

Individual State Agency Fiscal Note

Bill Number: 1713 HB	Title: Health care/rural areas	Agency: 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	3.9	6.8	5.4	6.8	2.0
Account					
General Fund-State 001-1	168,000	851,655,173	851,823,173	1,703,310,346	168,000
General Fund-Federal 001-2	284,000	1,793,090,000	1,793,374,000	3,586,180,000	284,000
Total \$	452,000	2,644,745,173	2,645,197,173	5,289,490,346	452,000

In addition to the estimates above, there are additional indeterminate costs 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.

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Agency Preparation: Joseph Cushman	Phone: 360-725-5714	Date: 02/07/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 02/07/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/08/2023

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.

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.

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.

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	168,000	851,655,173	851,823,173	1,703,310,346	168,000
001-2	General Fund	Federal	284,000	1,793,090,000	1,793,374,000	3,586,180,000	284,000
Total \$			452,000	2,644,745,173	2,645,197,173	5,289,490,346	452,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.9	6.8	5.4	6.8	2.0
A-Salaries and Wages	234,000	465,000	699,000	930,000	234,000
B-Employee Benefits	89,000	175,000	264,000	350,000	89,000
C-Professional Service Contracts					
E-Goods and Other Services	12,000	2,643,871,173	2,643,883,173	5,287,742,346	12,000
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	117,000	234,000	351,000	468,000	117,000
9-					
Total \$	452,000	2,644,745,173	2,645,197,173	5,289,490,346	452,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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
Fiscal Analyst 3	65,000	1.9	2.8	2.4	2.8	1.0
Management Analyst 3	72,000	1.5	3.0	2.3	3.0	0.8
WMS Band 2	119,000	0.5	1.0	0.8	1.0	0.3
Total FTEs		3.9	6.8	5.4	6.8	2.0

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.

HCA Fiscal Note

Bill Number: Health Care/Rural Areas

HCA Request #: 23-100

Part II: Narrative Explanation

An ACT Relating to increasing access to health care services in rural and underserved areas of the state.

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

Sec. 1(1) The Washington State Health Care Authority (HCA) shall conduct a pilot project to increase medical assistance program payments to healthcare providers and facilities serving a high proportion of patients enrolled in medical assistance programs.

Sec. 1(2) HCA shall make rebalancing payments to healthcare facilities and providers that work in locations that meet the criteria established in this section, as determined by HCA, for underserved or marginalized with respect to health care access.

Sec. 1(2)(d) The health care provider or facility will submit the information required by the authority to determine eligibility for the rebalancing and the amount of the rebalancing payment.

Sec. 1(3) HCA will provide rebalancing payments to qualified healthcare providers or facilities that shall match the difference between the actual reimbursement from all sources, and the amount that the provider or facility would have received if it had been reimbursed at 100 percent.

Sec. 1(4) HCA shall establish a process for healthcare providers and facilities to apply for rebalancing payments. HCA shall also calculate appropriate rebalancing payments for patients enrolled in medical assistance programs during the relevant period. HCA shall make rebalancing payments on a quarterly basis.

Sec. 1(5)(a) HCA shall establish criteria and processes to determine eligibility for a rebalancing payment for providers and facilities.

Sec. 1(5)(b) HCA will calculate the appropriate rebalancing payment for eligible healthcare providers and facilities.

Sec. 1(5)(c) HCA will establish methodology for determining 100 percent of reasonable costs based on Medicare reimbursement standards and apply the methodology to calculate each eligible health care provider's and facility's rebalancing payment.

Sec. 1(6) By December 1, 2027, HCA shall submit a report to the Governor's office and Legislature on the results of the project pilot. This report shall include an in-depth analysis of the status of the communities, providers and facilities in regards to the effect of receiving rebalancing payments. As well as recommendations of ways to reimburse health care providers more equitably.

II. B - Cash Receipts Impact

II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
General Fund-Medicaid 001-C	284,000	1,793,090,000	1,793,090,000	1,793,090,000	284,000	-
Totals	\$ 284,000	\$ 1,793,090,000	\$ 1,793,090,000	\$ 1,793,090,000	\$ 284,000	\$ -

HCA Fiscal Note

Bill Number: Health Care/Rural Areas

HCA Request #: 23-100

II. C – Expenditures

Indeterminate.

The bill does not include definitions and provides limited guidance around what constitutes areas with a high concentration of historically marginalized and underserved persons. It is unclear exactly how many providers would qualify for this pilot program but HCA assumes a large portion of Medicaid providers would apply.

Section 3 directs HCA to make rebalancing payments based on the difference between provider's current payments and 100% of reasonable cost based on Medicare reimbursement standards. There are a number of services that do not have a Medicare equivalent rate, making it difficult to determine 100% of reimbursement standards for those services. These include, but are not limited to, many behavioral health services, dental and private duty nursing.

Only a limited set of providers (hospitals, Rural Health Centers (RHC), Federally Qualified Health Centers (FQHC)) currently perform cost reporting.

HCA assumes that there would be no fiscal impact for providers already paid at cost. These include Critical Access Hospitals, RHC's and FQHC's.

Given the limitations noted above, HCA is unable to provide a comprehensive fiscal impact. As an illustrative example, to bring provider reimbursement up to a Medicare equivalent for all providers offering physical health services, the GFS impact would be over \$850M per year.

HCA would need six FTEs to develop and implement this pilot program, including updates to contracts, rules, criteria, payments, analysis, disputes, appeals process etc.

One WMS 2 would oversee the development of this pilot program. This would include being responsible for developing the criteria for the rebalancing payments. This position would also be responsible for policies in regard to appeals process, disputes and rules.

Three MA3's would assist the WMS 2 by analyzing data regarding qualifications and rebalancing payments for health care providers and facilities, as well as tracking the data needed for the final report.

Two Fiscal Analyst 3's would be tasked with the payment portion of the bill, as well as direct contact with the payees.

HCA Fiscal Note

Bill Number: Health Care/Rural Areas

HCA Request #: 23-100

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	168,000	851,655,173	851,655,173	851,655,173	168,000	-
001-C	General Fund	Medicaid	284,000	1,793,090,000	1,793,090,000	1,793,090,000	284,000	-
Totals			\$ 452,000	\$ 2,644,745,173	\$ 2,644,745,173	\$ 2,644,745,173	\$ 452,000	\$ -

II. C - Expenditures by Object Or Purpose

		FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
FTE		3.9	6.8	6.8	6.8	3.9	0.0
A	Salaries and Wages	234,000	465,000	465,000	465,000	234,000	-
B	Employee Benefits	89,000	175,000	175,000	175,000	89,000	-
E	Goods and Other Services	12,000	2,643,871,173	2,643,871,173	2,643,871,173	12,000	-
T	Intra-Agency Reimbursements	117,000	234,000	234,000	234,000	117,000	-
Totals		\$ 452,000	\$ 2,644,745,173	\$ 2,644,745,173	\$ 2,644,745,173	\$ 452,000	\$ -

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
FISCAL ANALYST 3	65,000	1.9	2.8	2.8	2.8	1.9	0.0
MANAGEMENT ANALYST 3	72,000	1.5	3.0	3.0	3.0	1.5	0.0
WMS BAND 02	119,000	0.5	1.0	1.0	1.0	0.5	0.0
Totals		3.9	6.8	6.8	6.8	3.9	0.0

Part IV: Capital Budget Impact

None

Part V: New Rule Making Require

None