to the submission, content, and enforcement of the performance improvement plans that the Board may require payers or health care providers to submit.