Individual State Agency Fiscal Note

Bill Number: 6097 SB	Title: Dental services contracts	Agency: 160-Office of Insurance Commissioner

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	39.0	19.5	12.4	12.4
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	5,321,536	5,321,536	3,370,410	3,370,410
Total $	0	5,321,536	5,321,536	3,370,410	3,370,410

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

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Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 2(1) requires a payor offering a stand-alone dental plan to permit a dental service provider to choose not to a) participate in third-party access to a dental services provider contract; b) accept a proposed material dental service amendment; and c) enter into a contract directly with a payor offering a stand-along dental plan that acquires a dental services provider contract.

Section 2(2) requires, when initially contracting with a dental services provider, a payor offering a stand-alone dental plan to accept a dental service provider who otherwise meets the legitimate selection criteria of the payor, even if the dental services provider does not accept provisions in the provider contract that would permit a third party access to the dental services provider contract or provider compensation agreement, or to the dental services provider's dental services.

Section 2(3) and 2(4) requires a payor offering a stand-along dental plan to provide no less than 60 days' notice to a dental services provider of any proposed material dental services amendment to the dental services provider contract and requires the amendment to be clearly defined in the notice to the dental services provider.

Section 2(5) and 2(6) states that a material dental services amendment is not effective, regardless of the notice period, unless the dental services provider affirmatively agrees through written or electronic means to accept the amendment. The dental service provider's rejection or nonacceptance of a material amendment does not affect the terms of the dental services provider's existing dental services contract with the payor offering a stand-alone dental plan.

Section 2(7) requires that a failure to comply with the term of subsections (3) through (6) will void the effectiveness of the material dental services amendment.

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.

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Section 2(7) requires that a failure to comply with the term of subsections (3) through (6) will void the effectiveness of the material dental services amendment.

Section 2 changes the contract process and material contract components between carriers that offer stand-alone dental products and dental providers requiring the Office of Insurance Commissioner (OIC) to develop and apply several new review standards for dental provider contracts. The OIC will require one-time costs, in FY2025, of 240 hours of a Functional Program Analyst 4 to develop and update contract review standards, update checklist documents, develop training, train staff, providers, and carriers, and provide additional oversight and assistance to staff. The OIC receives approximately 200 dental provider contracts, and 140 health care benefit manager (HCBM) dental provider network management contracts per year, which are negotiated on a 3-year cycle. The material changes to contract components and contract processes for dental provider contracts will require the refiling of all 600 dental provider contracts (200 contracts per year x 3-year cycle) and 420 HCBM dental provider network management contracts (140 HCBM contracts per year x 3-year cycle) and the OIC assumes it will take an average of 2 hours of review time per contract requiring one-time costs of 2,040 hours (1,020 contracts x 2 hours) of a Functional Program Analyst 3 in FY2025.

Section 2 also changes the development and maintenance of participating provider networks requiring OIC to review multiple networks to ensure compliance with network access standards. Currently carriers only build and maintain one network for participation in the pediatric essential health benefit marketplace. The OIC currently reviews 21 dental provider networks filed by 21 carriers each year for network access standards required for participation as the pediatric essential health benefit. This bill allows a dental provider to opt out of any network leasing arraignment. When that occurs, it literally creates a new network for the OIC to review each time a single provider opts out. Under this bill, carriers that provide the pediatric dental essential health benefit will be required to build and maintain multiple networks each time a dental provider decides they will not participate in a network. Based on the Health Care provider Credentialing Data system maintained by the Department of Health, there are 6,882 active dentists licensed in WA. For purposes of this fiscal note, the OIC assumes that 504 dental providers each year (2 dental providers x 12 months x 21 carriers) will opt to not participate in a network or leasing arrangement thus requiring the development of a new network requiring each carrier to build and maintain an additional (24 networks each year x 21 carriers).The OIC estimates that this bill will require carriers to build and maintain an additional 24 dental provider networks requiring the OIC to review an additional 504 dental provider networks (21 carriers x 24 new provider networks); and assumes that review of new dental provider networks will take 120 hours and review of existing networks will take 40 hours of review time per network requiring 60,480 hours (504 new provider networks x 120 hours) of a Functional Program Analyst 3 (50,198 hours) and a Functional Program Analyst 4 (10,282 hours) in FY2025 and 20,160 hours (504 provider networks x 40 hours) of a Functional Program Analyst 3 (16,800 hours) and a Functional Program Analyst 4 (3,360 hours) in FY2026 and beyond.

This bill will require 'normal' rulemaking, in FY2025, to amend multiple sections in WAC 284-170 and WAC 284-180 to incorporate the new requirements of the bill.

Ongoing Costs:
Salary, benefits and associated costs for 10.37 FTE Functional Program Analyst 3 and 2.07 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	5,321,536	5,321,536	3,370,410	3,370,410
		Total $	0	5,321,536	5,321,536	3,370,410	3,370,410

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		39.0	19.5	12.4	12.4
A-Salaries and Wages		3,115,979	3,115,979	1,986,414	1,986,414
B-Employee Benefits		1,112,450	1,112,450	709,914	709,914
C-Professional Service Contracts					
E-Goods and Other Services		1,057,107	1,057,107	674,082	674,082
G-Travel					
J-Capital Outlays		36,000	36,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	5,321,536	5,321,536	3,370,410	3,370,410

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		32.3	16.1	10.4	10.4
Functional Program Analyst 4	86,712		6.6	3.3	2.1	2.1
Senior Policy Analyst	116,148		0.2	0.1		
Total FTEs			39.0	19.5	12.4	12.4

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.

This bill will require 'normal' rulemaking, in FY2025, to amend multiple sections in WAC 284-170 and WAC 284-180 to incorporate the new requirements of the bill.