

Multiple Agency Fiscal Note Summary

Bill Number: 2128 HB	Title: Certificate of need program
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Health	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

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	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Health	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

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	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Breann Boggs, OFM

Phone:
(360) 485-5716

Date Published:
Final 1/31/2024

Individual State Agency Fiscal Note

Bill Number: 2128 HB	Title: Certificate of need program	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: 01/08/2024
Agency Preparation: Melinda Helberg	Phone: 360-725-0000	Date: 01/10/2024
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 01/10/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/10/2024

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: 2128 HB

HCA Request #: 24-026

Title: Certificate of Need Program

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:

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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: 2128 HB

HCA Request #: 24-026

Title: Certificate of Need Program

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.

NONE

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.

No fiscal impact. The Department of Health is responsible for administrative duties and writing the report. The Health Care Authority (HCA) can absorb any costs associated with HCA's participation on the task force.

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

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

HCA Fiscal Note

Bill Number: 2128 HB

HCA Request #: 24-026

Title: Certificate of Need Program

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.

NONE

Individual State Agency Fiscal Note

Revised

Bill Number: 2128 HB	Title: Certificate of need program	Agency: 300-Department of Social and Health Services
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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: 01/08/2024
Agency Preparation: Sara Corbin	Phone: 360-902-8194	Date: 01/22/2024
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/22/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/23/2024

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.

HB 2128 has no fiscal impact to the Department of Social and Health Services (DSHS). The bill would establish the certificate of need modernization task force and include a representative of DSHS to attend meetings and participate in a report. The staff-time to perform duties will be accomplished by existing staff within their existing workload, therefore, no fiscal impact.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

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. Distinguished between one time and ongoing functions.

None

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

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: 2128 HB	Title: Certificate of need program	Agency: 303-Department of Health
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

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:

- 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: 01/08/2024
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 01/16/2024
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 01/16/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/21/2024

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.

This bill establishes a joint legislative task force to review the role of the Certificate of Need (CN) program in Washington's current health care system.

Section 1(c): The secretary of the department of health (department), or the secretary's designee shall participate as a member of the certificate of need modernization task force.

Section 1(2): Outlines specific issues the task force shall review and provide recommendations on. The review must address whether the CN program: (i) contains health care costs for each facility and service subject to CN review, (ii) promotes patient care in urban, suburban, and rural areas for each facility and service subject to CN review, (iii) increases quality of health care services, (iv) creates more health care choice for patients, (v) facilitates adoption of innovative and cost-effective health care technologies, (vi) reduces overutilization of health care, (vii) assists in the establishment of an adequate health care workforce, and (viii) creates unnecessary barriers to establishment of needed facilities and services. (ix) The review must also consider (a) whether to continue to require CN for each type of health care facility and service, (b) whether to expand CN requirements to other types of health care facilities and services, (c) ways to improve the CN program, and (d) ways to improve strategic health planning as a basis for CN decisions.

Section 1(3)(a): The secretary of the department of health, or the secretary's designee, shall serve as the chair of the task force and be responsible for convening meetings of the task force.

Section 1(3)(b): The department of health shall provide support staff to the task force.

Section 1(4)(a): This subsection states the members are not entitled to reimbursement for travel expenses if they are participating on behalf of an employer, governmental entity, or other organization.

Section 1(4)(b): This section states any reimbursement for members not identified in (a) of this subsection is subject to chapter 43.03 RCW.

Section 1(5): The task forces shall submit its findings and recommendations to the governor and each chamber of the legislature in two phases. (a) By December 15, 2024, the task force must submit a report with its findings and recommendations related to whether or not the certificate of need program should be discontinued in light of the review conducted under subsection (2) of this section. (b) By November 15, 2025, the task force must submit a report with findings and recommendations related to: (i) If the December 15, 2024, report finds that the certificate of need program should be discontinued in its entirety, alternatives to the certificate of need program that will address the items identified in subsection (2)(a)(i) through (viii) of this section; or (ii) If the December 15, 2024, report finds that the certificate of need program should be continued, options for improving the program's operations so that it can better address the items in subsection (2) of this section.

Section 1(6): This section expires July 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 1(3)(b): Establishes a certificate of need modernization task force that will consist of at least 20 members that must produce its first report by December 15, 2024, and a second report by November 15, 2025. The secretary of the department of health, or the secretary's designee, will participate on the task force and act as the chair.

Timeline to Procure a Contractor to Conduct the CN Program Review

The department will need to contract with an external consultant with the necessary expertise to conduct the review required by Section 1(2) of the bill. Consultant tasks will include conducting literature review, identifying relevant data, performing analysis and evaluation, providing the task force with findings, drafting the required reports, and providing the task force with consultation and assistance in the areas of health economics, evaluation, and health services research.

The department must conduct a competitive procurement process to secure the external consultant to meet the requirements of state procurement law. The expected timeframe for the competitive procurement process is approximately 6 months. Assuming the procurement process for this consultant begins on April 1, 2024, the contractor would not be able to begin until October 1, 2024. (Note, the department will be unable to sign a contract for the review until funding appropriation occurs in July 2024.)

Timeline for Completing First Report

Once all Governor-appointed task-force members have been identified and approved, the department completes the hiring process for the staffing required to implement the bill (Project Manager and Administrative Assistant), and a contractor is procured, work can begin on the review required by Section 1(2) of the bill. The department assumes the review will begin on October 1, 2024. The department anticipates the review and recommendation development process to produce the first report will require 12 months due to the extensive list of topics the review must address coupled with the complex work required to study each topic. Each of the 10 topics in Section 1(2) will require extensive data gathering and evaluation from both state and federal sources, literature review, consultation with other state's Certificate of Need programs, and sufficient time for task force members to consult with support staff on questions or areas that need to be further investigated.

In light of the time required to procure a contractor to complete the review and the time required for the contractor to then complete the review, the department does not believe the task force can complete the work required for the first report by December 15, 2024, as required. An additional 9-12 months are necessary for the task force to complete the first report.

Given the compressed timelines in this bill, the department is unable to calculate a cost to complete the work as envisioned in the bill.

Total costs to implement this bill are indeterminant.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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.