

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 5822 SB	<b>Title:</b> Physicians health prg. fees	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Health Professions Account-State 02G-1		1,032,100	1,032,100	2,332,200	2,541,200
<b>Total \$</b>		1,032,100	1,032,100	2,332,200	2,541,200

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.0
<b>Account</b>					
Health Professions Account-State 02G-1	6,000	16,000	22,000	63,000	0
<b>Total \$</b>	6,000	16,000	22,000	63,000	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:	Phone:	Date: 01/03/2024
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 01/26/2024
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 01/26/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/26/2024

## 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 bill increases the Washington Physicians Health Program (WPHP) surcharges.

Section 2: Amends RCW 18.71.310 (Physicians) increasing the physician health program surcharge from \$50 a year to \$70 a year for physicians, surgeons, and physician assistants.

Section 3: Amends RCW 18.71A.020 (Physicians Assistants) increasing the physician health program surcharge from \$50 a year to \$70 a year for physician assistants in training.

Section 4: Amends RCW 18.57.015 (Osteopathy—Osteopathic medicine and surgery) increasing the osteopathic physician health program surcharge from \$50 a year to \$70 a year for osteopathic physicians.

Section 5: Amends RCW 18.22.250 (Podiatric medicine and surgery) increasing the podiatric physician health program surcharge from \$50 a year to \$70 a year for podiatric physicians.

Section 6: Amends RCW 18.32.534 (Dentistry) increasing the dentist health program surcharge from \$50 a year to \$70 a year for dentists.

Section 7: Amends RCW 18.92.047 (Veterinary medicine, surgery, and dentistry) increasing the veterinarian health program surcharge from \$25 a year to \$35 a year for veterinarians.

Section 8: Changes the effective date for Section 6 to January 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.*

Section 2 to 8: This bill increases the WPHP surcharge for physicians, surgeons, physician assistants, interim physician assistants, osteopathic physicians, and podiatric physicians from \$50 to \$70 and veterinarians from \$25 to \$35, effective July 1, 2024. It also increases the WPHP surcharge for dentists from \$50 to \$70, effective January 1, 2026.

The department assumes new revenue based on the following data:

- Physicians, surgeons, and physician assistants - 37,640 active licensees with a varying growth rate depending on each profession's renewal cycle. One year surcharge fee transactions grew at a rate of 4.69% while two-year surcharge fee transactions had a growth rate of 3.58%.
- Physician assistant's interim (training) – 9 active permits however due to the historical fluctuation of this permit the department estimates an average of 5 permits each year.
- Osteopathic physicians - 3,902 active licensees with an average growth rate of 9.9%.
- Podiatric physicians - 393 active licensees with an annual growth rate of 1.0%.
- Dentists - 7,059 active licensees with an annual average growth rate of 1.17%.
- Veterinarians - 4,526 active licensees with an annual average growth rate of 2.57%.

(see attached chart)

### 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.

Due to the effective date of some of this bill, the department anticipates starting rules work immediately.

**Rulemaking**

Section 2-8: The department will adopt rules increasing the impaired physician health program surcharge. The department anticipates conducting exception rulemaking and anticipates utilizing a team of subject matter experts to implement this bill. This team will consist of the program manager and a community engagement specialist to identify underreached communities and engage them in the exception rulemaking process. This process will include one meeting with interested parties as well as one formal rules hearing, all held virtually, and will take approximately 9 months to complete. The department anticipates providing the rules hearing announcement and materials in both English and Spanish and providing ASL and Spanish interpretation services at the rules hearing.

Costs include staff, associated expenses (including goods and services, travel, intra-agency, and indirect charges), and Office of Attorney General support in the amount of \$2,000.

FY 2024 costs will be \$6,000 (GF-S).  
 FY 2025 costs will be 0.1 FTE and \$16,000 (GF-S).

**Office of Innovation and Technology**

Section 2-8: Configuration in the department’s Healthcare Enforcement and Licensing Modernization System will require 70 hours from the integration vendor at a rate of \$270 per hour. Work will include the initial vendor configuration and agency staff time for updating the fees of six credentials as well as updating of reports, user defined fields, and workflows.

FY 2026 costs will be 0.1 FTE and \$43,000 (GF-S).  
 FY 2027 costs will be 0.1 FTE and \$20,000 (GF-S).

Total costs to implement this bill:  
 FY 2024 costs will be 0.1 FTE and \$6,000 (GF-S).  
 FY 2025 costs will be 0.1 FTE and \$16,000 (GF-S).  
 FY 2026 costs will be 0.1 FTE and \$43,000 (GF-S).  
 FY 2027 costs will be 0.1 FTE and \$20,000 (GF-S).

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
02G-1	Health Professions Account	State	6,000	16,000	22,000	63,000	0
<b>Total \$</b>			6,000	16,000	22,000	63,000	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	
A-Salaries and Wages	3,000	7,000	10,000	25,000	
B-Employee Benefits	1,000	3,000	4,000	9,000	
C-Professional Service Contracts				18,000	
E-Goods and Other Services	2,000	5,000	7,000	9,000	
T-Intra-Agency Reimbursements		1,000	1,000	2,000	
9-					
<b>Total \$</b>	6,000	16,000	22,000	63,000	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
Health Services Consultant 4	86,208	0.1	0.1	0.1		
Management Analyst 4	86,208				0.1	
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	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.*

Sections 2-8: The secretary will adopt rules to amend language in WAC 246-817-990 (Dental quality assurance commission), 246-853-990 (Osteopathic physicians and surgeons), 246-918-990 (Physician assistants—Washington medical commission), 246-919-990 (Washington medical commission), 246-922-990 (Podiatric physicians and surgeons), and 246-933-990 (Veterinarians—Veterinary board) as necessary to implement the bill.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Physician/ Physician Asst	882,000	858,000	920,000	896,000	961,000	936,000	1,004,000	979,000	1,049,000	1,023,000
Physician Asst Interim (Training)	100	100	100	100	100	100	100	100	100	100
Osteopath	94,000	104,000	114,000	125,000	138,000	151,000	166,000	183,000	201,000	221,000
Podiatrist	8,000	8,000	8,000	8,000	8,000	8,000	9,000	9,000	9,000	9,000
Dentist		73,000	148,000	150,000	151,000	153,000	155,000	157,000	159,000	160,000
Veterinarian	48,000	49,000	50,000	51,000	53,000	54,000	55,000	57,000	58,000	60,000
<b>Total</b>	<b>1,032,100</b>	<b>1,092,100</b>	<b>1,240,100</b>	<b>1,230,100</b>	<b>1,311,100</b>	<b>1,302,100</b>	<b>1,389,100</b>	<b>1,385,100</b>	<b>1,476,100</b>	<b>1,473,100</b>

Historic Transactions and License Totals with Growth Rate											
		2016	2017	2018	2019	2020	2021	2022	2023	Annual Growth Rate	Average Licenses
WPHP Transactions	Physician/Physician Asst WPHP 1 yr	3,855	3,567	3,617	4,092	4,048	4,529	4,860	5,315	4.69%	
	Physician/Physician Asst WPHP 2 yr	14,440	15,553	15,138	16,301	15,167	17,918	17,150	18,472	3.58%	
Total Licenses	Physician/Physician Asst Licenses	32,059	33,201	34,039	34,663	35,014	36,000	36,924	37,640	2.08%	
	Physician Asst Interim (Training)	5	6	3	6	-	6	1	9	10.67%	5
	Osteopath	1,915	2,194	2,371	2,672	2,848	3,130	3,525	3,902	9.93%	
	Podiatrist	359	377	373	377	365	380	390	393	1.04%	
	Dentist	6,430	6,647	6,668	6,738	6,561	6,870	6,957	7,059	1.17%	
	Veterinarian	3,697	3,843	3,985	4,089	4,157	4,289	4,407	4,526	2.57%	

Estimated Total Transactions/Licenses (10 year)												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Physician/Physician Asst 1 yr cycle	5,565	5,826	6,100	6,387	6,687	7,001	7,330	7,675	8,036	8,413	8,809	9,223
Physician/Physician Asst 2 yr cycle	17,764	19,133	18,400	19,818	19,059	20,528	19,741	21,263	20,448	22,024	21,180	22,812
Physician Asst Interim (Training)	5	5	5	5	5	5	5	5	5	5	5	5
Osteopath	4,289	4,715	5,184	5,698	6,264	6,886	7,570	8,321	9,147	10,056	11,054	12,152
Podiatrist	397	401	405	410	414	418	423	427	432	436	441	445
Dentist	7,142	7,225	7,310	7,395	7,482	7,569	7,658	7,748	7,838	7,930	8,023	8,117
Veterinarian	4,642	4,762	4,884	5,010	5,138	5,271	5,406	5,545	5,688	5,834	5,984	6,138
<b>Total</b>	<b>39,804</b>	<b>42,068</b>	<b>42,288</b>	<b>44,723</b>	<b>45,049</b>	<b>47,678</b>	<b>48,133</b>	<b>50,984</b>	<b>51,593</b>	<b>54,698</b>	<b>55,495</b>	<b>58,892</b>

Estimated Added Revenue (10 year)												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Physician/Physician Asst		881,859	858,001	920,469	896,087	961,138	936,246	1,004,006	978,620	1,049,222	1,023,364	1,096,949
Physician Asst Interim (Training)		100	100	100	100	100	100	100	100	100	100	100
Osteopath		94,307	103,671	113,964	125,280	137,719	151,393	166,425	182,950	201,115	221,084	243,035
Podiatrist		8,025	8,109	8,194	8,279	8,366	8,453	8,541	8,631	8,721	8,812	8,904
Dentist			73,097	147,906	149,637	151,388	153,160	154,952	156,766	158,600	160,456	162,334
Veterinarian		47,617	48,841	50,097	51,385	52,706	54,061	55,451	56,877	58,339	59,839	61,377
<b>Total</b>		<b>1,031,908</b>	<b>1,091,819</b>	<b>1,240,729</b>	<b>1,230,768</b>	<b>1,311,417</b>	<b>1,303,413</b>	<b>1,389,475</b>	<b>1,383,943</b>	<b>1,476,097</b>	<b>1,473,654</b>	<b>1,572,699</b>

Estimated Added Revenue (Rounded)												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Physician/Physician Asst		882,000	858,000	920,000	896,000	961,000	936,000	1,004,000	979,000	1,049,000	1,023,000	1,097,000
Physician Asst Interim (Training)		100	100	100	100	100	100	100	100	100	100	100
Osteopath		94,000	104,000	114,000	125,000	138,000	151,000	166,000	183,000	201,000	221,000	243,000
Podiatrist		8,000	8,000	8,000	8,000	8,000	8,000	9,000	9,000	9,000	9,000	9,000
Dentist			73,000	148,000	150,000	151,000	153,000	155,000	157,000	159,000	160,000	162,000
Veterinarian		48,000	49,000	50,000	51,000	53,000	54,000	55,000	57,000	58,000	60,000	61,000
<b>Total</b>		<b>1,032,100</b>	<b>1,092,100</b>	<b>1,240,100</b>	<b>1,230,100</b>	<b>1,311,100</b>	<b>1,302,100</b>	<b>1,389,100</b>	<b>1,385,100</b>	<b>1,476,100</b>	<b>1,473,100</b>	<b>1,572,100</b>

Estimated Added Revenue (Biennial)						
	2023-2025	2025-2027	2027-2029	2029-2031	2031-2033	2033-2035
Physician/Physician Asst	882,000	1,778,000	1,857,000	1,940,000	2,028,000	2,120,000
Physician Asst Interim (Training)	100	200	200	200	200	200
Osteopath	94,000	218,000	263,000	317,000	384,000	464,000
Podiatrist	8,000	16,000	16,000	17,000	18,000	18,000
Dentist	-	221,000	301,000	308,000	316,000	322,000
Veterinarian	48,000	99,000	104,000	109,000	115,000	121,000



# Ten-Year Analysis

<b>Bill Number</b> 5822 SB	<b>Title</b> Physicians health prg. fees	<b>Agency</b> 303 Department of Health
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Dentist WPHP fee	02G			73,000	148,000	150,000	151,000	153,000	155,000	157,000	159,000	1,146,000
Osteopath WPHP fee	02G		94,000	104,000	114,000	125,000	138,000	151,000	166,000	183,000	201,000	1,276,000
Physician Assistant Interim WPHP fee	02G		100	100	100	100	100	100	100	100	100	900
Physician/Physician Assistant WPHP fee	02G		882,000	858,000	920,000	896,000	961,000	936,000	1,004,000	979,000	1,049,000	8,485,000
Podiatry WPHP fee	02G		8,000	8,000	8,000	8,000	8,000	8,000	9,000	9,000	9,000	75,000
Veterinarian WPHP fee	02G		48,000	49,000	50,000	51,000	53,000	54,000	55,000	57,000	58,000	475,000
<b>Total</b>			<b>1,032,100</b>	<b>1,092,100</b>	<b>1,240,100</b>	<b>1,230,100</b>	<b>1,311,100</b>	<b>1,302,100</b>	<b>1,389,100</b>	<b>1,385,100</b>	<b>1,476,100</b>	<b>11,457,900</b>
<b>Biennial Totals</b>			<b>1,032,100</b>	<b>2,332,200</b>	<b>2,541,200</b>	<b>2,691,200</b>	<b>2,861,200</b>	<b>11,457,900</b>				

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Per a contract with the Washington physician health program (WPHP), the department of health collects a surcharge fee at the point of initial application and renewal for participating licenses. The entirety of this money is paid to WPHP within 60 days of receipt. Revenue collected from these fees will be deposited into the Impaired Physician account under the Health Professions Account (fund 02G) and held until contract payment. This bill increases the WPHP surcharge for physicians, surgeons, physician assistants, interim physician assistants, osteopathic physicians, and podiatric physicians from \$50 to \$70 and veterinarians from \$25 to \$35, effective July 1, 2024. It also increases the WPHP surcharge for dentists from \$50 to \$70, effective Jan 1, 2026 (per section 8). Increased revenue from this bill will be ongoing.

Per the most recent data, there are 37,640 active physicians, surgeons, and physician assistants. Since these licensees renew on a 2 year cycle, the application and renewal transactions vary in odd and even years. Historic trends show differing growth rates based on whether a licensee is paying for one or two years. One year surcharge fee transactions grew at a rate of 4.69% while two year surcharge fee transactions had a growth rate of 3.58%. The department estimates the additional revenue per fiscal year (FY) based on active licenses, historic transaction counts, transaction growth rates and the profession's renewal cycle.



# Ten-Year Analysis

<b>Bill Number</b> 5822 SB	<b>Title</b> Physicians health prg. fees	<b>Agency</b> 303 Department of Health
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Narrative Explanation (Required for Indeterminate Cash Receipts)

There are 9 active physician assistants holding an interim permit. Due to the size of this license base, the department anticipates permit holders to fluctuate year over year. Over the past 8 years, there has been an average of 5 interim permit holders. The department estimates the following additional revenue per fiscal year (FY) based on average annual permits.

For the remaining professions, the department estimates the additional revenue based on active license counts and the average annual growth rate over the past three years. These professions all renew on an annual basis and hold stable growth patterns. For osteopathic physicians, there are 3,902 active osteopaths. This profession has an average annual growth rate of 9.9%. For podiatric physicians, there are 393 active podiatrists with an annual average growth rate of 1%. For dentists, there are 7,059 active licensees with an annual average growth rate of 1.17%. For veterinarians, there are 4,526 active licensees with an annual average growth rate of 2.57%. (See attached License Growth matrix for detailed calculations.)

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