

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1662 HB	<b>Title:</b> Sole community hospitals
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	0	0	6,504,000	0	0	6,504,000	0	0	6,504,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>6,504,000</b>	<b>0</b>	<b>0</b>	<b>6,504,000</b>	<b>0</b>	<b>0</b>	<b>6,504,000</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	.0	2,720,000	2,720,000	9,224,000	.0	2,720,000	2,720,000	9,224,000	.0	2,720,000	2,720,000	9,224,000
<b>Total \$</b>	<b>0.0</b>	<b>2,720,000</b>	<b>2,720,000</b>	<b>9,224,000</b>	<b>0.0</b>	<b>2,720,000</b>	<b>2,720,000</b>	<b>9,224,000</b>	<b>0.0</b>	<b>2,720,000</b>	<b>2,720,000</b>	<b>9,224,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Other	No fiscal impact								
Local Gov. Total									
Local Gov. Courts									
Loc School dist-SPI									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Jason Brown, OFM	<b>Phone:</b> (360) 742-7277	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 1662 HB	<b>Title:</b> Sole community hospitals	<b>Agency:</b> 107-Washington State Health Care Authority
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2	3,252,000	3,252,000	6,504,000	6,504,000	6,504,000
<b>Total \$</b>	3,252,000	3,252,000	6,504,000	6,504,000	6,504,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>					
General Fund-State 001-1	1,360,000	1,360,000	2,720,000	2,720,000	2,720,000
General Fund-Federal 001-2	3,252,000	3,252,000	6,504,000	6,504,000	6,504,000
<b>Total \$</b>	4,612,000	4,612,000	9,224,000	9,224,000	9,224,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Meghan Morris	Phone: 360-786-7119	Date: 01/29/2023
Agency Preparation: Marcia Boyle	Phone: 360-725-0850	Date: 02/03/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 02/03/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/03/2023

## 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.

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.

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.

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	1,360,000	1,360,000	2,720,000	2,720,000	2,720,000
001-2	General Fund	Federal	3,252,000	3,252,000	6,504,000	6,504,000	6,504,000
<b>Total \$</b>			<b>4,612,000</b>	<b>4,612,000</b>	<b>9,224,000</b>	<b>9,224,000</b>	<b>9,224,000</b>

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	4,612,000	4,612,000	9,224,000	9,224,000	9,224,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>4,612,000</b>	<b>4,612,000</b>	<b>9,224,000</b>	<b>9,224,000</b>	<b>9,224,000</b>

**III. C - Operating FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals 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**

*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

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.*

# HCA Fiscal Note

Bill Number: HB 1662 Sole Community Hospitals

HCA Request #: 23-085 Revised

## Part II: Narrative Explanation

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

This bill amends RCW 74.09.5225 to change the rate multiplier used for hospitals that qualify for a sole community hospital rate enhancement. It codifies the increase from 125 percent to 150 percent of fee for service rates. This amount has been in proviso since FY 2021. Since FY 2022, the 150 percent only applied to sole community hospitals that accepted single bed certifications. This change would codify that percentage without requiring single bed certifications.

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### II. B - Cash Receipts Impact

Expenditures that exceed the non-state government owned Upper Payment Limit are not eligible for federal match. The Washington State Health Care Authority (HCA) estimates an average Federal Financial Participation of 71 percent.

#### II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
General Fund-Medicaid 001-C	3,252,000	3,252,000	3,252,000	3,252,000	3,252,000	3,252,000
Totals	\$ 3,252,000	\$ 3,252,000	\$ 3,252,000	\$ 3,252,000	\$ 3,252,000	\$ 3,252,000

### II. C – Expenditures

HCA request \$9,224,000 (\$2,720,000 GF-S) in the 2023-2025 Biennium to implement this bill.

The 2021-23 operating budget currently funds this rate increase. However, the rate increase expires at the end of FY 2023 and will need to be removed from the managed care rates through a mid-year rate update. Changes included in the mid-year managed care rate update need to be finalized in March and submitted to the Centers for Medicare and Medicaid Services (CMS) in April for a July effective date. HCA will not be able to incorporate this change into the mid-year managed care rate update unless there is some direction or certainty prior to rates being finalized. Absent that direction, the soonest HCA could restore this rate increase would be January 2024. The current fiscal impact identified above represents a July start date as outlined in the bill. If HCA does not have some direction as to whether to extend the rate increase prior to mid-year managed care rates being finalized the effective date would be January 2024 and the fiscal impact for FY 2024 would be reduced by half representing a 6 month rather than 12-month period.

HCA would need to update the state plan and WAC 182-550-3830 and WAC 182-550-550 to remove expiration dates of the higher rate. The increased sole community rate does affect the Upper Payment Limit demonstration with the CMS as it pushes the non-state government owned category above the Upper Payment Limit and requires the additional funds to be state only funds. HCA cannot claim federal funds for the amount above the upper Payment Limit.

Expenditure impacts identified in this analysis have been updated using the October 2022 Forecast and reflect that the proposed budget for 2023-2025 does not contain the increase from 125 percent to 150 percent.

# HCA Fiscal Note

Bill Number: HB 1662 Sole Community Hospitals

HCA Request #: 23-085 Revised

**II. C - Operating Budget Expenditures**

Account	Account Title	Type	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
001-1	General Fund	State	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
001-C	General Fund	Medicaid	3,252,000	3,252,000	3,252,000	3,252,000	3,252,000	3,252,000
<b>Totals</b>			<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>

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

		FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
N	Grants, Benefits & Client Services	4,612,000	4,612,000	4,612,000	4,612,000	4,612,000	4,612,000
<b>Totals</b>		<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>	<b>\$ 4,612,000</b>

**Part IV: Capital Budget Impact**

None

**Part V: New Rule Making Require**

None

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1662 HB

**Title:** Sole community hospitals

**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

## Legislation Impacts:

- Cities:  
 Counties:  
 Special Districts:  
 Specific jurisdictions only:  
 Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.  
 Expenditures represent one-time costs:  
 Legislation provides local option:  
 Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Brandon Rountree	Phone: (360) 999-7103	Date: 02/01/2023
Leg. Committee Contact: Meghan Morris	Phone: 360-786-7119	Date: 01/29/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/01/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/01/2023



## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

Overview: This bill would codify the existing increased reimbursement rate for sole community hospitals which was established by a budget proviso in 2021.

Sec. 1: (3) (a) Sets the implementation date for the increased reimbursement rates for sole community hospitals for July 1, 2023 and changes the increased reimbursement rate from 125% to 150% of the hospitals fee-for-service rate.

Note: The only public sole community hospital in Washington is Olympic Medical Center in Port Angeles.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This bill would not impact local government expenditures. The Health Care Authority (HCA) reports that the proposed increased reimbursement rate would codify the current increased reimbursement rate which was established in 2021 via a budget proviso. As a result, there would be no fiscal impact on sole community hospitals expenditures due to the fact that the legislature and HCA are already providing sole community hospitals with the 150% increased reimbursement rate established by this bill.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This bill would not impact local government revenues. Same reasoning as expenditures.

Sources:

Washington Health Care Authority