

# Multiple Agency Fiscal Note Summary

|                             |                                       |
|-----------------------------|---------------------------------------|
| <b>Bill Number:</b> 2319 HB | <b>Title:</b> Substance use treatment |
|-----------------------------|---------------------------------------|

## 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 |
| Washington State Health Care Authority | Non-zero but indeterminate cost and/or savings. Please see discussion. |             |       |          |             |       |          |             |       |
| <b>Total \$</b>                        | 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 | Non-zero but indeterminate cost and/or savings. Please see discussion.   |          |             |         |         |          |             |         |         |          |             |         |
| Office of Insurance Commissioner       | .5   | 0        | 0           | 179,290 | .1      | 0        | 0           | 40,388  | .1      | 0        | 0           | 40,388  |
| Department of Health                   | .1   | 22,000   | 22,000      | 44,000  | .6      | 82,000   | 82,000      | 164,000 | .6      | 82,000   | 82,000      | 164,000 |
| University of Washington               | .9   | 214,427  | 214,427     | 214,427 | 1.3     | 345,994  | 345,994     | 345,994 | 1.3     | 345,994  | 345,994     | 345,994 |
| University of Washington               | In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note. |          |             |         |         |          |             |         |         |          |             |         |
| <b>Total \$</b>                        | 1.5  | 236,427  | 236,427     | 437,717 | 2.0     | 427,994  | 427,994     | 550,382 | 2.0     | 427,994  | 427,994     | 550,382 |

## 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     |
| Office of Insurance Commissioner       | .0      | 0     | 0     | .0      | 0     | 0     | .0      | 0     | 0     |
| Department of Health                   | .0      | 0     | 0     | .0      | 0     | 0     | .0      | 0     | 0     |
| University of Washington               | .0      | 0     | 0     | .0      | 0     | 0     | .0      | 0     | 0     |
| <b>Total \$</b>                        | 0.0     | 0     | 0     | 0.0     | 0     | 0     | 0.0     | 0     | 0     |

## Estimated Capital Budget Breakout

NONE

|                                       |                                 |   |
|---------------------------------------|---------------------------------|---|
| <b>Prepared by:</b> Breann Boggs, OFM | <b>Phone:</b><br>(360) 485-5716 | <b>Date Published:</b><br>Final 1/31/2024 |
|---------------------------------------|---------------------------------|---|

# Individual State Agency Fiscal Note

|                             |                                       |   |
|-----------------------------|---------------------------------------|---|
| <b>Bill Number:</b> 2319 HB | <b>Title:</b> Substance use treatment | <b>Agency:</b> 107-Washington State Health Care Authority |
|-----------------------------|---------------------------------------|---|

## 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: Chris Blake   | Phone: 360-786-7392   | Date: 01/17/2024 |
| Agency Preparation: Joseph Cushman | Phone: 360-725-5714   | Date: 01/29/2024 |
| Agency Approval: Catrina Lucero    | Phone: 360-725-7192   | Date: 01/29/2024 |
| OFM Review: Arnel Blancas          | Phone: (360) 000-0000 | Date: 01/30/2024 |

## 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.*

Please see attached.

### 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.*

Please see attached.

### 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.*

Please see attached.

## 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.*

# HCA Fiscal Note

Bill Number: HB 2319

HCA Request #: 24-068

Title: Substance Abuse Treatment

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

Indeterminate

### Estimated Operating Expenditures from:

Indeterminate

### 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.

# HCA Fiscal Note

Bill Number: HB 2319

HCA Request #: 24-068

Title: Substance Abuse Treatment

## 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 4(20) requires licensed or certified behavioral health agencies providing voluntary inpatient or residential substance use disorder treatment must comply with new reporting requirements regarding involuntary discharge or transfer to the Department of Health.

Section 6(2)(b)(ii)(B) amends RCW 41.05.526 (withdrawal management services) sets requirements that health plans issued or renewed after January 1, 2025 cannot issue utilization review procedures prior to twenty-eight days following admission to an inpatient or residential substance use disorder treatment services except to initiate the initial medical necessity review process or to assist with a transfer, as permitted under subsection (2)(b)(ii).

Section 6(2)(c)(iii) does not allow health plans to consider a patient's length of abstinence when determining whether services are medically necessary when reviewing for inpatient or residential substance use disorder treatment services.

Section 6(3)(b) does not allow health plans to consider a patient's length of stay at a behavioral health agency when making decisions regarding the authorization to continue care at a inpatient or residential substance use disorder treatment services.

### 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.*

Indeterminate

### 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.*

The Health Care Authority considers this bill indeterminate. The 28- day restriction, found in Sec 6, may lead to between 25 and 33 percent increase in length of stay in treatment due to non-emergent decisions being prohibited until after the 28-day period. Section 6 goes into effect January 1<sup>st</sup>, 2025.

Between Nov 2022, and June 2023, there was an average of 32,670 combined bed days in Intensive Inpatient, Long Term Residential and Recovery House treatments. With an average cost per bed of \$313 per day, an assumed increase in

# HCA Fiscal Note

Bill Number: HB 2319

HCA Request #: 24-068

Title: Substance Abuse Treatment

length of stay of 25 to 33 percent would result in annual impacts between \$30,676,891 (\$12,135,779 GF-State) and \$42,331,000 (\$16,749,000 GF-State) respectively.

Employee and Retiree Benefits also considers this bill indeterminate. Regence, the benefit plan administrator indicates the likely potential for an increase in length of stay at inpatient or residential treatment facilities. While the Uniform Medical Plan's prescription drug benefit is not directly impacted, this legislation may result in members having increased access to prescription services, which could have downstream cost implications on plan claims liability, the extent of which is unclear.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditure

Indeterminate

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

Indeterminate

**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.



## HCA Fiscal Note

Bill Number: HB 2319

HCA Request #: 24-068

Title: Substance Abuse Treatment

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

|                             |                                       |   |
|-----------------------------|---------------------------------------|---|
| <b>Bill Number:</b> 2319 HB | <b>Title:</b> Substance use treatment | <b>Agency:</b> 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     | 1.0     | 0.5     | 0.1     | 0.1     |
| <b>Account</b>   |         |         |         |         |         |
| Insurance Commissioners Regulatory Account-State 138-1 | 0       | 179,290 | 179,290 | 40,388  | 40,388  |
| <b>Total \$</b>  | 0       | 179,290 | 179,290 | 40,388  | 40,388  |

### 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: Chris Blake  | Phone: 360-786-7392   | Date: 01/17/2024 |
| Agency Preparation: Delika Steele | Phone: 360-725-7260   | Date: 01/22/2024 |
| Agency Approval: Michael Wood     | Phone: 360-725-7007   | 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.*

Section 6 adds the same requirements in Section 7(2) to PEBB/SEBB plans.

Section 7(2)(b)(ii)(B) prohibits health plans issued or renewed on or after January 1, 2025, after times specified in subsection 2(a) have passed, from initiating utilization review prior to 28 days following admission for inpatient or residential substance use disorder treatment services, except to initiate the initial medical necessity review process.

Section 7(2)(c)(iii) prohibits health plans from considering a patient's length of abstinence when determining if services are medically necessary or a patient's length of stay at the behavioral health agency when deciding whether to authorize continuing care at the behavioral health agency.

### 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 6 adds the same requirements in Section 7(2) to PEBB/SEBB plans.

Section 7(2)(b)(ii)(B) prohibits health plans issued or renewed on or after January 1, 2025, after times specified in subsection 2(a) have passed, from initiating utilization review prior to 28 days following admission for inpatient or residential substance use disorder treatment services, except to initiate the initial medical necessity review process.

Section 7(2)(c)(iii) prohibits health plans from considering a patient's length of abstinence when determining if services are medically necessary or a patient's length of stay at the behavioral health agency when deciding whether to authorize continuing care at the behavioral health agency.

Sections 6 and 7 will require the OIC to conduct additional review of the fully insured PEBB/SEBB health benefit plan documents, the fully insured marketplace health benefit plan documents, and the utilization review contracts and contract amendments to ensure they meet the new review requirements and do not include conflicting language. The Office of Insurance Commissioner (OIC) will require one-time costs, in FY2025, of 23 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 an average of 502 health plan form filings and 100 utilization review contracts each year. The OIC assumes the new review standards will result in an additional 15 minutes of review per form filing in FY2025 and 5 minutes in FY2026 and thereafter; and an additional 30 minutes of review per utilization review contract filing beginning in FY2025 requiring 175.5 hours (502 form filings x 15 minutes + 100 utilization review contracts x 30 minutes) in FY2025 and 92 hours (502 form filings x 5 minutes + 100 utilization review contract filings x 30 minutes) in FY2026 and thereafter of a Functional Program Analyst 3.

Section 7 modifies the coverage requirements on carriers regulated by the OIC in the matter of behavioral inpatient care and will result in additional inquiries, calls, and complaints from consumer, especially from consumers covered by self-funded group health plans. In 2023, the OIC received 182 complaint cases and 29 informational cases involving behavioral and mental health. As a result of this bill, consumer complaints related to behavioral and mental health are expected to increase by 5% and consumer contacts are expected to increase by 6 inquiries each year. Additionally, OIC

anticipates an additional 60 phone calls per year on the topic. Informational cases generally take 10 minutes per case and complaint cases generally take between one and 3.25 hours per case. For purposes of this fiscal note, it is assumed that informational cases will take 10 minutes per case and complaint cases will take 3.25 hours per case requiring 40 hours (66 info cases x 10 minutes + 9 complaint cases x 3.25 hours) of a Functional Program Analyst 3 each year beginning in FY2025.

The provisions in Section 7 will also lead to an increase in enforcement actions, including the potential for enforcement in situations in which a carrier does not comply with the requirements, coverage limitations, and definitions within the bill. OIC anticipates an average of an additional 2 enforcement cases per year to address compliance issues. For purposes of this fiscal note, it is assumed that enforcement actions will require the equivalent of approximately 50 hours per case requiring 100 hours (2 cases x 50 hours) per year of an Insurance Attorney beginning in FY2025. In addition, OIC anticipates one-time costs, in FY2025, of 30 hours of an Insurance Attorney to provide advice related to this statutory change and its interpretation, implementation and enforcement.

‘Complex’ rulemaking, in FY2025, will be required to address requirements in WAC 284-43 Subchapter D “Prior Authorization and Utilization Review”. Amendments to WAC 284-43-7010 will also be required to amend the definition of “Medical Necessity” as it relates to substance use disorder.

**Ongoing Costs:**

Salary, benefits and associated costs for .08 FTE Functional Program Analyst 3 and .06 FTE Insurance Attorney.

**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       | 179,290 | 179,290 | 40,388  | 40,388  |
| <b>Total \$</b> |  |       | 0       | 179,290 | 179,290 | 40,388  | 40,388  |

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

|                                      | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years                      |         | 1.0     | 0.5     | 0.1     | 0.1     |
| A-Salaries and Wages                 |         | 109,252 | 109,252 | 24,032  | 24,032  |
| B-Employee Benefits                  |         | 34,180  | 34,180  | 8,278   | 8,278   |
| C-Professional Service Contracts     |         |         |         |         |         |
| E-Goods and Other Services           |         | 35,858  | 35,858  | 8,078   | 8,078   |
| 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-                                   |         |         |         |         |         |
| <b>Total \$</b>                      | 0       | 179,290 | 179,290 | 40,388  | 40,388  |

**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  |         | 0.1     | 0.1     | 0.1     | 0.1     |
| Functional Program Analyst 4 | 86,712  |         | 0.2     | 0.1     |         |         |
| Insurance Attorney           | 95,652  |         | 0.1     | 0.0     | 0.1     | 0.1     |
| Senior Policy Analyst        | 116,148 |         | 0.7     | 0.3     |         |         |
| <b>Total FTEs</b>            |         |         | 1.0     | 0.5     | 0.1     | 0.1     |

**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.*

‘Complex’ rulemaking, in FY2025, will be required to address requirements in WAC 284-43 Subchapter D “Prior Authorization and Utilization Review”. Amendments to WAC 284-43-7010 will also be required to amend the definition of “Medical Necessity” as it relates to substance use disorder.

The Office of Insurance Commissioner (OIC) is currently in rulemaking regarding WAC 284-43 Subchapter D Prior Authorization and Utilization Review in the matter of R2023-02 to adopt E2SHB 1357 Chapter 382, Laws of 2023. Due to the complexity of the rulemaking, OIC issued TAA 2023-04. The addition of the requirements of this bill will further the complexity of the rulemaking that is underway.

# Individual State Agency Fiscal Note

|                             |                                       |   |
|-----------------------------|---------------------------------------|---|
| <b>Bill Number:</b> 2319 HB | <b>Title:</b> Substance use treatment | <b>Agency:</b> 303-Department of Health |
|-----------------------------|---------------------------------------|---|

## 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     | 0.2     | 0.1     | 0.6     | 0.6     |
| <b>Account</b>                   |         |         |         |         |         |
| General Fund-State 001-1         | 0       | 22,000  | 22,000  | 82,000  | 82,000  |
| General Fund-Private/Local 001-7 | 0       | 22,000  | 22,000  | 82,000  | 82,000  |
| <b>Total \$</b>                  | 0       | 44,000  | 44,000  | 164,000 | 164,000 |

### 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: Chris Blake   | Phone: 360-786-7392   | Date: 01/17/2024 |
| Agency Preparation: Donna Compton  | Phone: 360-236-4538   | Date: 01/25/2024 |
| Agency Approval: Kristin Bettridge | Phone: 3607911657     | Date: 01/25/2024 |
| 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.*

This bill supports individuals in accessing and completing substance use disorder (SUD) treatment by preventing providers from forcing individuals to leave treatment early and removing barriers to insurance authorization.

Section 2(1)(b): Adds a new section to chapter 71.24 RCW (Community Behavioral Health Services Act) stating that by April 1, 2025, the department of health (department) shall adopt a model policy for licensed and certified behavioral health agencies (BHA) providing voluntary inpatient or residential SUD treatment services or withdrawal management services.

Section 2(2)(a): Adds a new section to chapter 71.24 RCW (Community Behavioral Health Services Act) stating that beginning April 1, 2025, every licensed or certified BHA providing inpatient or residential SUD treatment services must submit a report to the department for each instance a person was transferred or discharged from the facility without their consent, or each time a person was released prior to a clinical determination that they completed treatment.

Section 4(21)(a): Amends RCW 71.24.037 (Licensed or certified behavioral health agencies—Minimum standards—Investigations and enforcement actions—Inspections) requiring a licensed BHA to provide counseling related to treatment options specific to the patient’s diagnosed condition.

Section 4(21)(b): Amends RCW 71.24.037 (Licensed or certified behavioral health agencies—Minimum standards—Investigations and enforcement actions—Inspections) stating a licensed BHA shall not treat or advertise that it treats opioid use disorder or alcohol use disorder unless it meets the requirements of (a).

Section 4(21)(c): Amends RCW 71.24.037 (Licensed or certified behavioral health agencies—Minimum standards—Investigations and enforcement actions—Inspections) stating failure to meet the counseling and facilitation requirements of (a) may be the basis of a disciplinary action.

### 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.*

Current law, RCW 43.70.250 (License fees for professions, occupations, and businesses) requires that a business-licensing program be self-supporting and sufficient revenue be collected through fees to fund expenditures. Currently, 50% of program expenditures for Behavioral Health Agencies are funded by general fund state (GF-S). As of July 1, 2023, Behavioral Health Agencies had a GF-L balance of \$0. This fund balance is below the required reserve of \$475,000, which is 25% of yearly expenditures. The department is currently in the process of conducting a fee study for Behavioral Health Agencies and if this bill is passed as written the department will adjust the fee as needed to account for GF-L costs.

### 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.*

#### Rulemaking

Section 2(2)(b): The department will develop and adopt rules to Chapter 246-341 WAC (Behavioral Health Services Administrative Requirements). The department 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 rulemaking process. This process will include two meetings with interested parties as well as one formal rules hearing, all held virtually, and will take approximately 12 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 \$4,000.

FY 2025 one-time costs will be 0.2 FTE and \$14,000 (GF-S) and \$15,000 (GF-L)

#### Model Policy and Report Collection

Section 2(1)(b) and Section 2(2)(a): The department will develop a model policy for licensed and certified BHA's and will collect the required reports from each BHA. The department estimates the development of the model policy and report collection will include staff time from multiple positions which include a Health Services Consultant, an Administrative Assistant, a Nursing Consultation Advisor, and a WMS2. The work will include scheduling meetings and agenda development, taking notes during the meetings, attending meetings with partners, internal meetings, research, policy drafting and review, developing and testing the reporting tool, updating all relevant webpages, and sending out communications and final policy to all interested parties.

Costs include staff, associated expenses (including goods and services, travel, intra-agency, and indirect charges), and Office of Attorney General support.

FY 2025 one-time costs will be 0.1 FTE and \$8,000 (GF-S) and \$7,000 (GF-L)

#### Inspection & Investigation

Section 2(1)(a): Adds a new section to RCW 71.24 (Licensed or certified behavioral health agencies), requiring BHAs to submit to the department any policies regarding the transfer or discharge of a patient without their consent. For BHAs that fail to follow the reporting requirements, the department estimates 5 additional complaints that will result in an investigation.

Section 4(21): With the additions to RCW 71.24.037 (Licensed or certified behavioral health agencies), requiring BHAs to provide counseling services to patients, the department estimates 1 additional hour of policy and procedure reviews during routine inspections and 10 additional complaints to investigate each year.

Inspection - The department conducts behavioral health facility inspections once within a three-year period for compliance with the minimum operating and patient care standards. The department estimates one additional hour of policy and procedure reviews during routine inspections.

Investigations - Based on experiences with behavioral health facilities, the department estimates 15 additional investigations per year. Since the department has begun the regulation of behavioral health agencies, the department has learned that the investigations of these facilities can easily become complicated with many safety risks. The investigations need to be conscientious to the safety of patients, facility staff, and the department's staff conducting the investigation.?

The complaint response process includes five steps: 1) intake, 2) assessment, 3) investigation, 4) case disposition, and 5) adjudication. Staff review the complaint, identify the history of the facility complained about, and help assess whether an investigation is needed. The investigator obtains information about the complaint and the respondent, then prepares a report detailing the findings. After investigation, the disciplining authority decides whether to pursue legal action. Staff attorneys, paralegals, assistant attorney general, and other staff work to develop the legal documents and charge the violation. Most cases are settled, and the staff attorney manages that process. If the respondent asks for a hearing, staff must schedule the hearing, and the health law judge considers all legal motions, presides over the hearing, and drafts the final order. Also, the Office of the Attorney General will represent the department at hearings and may provide advice throughout the enforcement process.



FY 2026 costs and ongoing will be 0.6 FTE and \$41,000 (GF-S) and \$41,000 (GF-L)

**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       | 22,000  | 22,000  | 82,000  | 82,000  |
| 001-7           | General Fund  | Private/Local | 0       | 22,000  | 22,000  | 82,000  | 82,000  |
| <b>Total \$</b> |               |               | 0       | 44,000  | 44,000  | 164,000 | 164,000 |

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

|                                  | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years                  |         | 0.2     | 0.1     | 0.6     | 0.6     |
| A-Salaries and Wages             |         | 20,000  | 20,000  | 98,000  | 98,000  |
| B-Employee Benefits              |         | 8,000   | 8,000   | 36,000  | 36,000  |
| C-Professional Service Contracts |         | 1,000   | 1,000   |         |         |
| E-Goods and Other Services       |         | 13,000  | 13,000  | 20,000  | 20,000  |
| T-Intra-Agency Reimbursements    |         | 2,000   | 2,000   | 10,000  | 10,000  |
| 9-                               |         |         |         |         |         |
| <b>Total \$</b>                  | 0       | 44,000  | 44,000  | 164,000 | 164,000 |

**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 |
|------------------------------|--------|---------|---------|---------|---------|---------|
| Fiscal Analyst 2             | 53,000 |         |         |         | 0.1     | 0.1     |
| HEALTH SERVICES CONSULTANT 4 | 86,208 |         | 0.1     | 0.1     | 0.5     | 0.5     |
| MANAGEMENT ANALYST 4         | 86,208 |         | 0.1     | 0.1     |         |         |
| <b>Total FTEs</b>            |        |         | 0.2     | 0.1     | 0.6     | 0.6     |

**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.*

Section 2(2)(b): The department will develop and adopt rules to Chapter 246-341 WAC (Behavioral Health Services Administrative Requirements) as needed to implement this bill.

# Individual State Agency Fiscal Note

|                             |                                       |   |
|-----------------------------|---------------------------------------|---|
| <b>Bill Number:</b> 2319 HB | <b>Title:</b> Substance use treatment | <b>Agency:</b> 360-University of Washington |
|-----------------------------|---------------------------------------|---|

## 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     | 1.8     | 0.9     | 1.3     | 1.3     |
| <b>Account</b>           |         |         |         |         |         |
| General Fund-State 001-1 | 0       | 214,427 | 214,427 | 345,994 | 345,994 |
| <b>Total \$</b>          | 0       | 214,427 | 214,427 | 345,994 | 345,994 |

In addition to the estimates above, there are additional indeterminate costs 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: Chris Blake  | Phone: 360-786-7392   | Date: 01/17/2024 |
| Agency Preparation: Michael Lantz | Phone: 2065437466     | Date: 01/22/2024 |
| Agency Approval: Jed Bradley      | Phone: 2066164684     | Date: 01/22/2024 |
| OFM Review: Ramona Nabors         | Phone: (360) 742-8948 | 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.*

House Bill 2319 relates to substance use disorder treatment. Sections 2 and 3 will likely have a financial impact on the University of Washington (UW).

Section 2 requires behavioral health agencies (BHAs) providing voluntary inpatient or residential substance use disorder treatment services or withdrawal management services to provide copies of specified policies to the Department of Health (DOH) by October 1, 2024. These policies include those regarding transfers or discharges undertaken without the patient's consent, therapeutic progressive disciplinary processes, and procedures to maintain safe transfers and discharges when the patient does not consent. Starting in April 2025, BHAs must submit a report for each instance in which a patient was transferred or discharged from the facility without the person's consent or released prior to the completion of treatment.

Section 3 directs the Addictions, Drug, and Alcohol Institute (ADAI) at the UW to create a patient shared decision-making tool to assist behavioral health providers when discussing medication treatment options for patients with alcohol use disorder. This section also directs ADAI to distribute the tool to behavioral health providers and instruct them on ways to incorporate the use of the tool into their practices. In addition, ADAI is directed to conduct regular evaluations of the tool and update the tool as necessary.

### 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.*

This fiscal note is marked as indeterminate due to the unknown costs associated with implementing Section 2. However, the costs associated with implementing Section 3 have been determined and are included in the tables and analysis.

#### SECTION 2:

As a licensed BHA, Section 2 applies to UW Medical Center and Harborview Medical Center. It is not currently known how many release, transfer, or discharge reports will be required on a yearly basis. However, it is likely that some additional staff time will be required to complete these reports in a timely manner and comply with the applicable rules adopted by the DOH.

#### SECTION 3:

#### DELIVERABLES:

UW ADAI proposes the following deliverables and timeline to meet the requirements in Section 3:

- Develop and validate shared decision-making tool for alcohol use disorder (FY25).
- Develop implementation toolkit (FY25).
- Provide training, technical assistance, and ongoing implementation support to providers (FY25 and ongoing).
- Conduct ongoing implementation evaluation to document reach, adoption, implementation, and maintenance of new shared decision-making process (FY25 and ongoing).

- Where possible, coordinate with treatment agencies and Washington State Health Care Authority to assess effectiveness of alcohol use disorder shared decision making on treatment retention, treatment care trajectories, and improved social and health outcomes (FY26 and ongoing).
- Disseminate the shared decision-making tool and implementation toolkit in person, via webinars, and online via ADAI webpages (FY25 and ongoing).

**FUNDING REQUIREMENTS:**

**STAFF:**

1.0 FTE for a Project Coordinator (salary: \$84,000; benefits rate: 30 percent). This person will manage all day-to-day activities associated with the project. Position will be ongoing starting in FY25.

0.2 FTE for an Assistant Professor (salary: \$109,464; benefits rate 22.6 percent). This person will provide overall management of the project and supervise the project coordinator. They will provide clinical expertise on alcohol use disorder and oversee the implementation evaluation. Position will be ongoing starting in FY25.

0.1 FTE for a Professor (salary: \$179,088; benefits rate 22.6%). This person will provide expertise on the shared decision-making tool development and implementation. They will help design implementation evaluation and analyze results. Position will be ongoing starting in FY25.

0.5 FTE for a Research Assistant (Salary \$60,000, benefits rate 38.1%). This person will conduct validation activities for the shared decision-making tool development. Position will be for FY25 only. (FY25)

**TRAVEL:**

\$5,000 in FY25 and \$10,000 ongoing starting in FY26 for travel to provide onsite training, implementation support, and ongoing evaluation.

**GOODS AND SERVICES:**

\$10,000 in FY25 and \$5,000 ongoing starting in FY26 for online and print material development and production related to the project.

As noted, the costs to implement Section 2 of HB 2319 are indeterminate. Meanwhile, the total costs for UW ADAI to implement Section 3 of HB 2319 are expected to be approximately \$214,000 in FY25 and \$173,000 ongoing starting in FY26.

**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       | 214,427 | 214,427 | 345,994 | 345,994 |
| <b>Total \$</b> |               |       | 0       | 214,427 | 214,427 | 345,994 | 345,994 |

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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

|                                      | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years                      |         | 1.8     | 0.9     | 1.3     | 1.3     |
| A-Salaries and Wages                 |         | 153,802 | 153,802 | 247,604 | 247,604 |
| B-Employee Benefits                  |         | 45,625  | 45,625  | 68,390  | 68,390  |
| C-Professional Service Contracts     |         |         |         |         |         |
| E-Goods and Other Services           |         | 10,000  | 10,000  | 10,000  | 10,000  |
| G-Travel                             |         | 5,000   | 5,000   | 20,000  | 20,000  |
| J-Capital Outlays                    |         |         |         |         |         |
| M-Inter Agency/Fund Transfers        |         |         |         |         |         |
| N-Grants, Benefits & Client Services |         |         |         |         |         |
| P-Debt Service                       |         |         |         |         |         |
| S-Interagency Reimbursements         |         |         |         |         |         |
| T-Intra-Agency Reimbursements        |         |         |         |         |         |
| 9-                                   |         |         |         |         |         |
| <b>Total \$</b>                      | 0       | 214,427 | 214,427 | 345,994 | 345,994 |

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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 |
|---------------------|---------|---------|---------|---------|---------|---------|
| Assistant Professor | 109,464 |         | 0.2     | 0.1     | 0.2     | 0.2     |
| Professor           | 179,088 |         | 0.1     | 0.1     | 0.1     | 0.1     |
| Project Coordinator | 84,000  |         | 1.0     | 0.5     | 1.0     | 1.0     |
| Research Assistant  | 60,000  |         | 0.5     | 0.3     |         |         |
| <b>Total FTEs</b>   |         |         | 1.8     | 0.9     | 1.3     | 1.3     |

**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.*