

Multiple Agency Fiscal Note Summary

Bill Number: 2066 HB	Title: Health provider contracting
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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	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 Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	1.0	0	0	285,325	2.1	0	0	570,650	2.1	0	0	570,650
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	1.0	0	0	285,325	2.1	0	0	570,650	2.1	0	0	570,650

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 Attorney General	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
University of Washington	.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: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Final 1/23/2024
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Individual State Agency Fiscal Note

Bill Number: 2066 HB	Title: Health provider contracting	Agency: 100-Office of Attorney General
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Part I: Estimates

☒ 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: Kim Weidenaar	Phone: 360-786-7120	Date: 01/10/2024
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 01/15/2024
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 01/15/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/16/2024

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.

The Attorney General’s Office (AGO) Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Office of the Insurance Commissioner (OIC). This bill would establish a violation under the Consumer Protection Act (CPA), Title 19 RCW, for certain contracting practices between health care providers, hospitals, and health insurance carriers because it contributes to increased health care costs. The bill borrows definitions from the insurance code for the entities the bill is applicable to, it refers to definitions in Title 48 RCW, enforced by OIC. GCE does not anticipate an increase in legal advice since OIC does not have a regulatory role under this bill. New legal services are nominal and costs are not included in this request.

The AGO University of Washington (UOW) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the University of Washington (UW). New legal services are nominal and costs are not included in this request.

The AGO Social & Health Services Division (SHO) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing Health Care Authority (HCA). New legal services are nominal and costs are not included in this request.

The AGO Consumer Protection Division (CPR) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

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: 2066 HB	Title: Health provider contracting	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:

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: Kim Weidenaar	Phone: 360-786-7120	Date: 01/10/2024
Agency Preparation: Molly Christie	Phone: 360-725-5138	Date: 01/15/2024
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 01/15/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/18/2024

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.

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

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.

HCA Fiscal Note

Bill Number: 2066 HB

HCA Request #: 24-047

Title: Health Provider Contracting

Part I: Estimates

☒ 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.

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- ☐ 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.

HCA Fiscal Note

Bill Number: 2066 HB

HCA Request #: 24-047

Title: Health Provider Contracting

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.

HB 2066 creates a new chapter under Title 19 RCW (Business Regulations – Miscellaneous) to prohibit anticompetition clauses in contracts between providers and health carriers.

Section 2 – New section under Title 19 RCW

The following provisions in a provider contract have the following meanings:

2(2) “All-or-nothing clause” requires a health carrier to contract with multiple hospitals or affiliates of a hospital owned or controlled by the same single entity.

2(3) “Antisteering clause” restricts a health carrier from encouraging enrollees to obtain health care services from a competitor of the hospital or an affiliate of the hospital, including offering incentives to encourage utilization of specific health care providers.

2(4) “Antitiering clause” requires a health carrier to place a hospital or affiliate in a tier or tiered provider network reflecting the lowest or lower enrollee cost-sharing amounts.

Section 3 – New section under Title 19 RCW

Prohibits a provider or health carrier from offering, soliciting, requesting, or entering into a provider contract that includes an all-or-nothing clause, antisteering clause, or antitiering clause. Any such provisions under current contracts are void and unenforceable. The Attorney General (“AG” or “AGO”) has authority to enforce this section under the Consumer Protection Act, Chapter 19.86 RCW.

Section 4 – New section under Title 19 RCW

Requires good faith negotiations between providers and health carriers when a provider contract is expiring or terminating due to a without cause notification unless the parties agree not to negotiate a new provider contract. Prohibits providers from making any public statements or releasing notices of any potential or planned terminations with health carriers to any patients or third parties until 30 days prior to the termination effective date. The AGO may enforce this section under the Consumer Protection Act, Chapter 19.86 RCW.

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. Distinguish between one time and ongoing functions.

NONE

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. Distinguish between one time and ongoing functions.

HCA Fiscal Note

Bill Number: 2066 HB

HCA Request #: 24-047

Title: Health Provider Contracting

Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Program Impacts:

There is no estimated fiscal impact.

Section 2 defines terms for anticompetition provisions in provider contracts, including “all-or-nothing clause,” “antisteering clause,” and “antitiering clause.” Section 3 prohibits the use of these provisions in provider contracts and voids these provisions as unenforceable in current contracts. Section 4 requires providers and health carriers to negotiate in good faith when a provider contract is expiring and prohibits providers from making public statements or releasing notices of any potential or planned contract terminations with carriers to any patients or third parties until thirty days before the termination effective date.

This bill applies to all PEBB and SEBB health carriers, including Regence as the Third-Party Administrator for the self-insured Uniform Medical Plan. There is no fiscal impact because the proposed bill concerns contracting agreements between providers and health carriers. There is no anticipated change in provider reimbursement and claims liability, and therefore no impact to the state’s contribution to medical benefits for employees under the PEBB and SEBB programs (Employer Medical Contribution, or EMC). While not expected, if there are any increased costs to the fully insured plans these would be borne by member premiums.

Medicaid:

No fiscal impacts on the Medicaid lines of business.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

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

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

Prepared by: Molly Christie

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HCA Fiscal Note

Bill Number: 2066 HB

HCA Request #: 24-047

Title: Health Provider Contracting

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.

NONE

Individual State Agency Fiscal Note

Bill Number: 2066 HB	Title: Health provider contracting	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	2.1	1.1	2.1	2.1
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	285,325	285,325	570,650	570,650
Total \$	0	285,325	285,325	570,650	570,650

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: Kim Weidenaar	Phone: 360-786-7120	Date: 01/10/2024
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 01/15/2024
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 01/15/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/18/2024

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.

Sections 3(1) and (2) prohibit all-or-nothing, antisteering or antitiering clauses in contracts between carriers and providers beginning June 5, 2024. It also does not allow providers and health carriers to directly or indirectly offer, solicit, request, or enter a provider contract that includes these provisions. "All or nothing clause" is defined as "a provision of a provider contract that requires a health carrier to contract with multiple hospitals or affiliates of a hospital owned or controlled by the same single entity."

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.

Sections 3(1) and (2) prohibit all-or-nothing, antisteering or antitiering clauses in contracts between carriers and providers beginning June 5, 2024. It also does not allow providers and health carriers to directly or indirectly offer, solicit, request, or enter a provider contract that includes these provisions. "All or nothing clause" is defined as "a provision of a provider contract that requires a health carrier to contract with multiple hospitals or affiliates of a hospital owned or controlled by the same single entity."

Section 3(1) and (2) would increase the number of provider contracts received at the Office of the Insurance Commissioner (OIC) and add new provider contract review standards and requirements. Health carriers and hospitals currently use affiliate lists and contract with an entire hospital delivery system (meaning multiple hospitals and/or affiliates) under a single contract rather than for each hospital. This bill would likely result in one-to-one contract offers, negotiation, and agreements. Currently, contracting parties also utilize "affiliate amendments" to hospital provider contracts to add and/or remove affiliates from the hospital provider contract during the contract term. The bill would prohibit these amendments, which would require additional provider contract and amendment submissions to the OIC. The OIC assumes health carriers will contract individually with an additional average of 10 entities that were previously included in a single provider contract. Health carriers file approximately 675 hospital provider contracts each year and it takes approximately 2 hours of review time per filing. OIC estimates 50% of the current provider contracts filed include affiliate requirements with at least 5 affiliates that will require new contracting. Therefore, OIC anticipates an additional 1,688 provider contracts (675 provider contracts x 50% that include affiliate requirements x 5 new contracts) will be filed with OIC each year, beginning in FY2025, requiring 3,376 hours (1,688 filings x 2 hours) of a Functional Program Analyst 4 (844 hours) and Functional Program Analyst 3 (2,532 hours). The OIC will also require one-time costs, in FY2025, of 16 hours of a Functional Program Analyst 4 (FPA4) to develop new review standards and speed-to-market tool, update checklist documents and filing instructions, and train staff.

Ongoing Costs:

Salary, benefits and associated costs for 1.56 FTE Functional Program Analyst 3 and .53 FTE Functional Program Analyst 4.

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	285,325	285,325	570,650	570,650
Total \$			0	285,325	285,325	570,650	570,650

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.1	1.1	2.1	2.1
A-Salaries and Wages		168,367	168,367	336,734	336,734
B-Employee Benefits		59,893	59,893	119,786	119,786
C-Professional Service Contracts					
E-Goods and Other Services		57,065	57,065	114,130	114,130
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	285,325	285,325	570,650	570,650

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	78,468		1.6	0.8	1.6	1.6
Functional Program Analyst 4	86,712		0.5	0.3	0.5	0.5
Total FTEs			2.1	1.1	2.1	2.1

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: 2066 HB	Title: Health provider contracting	Agency: 360-University of Washington
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ 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: Kim Weidenaar	Phone: 360-786-7120	Date: 01/10/2024
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 01/15/2024
Agency Approval: Jed Bradley	Phone: 2066164684	Date: 01/15/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/16/2024

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.

House Bill 2066 relates to health care provider contracting. The following provisions will likely affect UW Medicine:

Section 2 provides new definitions relevant to Sections 3 and 4.

Section 3 prohibits a provider or health carrier from offering, soliciting, requesting, or entering into a provider contract that includes an all-or-nothing clause, antisteering clause, or antitiering clause. The measure defines these clauses, renders provisions of contracts containing these clauses void and unenforceable, and allows the Attorney General's Office (AGO) to enforce these prohibitions under the Consumer Protection Act.

Section 4 requires providers and health carriers to engage in good faith negotiations over provider contracts when such a contract is expiring or terminating due to a without cause notification unless the parties agree not to negotiate a new provider contract. It prohibits providers from making any public statements or releasing notices of planned or potential terminations of agreements with health carriers to patients or third parties until 30 days prior to the effective date of termination. Section 4 also allows the AGO to enforce these prohibitions under the Consumer Protection Act.

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:

Complying with the requirements of Section 3, including the prohibition on offering, soliciting, requesting, or entering into a provider contract that includes an all-or-nothing clause, antisteering clause, or antitiering clause, and to find any of these existing clauses, would require additional indeterminate staff time (FTE). Additional staff time would be needed in contract negotiation, as UW Medicine would no longer be able to negotiate as a system. Additional staff time would also be needed to coordinate care for patients, as the inability to refer patients across the system could result in out-of-network care for many patients and would require additional coordination to plan for medical care due to changes to their coverage.

UW Medical Center and Harborview work together as a system with shared physicians, trainees, and students to avoid duplication in providing high-cost, highly specialized services. UW Medicine hospitals provide these services to the local patient population and those in need of specialized care across the state. UW Medicine operates as a system to function most efficiently, to reduce costs, and to have specialties housed together at each of the UW Medicine hospitals and campuses. If this bill were to pass, it would allow payers to choose to contract with only specific hospitals within the system.

This provision could increase the likelihood that many specialized services provided across the UW Medicine system would no longer be in-network for many patients. Significant additional staff time would be needed to ensure patients have access to the in-network care they require, potentially outside the UW system, or would result in higher out of pocket costs for patients opting to stay within the now out-of-network UW Medicine system.

There are also potential fiscal impacts resulting from the inability to manage capacity within a hospital system. Health

systems require access to all their hospitals to be able to refer, triage, and place patients across the entire system to ensure as many people can access care as possible. If this bill were to pass, hospitals within the UW Medicine system may no longer be able refer and triage patients to other hospitals within the system, which could put capacity constraints on one or more hospitals, impacting the ability to provide elective services, which would have additional indeterminate fiscal impacts

If UW Medicine were to duplicate care across their hospitals to provide specialized in network care at each hospital there would be significant additional fiscal impacts associated which include:

- Duplicative capital purchases – would require the UW system to purchase high-cost specialized equipment such as the Gamma Knife, Neutron beam, Positron Emission Tomography (PET) Scanner for all locations.
- Duplicative specialty programs – would require UW to offer all services at all locations.
- Duplication of staffing and physical space would be required to operate all programs and services at all locations.

The graph attached to this fiscal note illustrates how specialized care is provided across the UW Medicine system.

In addition, UW Medicine assumes compliance with all applicable laws. However, any potential impacts of enforcement by the AGO under the Consumer Protection Act are unknown and indeterminate for the purposes of this fiscal note

SECTION 4:

Compliance with the requirements of Section 4, including the prohibition on providers making any public statement or releasing notices of any potential or planned terminations of agreements with health carriers to any patients or third party until 30 days prior to the termination effective date, will require additional indeterminate staff time (FTE).

UW Medicine provides highly specialized care, including organ transplants, cancer care, reproductive health care, neurosurgery, in addition to many others. Working with patients to plan for continuity and coordination of their care within their in-network providers requires the ability to communicate transparently and early with them if there are anticipated changes to their coverage. Providing all patient communication, coordination of their care, rescheduling/canceling surgeries and appointments, providing financial counseling, and planning for changes to coverage with patients within a 30-day window could require significant additional staff time depending on the number of patients covered by that contract. These anticipated costs are unknown, as it is not possible to determine the frequency this could occur, and the number of patients impacted would be dependent on the contract.

In addition, UW Medicine assumes compliance with all applicable laws. However, any potential impacts of enforcement for non-compliance by the AGO under the Consumer Protection Act are unknown and indeterminate for the purposes of this fiscal note.

Overall, anticipated costs from HB 2066 are indeterminate, though likely significantly over \$50,000 per fiscal year.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.
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III. B - Expenditures by Object Or Purpose

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

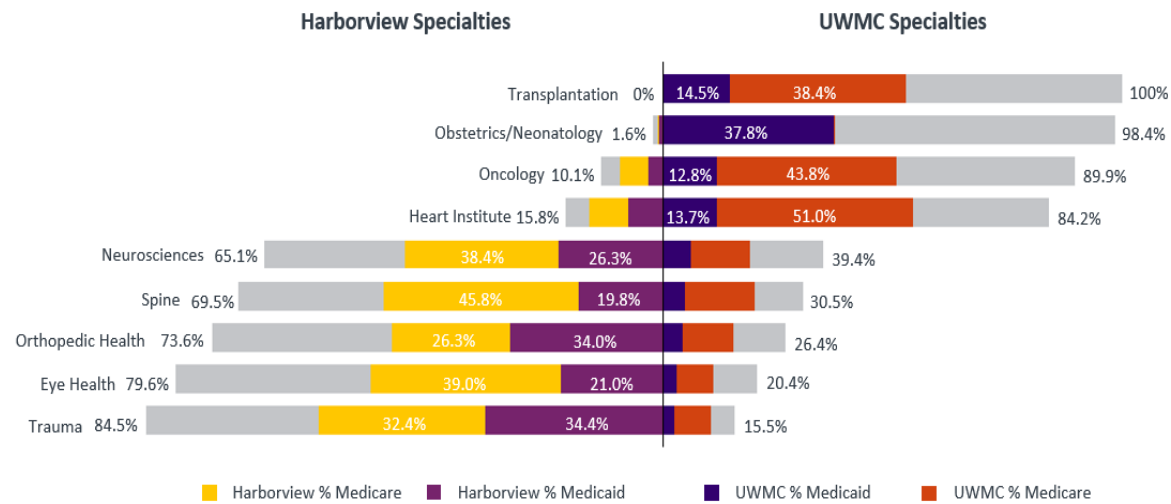
IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

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.

The below graph illustrates how specialized care is provided across the UW Medicine system:



LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2066 HB	Title: Health provider contracting
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☒ Special Districts: Cost to PHD for complying with new negotiation and notification requirements
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Cost to PHD for complying with new negotiation and notification requirements; Impact on PHD revenue from prohibiting all-or-nothing clause, anti-steering clause, or anti-tiering clause

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: 01/22/2024
Leg. Committee Contact: Kim Weidenaar	Phone: 360-786-7120	Date: 01/10/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/22/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/23/2024

Part IV: Analysis

A. SUMMARY OF BILL

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

Overview: This bill intends to prohibit the use of certain contractual provisions often used by providers, hospitals, health systems, and carriers with significant market power.

Sec. 2 (New Section)

Outlines the definitions used throughout the proposed chapter.

Sec. 3 (New Section)

(1) Establishes that a provider or health carrier cannot directly or indirectly offer, solicit, request, or enter into a provider contract that includes an all-or-nothing clause, anti-steering clause, or anti-tiering clause.

(2) Voids any provision in a provider contract that is an all-or-nothing clause, an anti-steering clause, or an anti-tiering clause. The remaining provisions in the contract remain in effect and enforceable.

(3) Allows the attorney general to enforce this section under the consumer protection act (chapter 19.86 RCW).

Sec. 4 (New Section):

(1) Requires a provider and health carrier engage in good faith negotiations when a provider contract is expiring or terminating due to a without cause notification, regardless of the initiating, unless the parties agree not to negotiate a new provider contract and allow the existing contract to terminate. Providers are prohibited from making any public statement or releasing notices of any potential or planned agreement terminations with health carries to any patients or third party until 30 days prior to effective termination date.

(2) Allows the attorney general to enforce this section under the consumer protection act (chapter 19.86 RCW).

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.

This legislation would have an indeterminate expenditures impact on public hospital districts (PHD).

This bill would not allow a hospital or health system to require more than one entity be included in the contract, which would prevent a hospital from ensuring its affiliated physician group, ambulatory sites, or other hospitals in its system are contracted. This would impact PHDs that operate more than one hospital or are affiliated with a system or operated affiliated clinics.

Additionally, the changes made by this bill may result in clinical and operational inefficiencies if a hospital's delivery system become fragmented by an insurer resulting in an indeterminate increase in expenditures.

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.

This legislation would have an indeterminate revenue impact on public hospital districts (PHD).

There is no available data that could be used to estimate the impact this bill would have on negotiated payment rates or PHDs ability to obtain a negotiated agreement to remain in network for insurance providers. The potential impacts to PHD revenue would be caused by lower payment rates and larger portions of the hospital's delivery system being out of network. However, the Washington State Hospital Association estimates that the impact could be significant.

SOURCE:

Washington State Hospital Association (WSHA)

