# Multiple Agency Fiscal Note Summary

| **Bill Number:** 1515 2S HB | **Title:** Behavioral health contracts |
|---|---|

## 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 | 823,000 | 0 | 0 | 763,000 | 0 | 0 | 648,000 |
| Washington State Health Care Authority | In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note. | | | | | | | | |
| **Total $** | **0** | **0** | **823,000** | **0** | **0** | **763,000** | **0** | **0** | **648,000** |

| 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 | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | |
| 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 |
| Office of the Governor | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Washington State Health Care Authority | 4.5 | 1,020,000 | 1,020,000 | 1,843,000 | 4.0 | 944,000 | 944,000 | 1,707,000 | 3.0 | 800,000 | 800,000 | 1,448,000 |
| Washington State Health Care Authority | In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note. | | | | | | | | | | | |
| Department of Social and Health Services | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Department of Health | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| **Total $** | **4.5** | **1,020,000** | **1,020,000** | **1,843,000** | **4.0** | **944,000** | **944,000** | **1,707,000** | **3.0** | **800,000** | **800,000** | **1,448,000** |

| 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 | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

## Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Office of the Governor | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Washington State Health Care Authority | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Social and Health Services | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Health | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Total $ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| 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 | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

## Estimated Capital Budget Breakout

NONE

| **Prepared by:** Arnel Blancas, OFM | **Phone:** (360) 000-0000 | **Date Published:** Final 3/ 8/2023 |
|---|---|---|

# Individual State Agency Fiscal Note

| Bill Number: 1515 2S HB | Title: Behavioral health contracts | Agency: 075-Office of the Governor |
|---|---|---|

## Part I: Estimates

[X] **No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**
NONE

**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: | Andy Toulon | Phone: 360-786-7178 | Date: 02/28/2023 |
| Agency Preparation: | Tracy Sayre | Phone: 360-890-5279 | Date: 03/01/2023 |
| Agency Approval: | Jamie Langford | Phone: (360) 870-7766 | Date: 03/01/2023 |
| OFM Review: | Cheri Keller | Phone: (360) 584-2207 | Date: 03/02/2023 |

# 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.*

Changes made in the second substitute bill did not impact sections pertaining to the Office of the Governor and therefore does not change the Office's previous fiscal note assumptions.

Sec 3. The legislature finds that ongoing coordination between state agencies, the counties, and the behavioral health administrative services organizations is necessary to coordinate the behavioral health system. To this end, the authority shall establish a committee to meet quarterly to address systemic issues, including but not limited to the data-sharing needs of behavioral health system partners.

The committee must meet quarterly and include a representative from the Office of the Governor.

The Office of the Governor estimates that participation on this committee can be accomplished within current resources and therefore doesn't have a fiscal impact.

### 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.*

# Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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.*

# Individual State Agency Fiscal Note

| Bill Number: 1515 2S HB | Title: Behavioral health contracts | Agency: 107-Washington State Health Care Authority |
|---|---|---|

## 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 | 384,000 | 439,000 | 823,000 | 763,000 | 648,000 |
| | **Total $** | 384,000 | 439,000 | 823,000 | 763,000 | 648,000 |

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

**Estimated Operating Expenditures from:**

| | | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|---|---|---|---|---|---|---|
| FTE Staff Years | | 4.0 | 5.0 | 4.5 | 4.0 | 3.0 |
| **Account** | | | | | | |
| General Fund-State | 001-1 | 476,000 | 544,000 | 1,020,000 | 944,000 | 800,000 |
| General Fund-Federal | 001-2 | 384,000 | 439,000 | 823,000 | 763,000 | 648,000 |
| | **Total $** | 860,000 | 983,000 | 1,843,000 | 1,707,000 | 1,448,000 |

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.

| Legislative Contact: | Andy Toulon | Phone: 360-786-7178 | Date: 02/28/2023 |
|---|---|---|---|
| Agency Preparation: | Catherine Rice | Phone: 360-725-0000 | Date: 03/06/2023 |
| Agency Approval: | Catrina Lucero | Phone: 360-725-7192 | Date: 03/06/2023 |
| OFM Review: | Arnel Blancas | Phone: (360) 000-0000 | Date: 03/06/2023 |

# 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.

### 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.

### 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.

# 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 | 476,000 | 544,000 | 1,020,000 | 944,000 | 800,000 |
| 001-2 | General Fund | Federal | 384,000 | 439,000 | 823,000 | 763,000 | 648,000 |
| | | Total $ | 860,000 | 983,000 | 1,843,000 | 1,707,000 | 1,448,000 |

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 | 4.0 | 5.0 | 4.5 | 4.0 | 3.0 |
| A-Salaries and Wages | 330,000 | 421,000 | 751,000 | 652,000 | 462,000 |
| B-Employee Benefits | 120,000 | 152,000 | 272,000 | 239,000 | 174,000 |
| C-Professional Service Contracts | 400,000 | 400,000 | 800,000 | 800,000 | 800,000 |
| E-Goods and Other Services | 10,000 | 10,000 | 20,000 | 16,000 | 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 | | | | | |
| 9- | | | | | |
| Total $ | 860,000 | 983,000 | 1,843,000 | 1,707,000 | 1,448,000 |

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 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| MEDICAL ASSISTANCE PROGRA SPECIALIST 3 | 83,000 | 1.5 | 2.0 | 1.8 | 2.0 | 2.0 |
| MEDICAL PROGRAM SPECIALIS' 3 | 90,000 | 1.0 | 1.0 | 1.0 | 0.5 | |
| WMS BAND 01 | 100,000 | 0.5 | 1.0 | 0.8 | 0.5 | |
| **Total FTEs** | | 4.0 | 5.0 | 4.5 | 4.0 | 3.0 |

**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.*

## Part II: Narrative Explanation

AN ACT Relating to contracting and procurement requirements for behavioral health services in medical assistance programs.

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

*******************************************************************************************
*******************************************************************************************
Clarifying Section 2 (2) that the standards shall require a network that ensures access to those who live within the regional service area.

Adds language in Section 2 (2) (c) specifically calling out the need to address cultural competent services for those experiencing barriers to healthcare.

Adds language in Section 2 (2) (h) to address the extent to which the managed care organizations (MCOs) contracting must simplify provider burden as a condition for procurement.

Adds Section 2 (6) (a) that the Health Care Authority (HCA) will urge MCOs to establish, continue, or expand provider networks that leverage local, federal, or philanthropic funding to enhance the effectiveness of Medicaid-funded care services and access.

Adds language in Section 2 (6) (b) that HCA cannot limit or restrict delegation arrangements between MCOs and a provider network, as long as they meet the requirements of integrated managed care contracts.

Adds Section 2 (6) (c) MCOs and HCA may evaluate whether to establish or support future delegation arrangements with provider networks created after the effective date of this section.

<u>Add New Section 4</u>: If specific funding for the purposes of this act, referencing this act by bill or by chapter number, is not provided by June 30, 2023 in the omnibus appropriations act, then this act is null and void.

*These changes do not change the previous fiscal estimates.*
*******************************************************************************************
*******************************************************************************************

The proposed substitute makes the following changes:

- Section 2 (2) Adjusts and specifies the timeframe in which HCA must adopt network adequacy standards from July 1, 2024, to January 1, 2025.
- Section 2 (2) Modifies the list of covered services the standards must address to reflect updated references to service types.
- Section 2 (2) Adds additional considerations to be incorporated in the standards, including how statewide services are utilized cross-regionally and how standards would impact requirements for behavioral health administrative service organizations.
- Section 2 (3) Modifies the requirement that HCA evaluate whether provider administrative burden would be reduced by limiting the number of MCOs operating in a region by instead requiring the HCA to

identify options that would limit provider administrative burden, including the potential to limit the number of MCOs in a region.

- Section 2 (4)(h) Modifies and consolidates some provisions from the original (7) and removes that previous subsection. Adds comprehensive population-based payment arrangements to the types of value-based purchasing option payment structures.
- Removes Section 2 (6)
- Section 2 (8) (formerly 9) Removes HCA requirement to seek approval from the Centers for Medicare and Medicaid services for amendments to expand Medicaid for long-term involuntary inpatient treatment, and instead authorizes HCA to explore opportunities to maximize Medicaid funding as appropriate.
- Section 2 (9) (formerly 10) Removes county and behavioral provider representation from the scoring phase of a procurement.
- Adds new Section 3 and reference to RCW 71.24.861 in the title to amend provisions related to the Behavioral Health System Coordination Committee by highlighting that the group address data sharing needs of behavioral health system partners.

*******************************************************************************************

Section (1) established an intent to ensure robust new standards defining the levels of Medicaid-funded behavioral health service capacity and resources that are adequate to meet the needs, while providing value-based structures that improve equitable access, promote integration of care, and deliver outcomes.

Section 2 (2) (a) Includes a process for regular updates (from MCOs) at least once per year.

Section 2 (2) (b) Includes a process to involve participation from counties and providers for both the development and ongoing updates.

Section 2 (2) (c-d) Establishes factors for regional service assessments and monitoring compliance of provider network standards.

Section 2 (3), (4)(d) and (4)(h) Establishes procurement goals related to: evaluating administrative simplification for providers and the number of managed care plans; assessment of 24 hour/7 days a week (24/7) crisis service needs; delegated arrangements in a manner that supports integration; and supporting value-based and capacity based payment models for 24/7 crisis services (and see subsection 8 for related use of directed payments to achieve such goals).

Section 2 (5) Requires the HCA to determine whether the value-based or capacity-based payment models referenced in (4) are more effective than a fee-for-service model.

Section 2 (6) Requires a number of behavioral health network and performance conditions for successful MCO bidders for the future procurement of managed care.

Section 2 (7) HCA shall expand the types of behavioral health crisis services that can be funded with Medicaid to the maximum extent allowable under federal law, including seeking approval from the Centers for Medicare and Medicaid (CMS) services for amendments to the Medicaid state plan or Medicaid state directed payments, especially for 24/7 crisis services model.

## II. B - Cash Receipts Impact

HCA estimates that the federal split will be different by year, depending on if there are startup costs included, which will change the rates.

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

| ACCOUNT | | FY-2024 | FY-2025 | FY-2026 | FY-2027 | FY-2028 | FY-2029 | 2023-25 | 2025-27 | 2027-29 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Fund-Medicaid | 001-C | 384,000 | 439,000 | 439,000 | 324,000 | 324,000 | 324,000 | 823,000 | 763,000 | 648,000 |
| | Totals | $ 384,000 | $ 439,000 | $ 439,000 | $ 324,000 | $ 324,000 | $ 324,000 | $ 823,000 | $ 763,000 | $ 648,000 |

## II. C – Expenditures

<u>As the following describes, HCA requires administrative and contract resources, but cannot estimate determinative service cost at this time:</u>

### I. Administrative costs:

To comply with the bill, HCA requests $860,000 in Fiscal Year (FY) 2024, $983,000 in FY 2025, $983,000 in FY 2026, then $724,000 each year thereafter.

**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 | 476,000 | 544,000 | 544,000 | 400,000 | 400,000 | 400,000 | 1,020,000 | 944,000 | 800,000 |
| 001-C | General Fund | Medicaid | 384,000 | 439,000 | 439,000 | 324,000 | 324,000 | 324,000 | 823,000 | 763,000 | 648,000 |
| | | Totals | $ 860,000 | $ 983,000 | $ 983,000 | $ 724,000 | $ 724,000 | $ 724,000 | $ 1,843,000 | $ 1,707,000 | $ 1,448,000 |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|
| FTE | | 4.0 | 5.0 | 5.0 | 3.0 | 3.0 | 3.0 | 4.5 | 4.0 | 3.0 |
| A | Salaries and Wages | 330,000 | 421,000 | 421,000 | 231,000 | 231,000 | 231,000 | 751,000 | 652,000 | 462,000 |
| B | Employee Benefits | 120,000 | 152,000 | 152,000 | 87,000 | 87,000 | 87,000 | 272,000 | 239,000 | 174,000 |
| C | Professional Service Contracts | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 800,000 | 800,000 | 800,000 |
| E | Goods and Other Services | 10,000 | 10,000 | 10,000 | 6,000 | 6,000 | 6,000 | 20,000 | 16,000 | 12,000 |
| | Totals | $ 860,000 | $ 983,000 | $ 983,000 | $ 724,000 | $ 724,000 | $ 724,000 | $ 1,843,000 | $ 1,707,000 | $ 1,448,000 |

**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 | 2023-25 | 2025-27 | 2027-29 |
|---|---|---|---|---|---|---|---|---|---|---|
| FISCAL ANALYST 3 | 65,000 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| MEDICAL ASSISTANCE PROGRAM SPECIALIST 3 | 83,000 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.8 | 2.0 | 2.0 |
| MEDICAL PROGRAM SPECIALIST 3 | 90,000 | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 1.0 | 0.5 | 0.0 |
| WMS BAND 01 | 100,000 | 0.5 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.8 | 0.5 | 0.0 |
| | Totals | 4.0 | 5.0 | 5.0 | 3.0 | 3.0 | 3.0 | 4.5 | 4.0 | 3.0 |

**II. C - Expenditures By Program (optional)**

| Program | | FY-2024 | FY-2025 | FY-2026 | FY-2027 | FY-2028 | FY-2029 | 2023-25 | 2025-27 | 2027-29 |
|---|---|---|---|---|---|---|---|---|---|---|
| 150 | 150 - Community Behavorial Health | 860,000 | 983,000 | 983,000 | 724,000 | 724,000 | 724,000 | 1,843,000 | 1,707,000 | 1,448,000 |
| | Totals | $ 860,000 | $ 983,000 | $ 983,000 | $ 724,000 | $ 724,000 | $ 724,000 | $ 1,843,000 | $ 1,707,000 | $ 1,448,000 |

Administrative Costs – HCA requires a total of 4.0 FTE for Fiscal Year (FY) 2024, 5.0 FTE for FY 2025, 5.0 FTE in FY 2026, and 3.0 FTE thereafter as the following describes.

Medicare Programs Division (MPD) requires 1.5 FTE MAPS3 starting in FY 2024, and 2.0 FTE MAPS3 thereafter for ongoing development and maintenance of regional measures and monitoring compliance of these standards,

and to work with community providers and partners named in Section 2(2), and other oversight and accountability measures required in other sections of the bill.

MPD requires Network Reporting System (NRS) updates and ongoing licensure fees to carry out the requirements of these new regional behavioral health measures. HCA's current software does not have the capability to meet the new behavioral health service level/regional variance that this bill requires (for example, it currently only supports GPS distance measurement, not road-based geographic measurement to determine actual time and distance for location of Medicaid members and providers networks). In addition, while HCA acknowledges that CMS has discussed changing and improving network requirements, CMS has yet to publish those changes; however, HCA believes any new CMS requirements will not eliminate the need for ongoing support of an NRS, but in fact probably further supports this new system need. HCA has been in contact with a few new system contractors, and estimates costs at $400,000 for the first year (including startup fees) starting in October 2023, and $300,000 annually thereafter.

To accomplish the various procurement related requirements, assessment and evaluation noted in Section 2(2), (3), (4), (5), (6), (7), and (9) ; and the capacity driven funding model and a directed payment application and evaluation under both Section 2(4)(h) and Section2(7), HCA/MPD requires:

1) 1.0 FTE Medical Program Specialist 3 (MPS3) through FY 2026 to manage the procurement related activities and policy implementation, such as delegation agreement standards;
2) 0.5 FTE WMS1 Contracts Consultant, starting January 2024, and 1.0 FTE WMS1 in FY 2025 and FY 2026, to support the contract related provisions of this bill and conflict of interest requirements in Section 2(10);
3) $200,000 in contract resources for FY 2025 and FY 2026 the VBP/capacity purchasing model, including potential directed payment preparation and evaluation for potentially EQRO, actuarial, or other external contractor; and $100,000 ongoing resources thereafter to accomplish annual evaluation as required by CMS for a Directed Payment. These ongoing resources will support the likely required actuarial and external quality review contractual work orders for the CMS authorized Directed Payment; and HCA will require ongoing funding for 1.0 FTE of a Financial Analyst 3 to assist with financial tracking, journal vouchers, and additional payable work that will be associated with this bill. This position will also focus on reprocurement, value-based purchasing, directed payment, as well as rate design and related work.

HCA will require ongoing funding for 1.0 FTE of a Financial Analyst 3 to assist with financial tracking, journal vouchers, and additional payable work that will be associated with this bill.

Goods and services, travel, and equipment are calculated on actual program averages per FTE.

**II. Services costs are indeterminate:**

Portions of the fiscal note with regard to service costs are indeterminate. The following represents HCA's estimates based on the agency's interpretation of the bill, but estimates of the services are only a proxy for what may result for actual service costs in the future, because actual costs or offsetting costs cannot be determined until the proper analysis and CMS approval has been achieved.

HCA interprets Section 2(7) as requiring the agency to:

1) Identify any gaps between what the state currently covers in the Medicaid state plan and what crisis services are eligible for Medicaid under federal rule and submit a state plan amendment if any are identified. HCA anticipates that there are not likely many crisis services not covered today that are Medicaid eligible. If gaps are identified, this could lead to additional services being provided and a fiscal impact to the state. HCA would need to do a comprehensive review before being able to quantify any fiscal impact.
2) HCA has determined that crisis services will need to be expanded in order to support 24/7 crisis delivery system; however, as stated, this results in an indeterminate cost at this time. If this section is intended to expand crisis services to ensure needed capacity is met, HCA could estimate as a proxy for needed services, additional children and adult mobile crisis teams – 10 children's teams and 5 adult teams would be required based on the SAMSHA Crisis Now Calculator. Each adult team is estimated to cost approximately $1.27 million per year (including $111K in startup costs) and each child team is estimated to cost $1.3M per year (including $133K in startup costs). In total, HCA estimates $22.9M in Year 1, and $20.7M for each year for Year 2 and onwards for mobile crisis teams. This would include the 10 new youth/child teams, 5 new adult teams, enhancement to 10 youth/child teams, and enhancement to 53 adult teams.

HCA will need to explore any rate or rate structure implications of a 24/7 crisis model, including the best method to implement a potential new rate structure, however, HCA is not able to quantify the impact at this time.

HCA is unable to estimate any services impacts that may be driven by the requirements in Section 2(8) to increase MCO accountability for clients who require long-term involuntary behavioral health treatment. Any internal administrative impacts could be accomplished within the resources already noted above.
These costs are all indeterminate and not included in the costs that are being requested at this time.

## Part IV: Capital Budget Impact

None

## Part V: New Rule Making Require

None

# Individual State Agency Fiscal Note

| Bill Number: 1515 2S HB | Title: Behavioral health contracts | Agency: 300-Department of Social and Health Services |
|---|---|---|

## Part I: Estimates

[X] **No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**
NONE

**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: | Andy Toulon | Phone: 360-786-7178 | Date: 02/28/2023 |
| Agency Preparation: | Sara Corbin | Phone: 360-902-8194 | Date: 03/08/2023 |
| Agency Approval: | Dan Winkley | Phone: 360-902-8236 | Date: 03/08/2023 |
| OFM Review: | Arnel Blancas | Phone: (360) 000-0000 | Date: 03/08/2023 |

# 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.*

Passage of this legislation will not impact the Department of Social and Health Services (DSHS) workload or client benefits. Therefore, there is no fiscal impact to DSHS from this bill.

**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.*

# Part III: Expenditure Detail

**III. A - Operating Budget Expenditures**

NONE

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

NONE

**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.*

# Individual State Agency Fiscal Note

| Bill Number: 1515 2S HB | Title: Behavioral health contracts | Agency: 303-Department of Health |
|---|---|---|

## Part I: Estimates

[X] **No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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: | Andy Toulon | Phone: 360-786-7178 | Date: 02/28/2023 |
| Agency Preparation: | Donna Compton | Phone: 360-236-4538 | Date: 03/01/2023 |
| Agency Approval: | Kristin Bettridge | Phone: 3607911657 | Date: 03/01/2023 |
| OFM Review: | Arnel Blancas | Phone: (360) 000-0000 | Date: 03/02/2023 |

# 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.*

This bill changes work for the Health Care Authority throughout section 2 but does not change anything for the department.

This bill establishes new standards for Medicaid-funded behavioral health service capacity and resources for Medicaid enrollee treatment needs.

Section 3: Amends RCW 71.24.861 (Behavioral Health System Coordination Committee) to include addressing data-sharing needs of behavioral health partners as part of the work done by the behavioral health system coordination committee. This bill does not create any new work for the Department of Health (department) as it already participates on this committee and therefore expects no fiscal impact.

### 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.*

# Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

| **Bill Number:** 1515 2S HB | **Title:** Behavioral health contracts |
|---|---|

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

**Legislation Impacts:**

- [ ] Cities:
- [ ] Counties:
- [X] Special Districts: Impact on behavioral health administrative services organizations (BHASOs) must be taken into account during the Medicaid integrated managed care procurement process; the Health Care Authority (HCA) must expand the types of behavioral health crisis services that can be funded with Medicaid to the maximum extent allowable under federal law
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

## Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [ ] Legislation provides local option:
- [X] Key variables cannot be estimated with certainty at this time: Cost to BHASOs for meeting all required standards for Medicaid integrated managed care procurement; revenue generated from BHASOs administering behavioral health services that are not covered by the MCO; revenue generated from the HCAs expansion of behavioral health crisis services types that can be funded with Medicaid

**Estimated revenue impacts to:**

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

**Estimated expenditure impacts to:**

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

## Part III: Preparation and Approval

| | | |
|---|---|---|
| Fiscal Note Analyst: Brandon Rountree | Phone: (360) 999-7103 | Date: 03/01/2023 |
| Leg. Committee Contact: Andy Toulon | Phone: 360-786-7178 | Date: 02/28/2023 |
| Agency Approval: Jordan Laramie | Phone: 360-725-5044 | Date: 03/01/2023 |
| OFM Review: Arnel Blancas | Phone: (360) 000-0000 | Date: 03/06/2023 |

## Part IV: Analysis

### A. SUMMARY OF BILL

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

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:
Sec. 2: (2) Adds language which requires the Health Care Authority (HCA) to adopt standards for behavioral health provider networks maintained by managed care organizations (MCO) to ensure access to appropriate and timely behavioral health services for the enrollees of the MCO who live within the regional service area.

(2) (c) Adds language which expands the behavioral health system needs and considerations the HCA must account for when applying standards regionally. The HCA must incorporate the availability of culturally specific services and providers in the regional service area to address the needs of communities that experience cultural barriers to health care including but not limited to communities of color and the LGBTQ+ community.

(4) (h) Removes and adds language which changes one of the factors must be given significant weight in any Medicaid integrated managed care procurement process. The extent to which a MCO approaches the contracting simplifies billing and contracting burdens for community behavioral health provider agencies must now be taken into consideration.

(4) (j) Changes the referenced subsection from (h) to (b) of the section.

(6) (a) Adds language which requires the HCA to urge MCO to establish, continue, or expand delegation arrangements with a provider network that exists on the effective date of this section. The MCO must also leverages local, federal, or philanthropic funding to enhance the effectiveness of Medicaid-funded integrated care services and promote Medicaid clients' access to a system of services that addresses additional social support services and social determinants (RCW 43.20.025). These delegation arrangements must meet the requirements of the integrated managed care contract and the national committee for quality assurance accreditation standards.

(6) (b) Adds language which requires the HCA to recognize and support, and not limit or restrict, a delegation arrangement that a MCO and a provider network have agreed upon, provided such arrangement meets the requirements of the integrated managed care contract and the national committee for quality assurance accreditation standards. This subsection authorizes the HCA to periodically review delegation arrangements for effectiveness according to the requirements of the integrated managed care contract and the national committee for quality assurance accreditation standards.

(6) (c) Adds language which authorizes MCOs and the HCA may evaluate whether to establish or support future delegation arrangements with any additional provider networks that may be created after the effective date of this section.

Sec. 4: Adds language which requires specific funding for the purposes of this act to be provided by June 30, 2023 or this act is null and void.

SUMMARY OF CURRENT BILL:
This bill requires that least six months prior to releasing a Medicaid integrated managed care procurement and no later than January 1, 2025, the Health Care Authority (HCA) to adopt regional standards for behavioral health networks managed by managed care organizations (MCO). The standards would ensure access to appropriate and timely behavioral health services for the enrollees of the MCOs within the regional service area. These standards must address each behavioral health services type covered by the Medicaid integrated managed care contract.

Minimum behavioral health services types:
- Outpatient, inpatient, and residential levels of care for adults
- Youth with a mental health disorder
- Outpatient, inpatient, and residential levels of care for adults and youth with a substance use disorder
- Crisis and stabilization services

- Providers of medication for opioid use disorders
- Specialty care
- Facility-based services
- Other providers as determined by the authority through this process

The authority would apply the standards regionally and shall incorporate behavioral health system needs and considerations as follows:

- Include a process for regular updates no less than once per calendar year.
- Provide for participation from counties and behavioral health providers in both initial development and subsequent updates.
- Establishes factors for regional service assessments and monitoring compliance of provider network standards.
- Consider how statewide services are utilized cross-regionally.
- Consider how the standards would impact requirements for behavioral health administrative service organizations (BHASO).

Sec. 1: Establishes an intent to ensure robust new standards defining the levels of Medicaid-funded behavioral health service capacity and resources that are adequate to meet the needs, while providing value- based structures that improve equitable access, promote integration of care, and deliver outcomes.

Sec. 2: (2) (a) Includes a process for regular updates (from MCOs) at least once per year.

(2) (b) Includes a process to involve participation from counties and providers for both the development and ongoing updates.

(2) (c-d) Establishes factors for regional service assessments and monitoring compliance of provider network standards.

(2) (f) Mandates the consideration of how the standards would impact requirements for BHASOs.

(3), (4) (d) and (4) (h) Establishes procurement goals related to: evaluating administrative simplification for providers and the number of managed care plans; assessment of 24 hour/7 days a week (24/7) crisis service needs; delegated arrangements in a manner that supports integration; and supporting value-based and capacity based payment models for 24/7 crisis services (and see subsection 8 for related use of directed payments to achieve such goals).

(4) (j) Directs HCA to take into consideration the demonstrated commitment of MCOs to the use of alternative pricing and payment structures between MCOs and BHASOs during the Medicaid integrated managed care procurement process

(5) Requires the HCA to determine whether the value-based or capacity-based payment models referenced in (4) are more effective than a fee-for-service model.

(6) Requires a number of behavioral health network and performance conditions for successful MCO bidders for the future procurement of managed care.

(7) HCA shall expand the types of behavioral health crisis services that can be funded with Medicaid to the maximum extent allowable under federal law, including seeking approval from the Centers for Medicare and Medicaid (CMS) services for amendments to the Medicaid state plan or Medicaid state directed payments, especially for 24/7 crisis services model.

## 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.*

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:
There were no changes made between versions which would change the legislation's impact on BH-ASO expenditures.

EXPENDITURE IMPACTS OF CURRENT BILL:
This legislation would have an indeterminate expenditure impact on behavioral health administrative service organizations (BHASO). BHASOs would be able to provided more behavioral health crisis services to individuals within their regional service areas because this legislation would authorize the Health Care Authority (HCA) to better facilitate the contracting of BHASOs behavioral health services to managed care organizations (MCO) by implementing standards which would ensure MCO enrollees have access to behavioral health services provided by BHASOs within their regional service area. This increase in expenditures for BHASOs is indeterminate because the standards and demand for behavioral health service vary between regional service areas.

BHASOs would also see an increase in expenditures due to the legislations direction of the HCA to expand the types of behavioral health crisis services that can be funded with Medicaid to the maximum extent allowable under federal law. This increase in BHASOs expenditures would be indeterminate due to not knowing how the funds will be dispersed among behavioral health service providers and regional service areas.

## 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.*

CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:
There were no changes made between versions which would change the legislation's impact on BH-ASO revenue.

REVENUE IMPACTS OF CURRENT BILL:
This legislation would have an indeterminate revenue impact on behavioral health administrative service organizations (BHASO). BHASOs revenue would increase because the legislation requires the Health Care Authority (HCA) to implement standards which ensure the enrollees of MCOs have appropriate and timely access to behavioral health services provided by BHASOs within the regional service area before the HCA can release a Medicaid integrated managed care procurement. However, there is no reliable way to project the increase in revenue for BHASOs because the standards set by the HCA will vary between each regional service area.

Additionally, BHASOs would see an increase in revenue due to the legislations direction of the HCA to expand the types of behavioral health crisis services that can be funded with Medicaid to the maximum extent allowable under federal law. This increase in revenue would be indeterminate due to not knowing how the funds will be dispersed among behavioral health service providers and regional service areas.

Sources:
House Bill Report, S HB 1515, Health Care & Wellness Committee
House Bill Report, 2S HB 1515, Health Care & Wellness Committee
Washington State Health Care Authority
Washington State Health Care Authority Fiscal Note, HB 1515, (2023)
Washington State Health Care Authority Fiscal Note, S HB 1515, (2023)