

Individual State Agency Fiscal Note

Bill Number: 5169 S SB	Title: Medicare/health care plans	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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
St Health Care Authority Admin Acct-State 418-1	500,000	0	500,000	0	0
Total \$	500,000	0	500,000	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.

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
418-1	St Health Care Authority Admin Acct	State	500,000	0	500,000	0	0
Total \$			500,000	0	500,000	0	0

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	500,000		500,000		
E-Goods and Other Services					
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 \$	500,000	0	500,000	0	0

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: SSB 5169

HCA Request #: 23-149

Part II: Narrative Explanation

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

Section 1 adds a new section to RCW 41.05 (State Health Care Authority) that requires the Health Care Authority (HCA), consistent with the Public Employees' Benefits Board (PEBB) Resolution 2022-16 (which in its entirety reads, "Resolved that the PEB Board postpone action on closure of the UMP Classic Medicare plan until at least January 2024 to allow staff to interact in earnest with stakeholders"), to consult with active employees and retirees and gather feedback about retiree needs. The results of stakeholder engagements will be used to inform future health care plan selection. HCA must also submit a report to the legislature by December 1, 2023, that includes findings of the stakeholder engagements and an analysis of government self-insured plans with benefits that are equal to or richer than the UMP Classic Medicare plan and with more affordable premiums.

II. B – Cash Receipts Impact

None.

II. C – Expenditures

HCA estimates a cost of approximately \$500,000 for actuarial analysis to complete the legislative report under Section 1(2), and could also be used to cover costs for conducting listening sessions under Section 1(1).

Section 1(1) requires HCA consult with active employees and retirees via listening sessions and public forums to gather feedback about retiree needs and use the results to inform future health care plan offerings.

HCA assumes that existing outreach being planned, in consultation with several retiree stakeholder groups (including the Retired Public Employees Council of Washington; Washington Education Association – Retired; Washington Federation of State Employees, Washington State Alliance for Retired Americans; Health Care Is A Human; Social Security Works Washington; Puget Sound Advocates for Retirement Action; American Federation of Teachers, Washington Retiree; and Washington State Senior Citizen's Lobby), through May 2023 meets the requirements of the bill.

Under Section 1(2), HCA must submit a report to the legislature by December 1, 2023, with:

- Findings from the stakeholder engagements
- An analysis of government self-insured health plans for Medicare-eligible retirees with benefits equal to or richer, and with more affordable premiums, than UMP Classic Medicare.

HCA assumes that consultant and actuarial support would be necessary to identify the possibility of more affordable government self-insured plans with benefits equal to or richer than UMP Classic Medicare. HCA previously performed an analysis of the PEBB retiree portfolio in 2018 and was unable to identify options to stabilize or reduce member premiums that did not require procuring a Medicare Advantage plus Part D prescription drug plan (MAPD), reducing benefit levels in UMP Classic Medicare, or replacing the UMP Classic Medicare drug coverage with Part D prescription drug coverage. Without additional federal subsidies for MA and Part D plans, HCA would not be able to offer a less costly self-insured coordination of benefits Medicare plan equivalent to UMP Classic Medicare. In

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addition, adding lower cost plan(s) to the PEBB Medicare portfolio would negatively impact rates for UMP Classic Medicare.

Based on a similarly sized legislative report requirement in the 2022 Supplemental Budget process, HCA assumes \$500,000 would be needed to complete this report. These funds would support actuarial and consultant analysis and could also be used to cover costs associated with conducting the underlying listening sessions and public forums.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.