

Multiple Agency Fiscal Note Summary

Bill Number: 5373 SB	Title: ARNP, PA, & MD reimbursement
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Estimated Cash Receipts

NONE

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	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Insurance Commissioner	.4	0	0	103,736	.3	0	0	89,346	.3	0	0	89,346
Total \$	0.4	0	0	103,736	0.3	0	0	89,346	0.3	0	0	89,346

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
Office of Insurance Commissioner	.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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Individual State Agency Fiscal Note

Bill Number: 5373 SB	Title: ARNP, PA, & MD reimbursement	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:

Non-zero but indeterminate cost 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: Greg Attanasio	Phone: 360-786-7410	Date: 01/27/2023
Agency Preparation: Kate LaBelle	Phone: 360-725-1918	Date: 01/31/2023
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 01/31/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	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

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

III. B - Expenditures by Object Or Purpose

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

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

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: 5373 SB

HCA Request #: 23-082

Part II: Narrative Explanation

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

Section 2 of this bill adds a new section to RCW 48.43 (Insurance Reform) that states health plans issued or renewed after January 1, 2024 may not reimburse a licensed advance registered nurse practitioner (ARNP) or physician assistant (PA) in an amount less than the allowed amount that would be provided for the same service if provided by a licensed physician. This bill also states that health carriers cannot reduce the allowed amount paid to physician to comply with this bill. This section does not apply to ARNPs or PAs who are employees of a health maintenance organization (HMO) under 48.46 (Health Maintenance Organizations).

Section 3 of this bill amends RCW 41.05.017 (Provisions applicable to health plans offered under this chapter) requires health plans created under 41.05.140 (Payment of claims—Self-insurance—Insurance reserve fund created) to comply with section 2 of this bill.

II. B - Cash Receipts Impact

None

II. C – Expenditures

Public Employees Benefits Board and School Employees Benefits Board Programs

Indeterminate fiscal impact.

Section 2 of this bill adds a new section to RCW 48.43 states health plans issued or renewed after January 1, 2024 may not reimburse a licensed ARNP or PA in an amount less than the allowed amount that would be provided for the same service if provided by a licensed physician. This bill also states that health carriers cannot reduce the allowed amount paid to physician to comply with this bill. This section does not apply to ARNPs or PAs who are employees of a HMOs under 48.46.

Section 3 of this bill amends RCW 41.05.017 (Provisions applicable to health plans offered under this chapter) requires health plans created under 41.05.140 (Payment of claims—Self-insurance—Insurance reserve fund created) to comply with section 2 of this bill.

RCW 41.05.017 governs both the self-insured Uniform Medical Plans (UMP) and all fully insured medical plans, which are offered by the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) programs. RCW 48.43 governs only the fully insured health plans offered by the PEBB and SEBB programs.

Because this bill requires both the self-insured and fully insured health plan carriers to update the ARNP and PA reimbursement rates, which will increase claims costs and require new contracting with medical providers, implementation of this bill would result in increased rates for the self-insured and fully insured plans. Increases in rates will impact the state medical benefit contribution and employee premiums for health benefits.

HCA Fiscal Note

Bill Number: 5373 SB

HCA Request #: 23-082

Self-Insured Impact

Based on historical self-insured UMP utilization, had ARNP and PA reimbursement been equal to licensed physicians for the comparable services, claims costs would have been approximately \$3.6 million more per year for the PEBB program, and \$2.7 million per year for the SEBB program. This increased cost does not consider member cost-share which could vary based on the status of the member's deductible.

Fully Insured Impacts

Based on cost estimates provided by Premera, who offers plans in the SEBB program, there are anticipated cost increases of approximately \$900,000 per year. Increased cost will be included in future rates for the plans offered by Premera.

Currently, HCA does not have cost estimates from Kaiser Permanente, who offers plans in the both the PEBB and SEBB programs. Kaiser states this bill will have an impact to premiums as it changes reimbursement rates.

Medicaid

No fiscal impact.

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 48.43 and 41.05.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 5373 SB	Title: ARNP, PA, & MD reimbursement	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	0.4	0.4	0.4	0.3	0.3
Account					
Insurance Commissioners Regulatory Account-State 138-1	52,210	51,526	103,736	89,346	89,346
Total \$	52,210	51,526	103,736	89,346	89,346

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: Greg Attanasio	Phone: 360-786-7410	Date: 01/27/2023
Agency Preparation: Shari Maier	Phone: 360-725-7173	Date: 02/01/2023
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 02/01/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/02/2023

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.

Section 2(1) prohibits, for health plans issued or renewed on or after January 1, 2024, health carriers from reimbursing a contracted Advanced Registered Nurse Practitioner (ARNP) or Physician Assistant (PA) in an amount less than the allowed amount that the carrier would reimburse a contracted physician for the same service within the same service area location.

Section 2(2) prohibits a health carrier from reducing the reimbursement amount paid to physicians to comply with this section.

Section 2(3) requires the Office of Insurance Commissioner to collect data from insurers on the implementation of this act beginning January 1, 2024, and report back to the legislature no later than January 1, 2025.

Section 3 extends the requirements in Section 2 to fully insured plans procured by the Health Care Authority (i.e., some PEBB and SEBB plans).

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.

Section 2(1) prohibits, for health plans issued or renewed on or after January 1, 2024, health carriers from reimbursing a contracted Advanced Registered Nurse Practitioner (ARNP) or Physician Assistant (PA) in an amount less than the allowed amount that the carrier would reimburse a contracted physician for the same service within the same service area location.

Section 2(2) prohibits a health carrier from reducing the reimbursement amount paid to physicians to comply with this section.

Section 2 will require health carriers to modify their systems to reimburse ARNPs and PAs. The OIC expects reimbursement-related complaints to the OIC to increase resulting in an additional two market conduct examinations of insurers each year. Market conduct examinations require an average of 120 hours per insurer to complete requiring 240 hours (2 market conduct exams x 120 hours) of a Functional Program Analyst 3 beginning in FY2024.

Section 2(3) requires the Office of Insurance Commissioner (OIC) to collect data from insurers on the implementation of this act beginning January 1, 2024, and report back to the legislature no later than January 1, 2025. The OIC will require one-time costs, in FY2025, of 80 hours of a Functional Program Analyst 4 to establish and manage the data call; and create and submit the report.

Section 3 extends the requirements in Section 2 to fully insured plans procured by the Health Care Authority (i.e., some PEBB and SEBB plans).

Sections 2 and 3 will require health carriers to file an annual attestation with each applicable ARNP and PA core agreement or negotiated agreement confirming appropriate provider reimbursement levels and claim processing requirements are in

place to ensure reimbursement is occurring under the law. The OIC receives approximately 100 practitioner and ARNP template provider contracts and 2,554 negotiated practitioner and ARNP provider contracts each year. The addition of the attestation documentation for review is expected to add an additional 5 minutes to the annual review of each provider contract requiring 221 hours (100 template provider contracts + 2,554 negotiated provider contracts x 5 minutes) of a Functional Program Analyst 3 beginning in FY2024. The OIC will also require one-time costs, in FY2024, of 56 hours of a Provider Network Oversight Program Manager to update reference materials, train staff, and address provider inquiries and complaints regarding implementation of this bill.

The provisions in Section 2 and 3 are anticipated to lead to an increase in enforcement actions. The OIC anticipates an average of two additional enforcement actions per year to address allegations specific to ARPN, PA and physician reimbursement amounts. Enforcement actions require the equivalent of approximately 40 hours per case requiring 80 hours (2 case x 40 hours) of an Insurance Enforcement Specialist beginning in FY2024.

Ongoing Costs:

Salary, benefits and associated costs for .29 FTE Functional Program Analyst 3 and .05 FTE Insurance Enforcement Specialist.

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	52,210	51,526	103,736	89,346	89,346
Total \$			52,210	51,526	103,736	89,346	89,346

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.4	0.4	0.3	0.3
A-Salaries and Wages	30,853	30,269	61,122	52,442	52,442
B-Employee Benefits	10,915	10,952	21,867	19,034	19,034
C-Professional Service Contracts					
E-Goods and Other Services	10,442	10,305	20,747	17,870	17,870
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 \$	52,210	51,526	103,736	89,346	89,346

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
Functional Program Analyst 3	73,260	0.3	0.3	0.3	0.3	0.3
Functional Program Analyst 4	80,952		0.1	0.0		
Insurance Enforcement Specialist	99,516	0.1	0.1	0.1	0.1	0.1
Provider Network Oversight Program Manager	115,788	0.0		0.0		
Total FTEs		0.4	0.4	0.4	0.3	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

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.