

Multiple Agency Fiscal Note Summary

Bill Number: 5986 SB	Title: Out-of-network health costs
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Estimated Cash Receipts

NONE

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	Fiscal note not available					
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	Fiscal note not available											
Office of Insurance Commissioner	.9	0	0	549,089	.5	0	0	342,672	.2	0	0	108,581
Department of Health	Fiscal note not available											
The Evergreen State College	.0	0	0	0	.7	230,178	230,178	230,178	.0	0	0	0
Total \$	0.9	0	0	549,089	1.2	230,178	230,178	572,850	0.2	0	0	108,581

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	Fiscal note not available								
Local Gov. Total									

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	Fiscal note not available								
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Department of Health	Fiscal note not available								
The Evergreen State College	.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	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Preliminary 1/15/2024
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Individual State Agency Fiscal Note

Bill Number: 5986 SB	Title: Out-of-network health costs	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	0.0	1.9	0.9	0.5	0.2
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	549,089	549,089	342,672	108,581
Total \$	0	549,089	549,089	342,672	108,581

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: 01/09/2024
Agency Preparation: Sydney Rogalla	Phone: 360-725-7042	Date: 01/12/2024
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 01/12/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/15/2024

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 3 requires the Office of Insurance Commissioner (OIC) to include emergency service providers and ground ambulance services organizations in the consultation when developing standard template language for notice of consumer rights. It also requires the OIC to determine by rule when, and in what format, behavioral health emergency services providers and ground ambulance services organizations must provide consumers with the notice developed.

Section 8(1) prohibits, for health plans issued or renewed on or after January 1, 2025, a nonparticipating ground ambulance services organization from balance billing an enrollee for covered ground ambulance services.

Section 8(2) allows that if the enrollee receives covered ground ambulance services:

- a) The enrollee satisfies their obligation to pay for the ground ambulance services if they pay the in-network cost-sharing amount specified in the health plan contract.
- b) The carrier and nonparticipating ground ambulance services organization, and any of its agents, trustees or assignees, must ensure that the enrollee incurs no greater cost than the amount determined under section 8(2)(a).
- c) The nonparticipating ground ambulance services organization and any of its agents, trustees, or assignees are prohibited from balance billing or otherwise attempting to collect from the enrollee any amount greater than the amount determined under section 8(2)(a).
- d) The carrier shall treat any cost-sharing amounts determined under section 8(2)(a) paid by the enrollee for a nonparticipating ground ambulance services organization's services in the same manner as cost sharing for health care services provided by an in-network ground ambulance services organization and must apply any cost sharing amounts paid by the enrollee toward the enrollee's maximum out-of-pocket payment obligation.
- e) A ground ambulance services organization is required to refund any amount in excess of the in-network cost-sharing amount to the enrollee within 30 business days of receipt if the enrollee has paid the nonparticipating ground ambulance services organization an amount that exceeds the in-network cost-sharing amount determined under section 8(2)(a). Interest must be paid to the enrollee for any unrefunded payments at a rate of 12% beginning on the first calendar day after the 30 business days.

Section 10 requires the OIC to undertake a process to review the reasonableness of the percentage of the Medicare rate established in section 8 and any trends in change to ground ambulance services rates set by local governmental entities. The results of the review must be submitted to the legislature by the earlier of October 1, 2027, or October 1st following any update in Medicare ground ambulance services payment rates by the federal Centers for Medicare and Medicaid Services.

Section 12 requires, for health plans issued or renewed on or after January 1, 2025, a health carrier to provide coverage for ground ambulance transports to behavioral health emergency services providers for enrollees who are experiencing an emergency medical condition.

Section 13 requires the OIC, in consultation with the Health Care Authority, to contract for an actuarial analysis of the cost, potential cost savings and total net costs or savings of covering services provided by ground ambulance services organizations when a ground ambulance service organization is dispatched to the scene of an emergency and the person is treated but is not transported to a hospital or behavioral health emergency service provider. The report must be submitted to the legislature by October 1, 2025.

Section 14 requires the WA State Institute for Public Policy, in collaboration with the OIC, to conduct a study and develop recommendations on whether emergency medical services should be treated as an essential health service provided by state and local governmental entities and funded exclusively by federal, state, or local governmental entities as a public health service. The report and recommendations are required to be submitted to the legislature on or before October 1, 2026.

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 3 requires the Office of Insurance Commissioner (OIC) to include emergency service providers and ground ambulance services organizations in the consultation when developing standard template language for notice of consumer rights. It also requires the OIC to determine by rule when, and in what format, behavioral health emergency services providers and ground ambulance services organizations must provide consumers with the notice developed. The OIC currently hosts template language for consumer notices of their balance billing rights on its website. The website will be required to be updated to include the new protections for behavioral health emergency services and ground ambulance services and the notices will need to be translated into the top languages spoken in WA requiring one-time costs of 2 hours of a Functional Program Analyst 4 and \$1,500 for translation services in FY2025.

Section 8(1) prohibits, for health plans issued or renewed on or after January 1, 2025, a nonparticipating ground ambulance services organization from balance billing an enrollee for covered ground ambulance services.

Section 8(2) allows that if the enrollee receives covered ground ambulance services:

- a) The enrollee satisfies their obligation to pay for the ground ambulance services if they pay the in-network cost-sharing amount specified in the health plan contract.
- b) The carrier and nonparticipating ground ambulance services organization, and any of its agents, trustees or assignees, must ensure that the enrollee incurs no greater cost than the amount determined under section 8(2)(a).
- c) The nonparticipating ground ambulance services organization and any of its agents, trustees, or assignees are prohibited from balance billing or otherwise attempting to collect from the enrollee any amount greater than the amount determined under section 8(2)(a).
- d) The carrier shall treat any cost-sharing amounts determined under section 8(2)(a) paid by the enrollee for a nonparticipating ground ambulance services organization's services in the same manner as cost sharing for health care services provided by an in-network ground ambulance services organization and must apply any cost sharing amounts paid by the enrollee toward the enrollee's maximum out-of-pocket payment obligation.
- e) A ground ambulance services organization is required to refund any amount in excess of the in-network cost-sharing amount to the enrollee within 30 business days of receipt if the enrollee has paid the nonparticipating ground ambulance services organization an amount that exceeds the in-network cost-sharing amount determined under section 8(2)(a). Interest must be paid to the enrollee for any unrefunded payments at a rate of 12% beginning on the first calendar day after the 30 business days.

The application of the Balance Billing Protection Act (BBPA) to nonparticipating ground ambulance services organizations in section 8 will drive additional written inquiries, calls and complaints to the OIC. Based on the number of arbitrations received under the BBPA in 2022, an additional 84 consumer calls, 36 written inquires and 21 complaints relating to nonparticipating ground ambulance balance billing are expected each year. Informational cases generally take 10 minutes per case and complaint cases generally take between 1.0 and 3.25 hours per case; however, BBPA consumer complaints will be highly complex taking 3 times longer than the average high, or 9.75 hours per case. For purposes of this fiscal note, it is assumed informational cases will require 10 minutes per case and complaint cases will require an average of 9.75 hours per case requiring 224.75 hours (120 info cases x 10 minutes + 21 complaint cases x 9.75 hours) of a Functional Program Analyst 3 beginning in FY2025.

Additionally, the changes to the BBPA in section 8 will require additional market analysis and market conduct reviews of carriers. Based on previous experience with violations of the BBPA, the OIC assumes it will need to conduct an additional

two market conduct continuums/examinations (MCEs) in FY2025 requiring 240 hours (2 MCEs x 120 hours) of a Functional Program Analyst 3.

Section 10 requires the OIC to undertake a process to review the reasonableness of the percentage of the Medicare rate established in section 8 and any trends in change to ground ambulance services rates set by local governmental entities. The results of the review must be submitted to the legislature by the earlier of October 1, 2027, or October 1st following any update in Medicare ground ambulance services payment rates by the federal Centers for Medicare and Medicaid Services. The OIC will require 40 hours per month for one year, or 360 hours in FY2027 and 120 hours in FY2028, of a Senior Policy Analyst to develop a project plan, coordinate the procurement of relevant data, conduct data research, compile findings, and prepare reports. Additionally, technical input regarding legal issues and insurance rates will require 42 hours of an Actuary 4, in FY2027, to provide input, participate in various meetings and provide subject matter expertise. Given the complexity of assessing the cost impact of Medicare rate percentage, the OIC will also be required to contract with a third-party entity to provide actuarial analysis. The OIC anticipates a contract cost of \$150,000 in FY2027 and \$50,000 in FY2028.

Section 12 requires, for health plans issued or renewed on or after January 1, 2025, a health carrier to provide coverage for ground ambulance transports to behavioral health emergency services providers for enrollees who are experiencing an emergency medical condition. Additional review of health plan form filings will be required to ensure the coverage for ground ambulance transports and compliance with the requirements, coverage limitations, and definitions within the bill. The OIC will require one-time costs, in FY2025, of 19 hours of a Functional Program Analyst 4 to update filing review standards and speed-to-market tools, update checklist documents and filing instructions, and train staff. The OIC receives approximately 502 health plan form filings each year and assumes the new review standards will result in an additional 15 minutes of review per form filing in FY2025 and an additional 5 minutes of review per form filing in FY2026 and thereafter requiring 125.5 hours (502 form filings x 15 minutes) in FY 2025 and 42 hours (502 form filings x 5 minutes) in FY2026 and thereafter of a Functional Program Analyst 3.

Section 13 requires the OIC, in consultation with the Health Care Authority, to contract for an actuarial analysis of the cost, potential cost savings and total net costs or savings of covering services provided by ground ambulance services organizations when a ground ambulance service organization is dispatched to the scene of an emergency and the person is treated but is not transported to a hospital or behavioral health emergency service provider. The report must be submitted to the legislature by October 1, 2025. The OIC will require 720 hours in FY2025 and 180 hours in FY2026 of a Senior Policy Analyst to develop a project plan, coordinate with the Health Care Authority and Department of Health, develop interagency agreements or MOUs to obtain or disclose data, contract administration, data research, compilation of findings and preparation of a final report. Additionally, technical input regarding legal issues and insurance rates will require 42 hours of an Actuary 4, in FY2025, to provide input, participate in various meetings and provide subject matter expertise. Given the complexity of providing coverage for treatment but not transport services, the OIC anticipates contracting costs of \$220,000, in FY2025 and \$30,000 in FY2026, to collect data and report on the costs of covering treatment but no transport services.

Section 14 requires the WA State Institute for Public Policy (WSIPP), in collaboration with the OIC, HCA and DOH, to conduct a study and develop recommendations on whether emergency medical services should be treated as an essential health service provided by state and local governmental entities and funded exclusively by federal, state, or local governmental entities as a public health service. The report and recommendations are required to be submitted to the legislature on or before October 1, 2026. The OIC will require 240 hours in FY2025 and FY2026 and 60 hours in FY2027 of a Senior Policy Analyst to develop a project plan, coordinate with the HCA, DOH, WSIPP, develop interagency agreements or MOUs to obtain or disclose data, attend meetings, data research, compile findings and prepare a final report. Additionally, technical input regarding legal issues and insurance rates, forms and provider networks will require 72 hours in FY2025 and FY2026 and 18 hours in FY2027 of a Health Forms Program Manager.

Ongoing Costs:

Salary, benefits and associated costs for .17 FTE Functional Program Analyst 3.

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	0	549,089	549,089	342,672	108,581
Total \$			0	549,089	549,089	342,672	108,581

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.9	0.9	0.5	0.2
A-Salaries and Wages		201,025	201,025	99,171	34,810
B-Employee Benefits		62,246	62,246	30,966	12,054
C-Professional Service Contracts		220,000	220,000	180,000	50,000
E-Goods and Other Services		65,818	65,818	32,535	11,717
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 \$	0	549,089	549,089	342,672	108,581

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
Actuary 4	204,684		0.0	0.0	0.0	
Functional Program Analyst 3	78,468		0.4	0.2	0.2	0.2
Functional Program Analyst 4	86,712		0.2	0.1		
Health Forms Program Manager	119,076		0.0	0.0	0.0	
Senior Policy Analyst	116,148		1.3	0.6	0.3	0.0
Total FTEs			1.9	1.0	0.5	0.2

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.

Sections 3 and 8 will require amending and adopting new sections of WAC. A broad range of interested organizations, including specialty medical providers, hospitals, ambulatory surgical facilities, laboratories, behavioral health providers, and ground ambulance providers, consumers, and carriers will participate in this rulemaking. This will be ‘complex’ rulemaking in FY2025.

The OIC expects to amend the following rules to reference ground ambulance services organizations:

- WAC 284-43B-020 Balance Billing Prohibition and Consumer Cost-sharing
- WAC 284-43B-050 Determining whether an enrollee’s health plan is subject to the Requirements of the Act

Individual State Agency Fiscal Note

Bill Number: 5986 SB	Title: Out-of-network health costs	Agency: 376-The Evergreen State College
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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	0.0	0.0	0.0	0.7	0.0
Account					
General Fund-State 001-1	0	0	0	230,178	0
Total \$	0	0	0	230,178	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.

Legislative Contact: Greg Attanasio	Phone: 360-786-7410	Date: 01/09/2024
Agency Preparation: Catherine Nicolai	Phone: (360) 664-9087	Date: 01/12/2024
Agency Approval: Dane Apalategui	Phone: 360-867-6517	Date: 01/12/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/12/2024

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.

Sec. 14 of SB 5986 directs WSIPP, in collaboration with the Department of Health, the Health Care Authority, and the Office of the Insurance Commissioner, to conduct a study and develop recommendations on whether emergency medical services should be treated as an essential health service provided by state and local governmental entities and funded exclusively by federal, state, or local governmental entities as a public health service.

WSIPP "shall consider the following elements in conducting the study:

- (a) Trends in the number and types of emergency medical services available and the volume of 911 responses and interfacility transports provided by emergency medical services organizations over time and by county in Washington state;
- (b) Projections of the need for emergency medical services in Washington state counties over the next 10 years;
- (c) Identification of geographic areas in Washington state without access to emergency medical services within an average 30-minute response time;
- (d) Estimates for the cost to address gaps in emergency medical services so all parts of the state are assured a timely response; and
- (e) Models for funding emergency medical services that are used by other states."

WSIPP is asked to "consult with emergency medical services organizations, local governmental entities, hospitals, labor organizations representing emergency medical services personnel, and other interested entities as determined by the institute in consultation with the department, the health care authority, and the office of the insurance commissioner."

The report and recommendations must be submitted to the legislature on or before October 1, 2026.

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.

In order to complete the assignment outlined in Sec. 14 of SB 5986, WSIPP would assign the following resources:

FY26

-0.93 FTE Researcher to consult with agencies, scope the study, engage with stakeholders, submit data requests and the Washington State Institutional Review Board (WSIRB) application, and begin data analysis.

-0.06 FTE Methods Review to develop a study plan.

-Assumes \$750 in WSIRB fees.

FY 27

-0.22 FTE Researcher to complete data analysis and write the report.

-0.06 FTE Methods Review for methodological review.

-0.06 FTE Editing/Publication for publication.

*Goods and other services include a 12% indirect rate for The Evergreen State College.

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	0	0	0	230,178	0
Total \$			0	0	0	230,178	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				0.7	
A-Salaries and Wages				161,542	
B-Employee Benefits				43,304	
C-Professional Service Contracts					
E-Goods and Other Services				24,582	
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-WSIRB fees				750	
Total \$	0	0	0	230,178	0

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
Editing Publication	112,596				0.0	
Methods Review	123,660				0.1	
Researcher	112,596				0.6	
Total FTEs					0.7	0.0

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.