

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1508 HB 1508-S.E AMH MACR H2803.1	<b>Title:</b> Health care cost board
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## Estimated Cash Receipts

NONE

## 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	2.0	1,266,000	1,266,000	1,266,000	4.0	2,532,000	2,532,000	2,532,000	4.0	2,532,000	2,532,000	2,532,000
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	2.0	1,266,000	1,266,000	1,266,000	4.0	2,532,000	2,532,000	2,532,000	4.0	2,532,000	2,532,000	2,532,000

## 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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Jason Brown, OFM	<b>Phone:</b> (360) 742-7277	<b>Date Published:</b> Final 2/ 2/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1508 HB 1508-S.1 AMH MACR H2803.1	<b>Title:</b> Health care cost board	<b>Agency:</b> 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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	4.0	2.0	4.0	4.0
<b>Account</b>					
General Fund-State      001-1	0	1,266,000	1,266,000	2,532,000	2,532,000
<b>Total \$</b>	0	1,266,000	1,266,000	2,532,000	2,532,000

### 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: Meghan Morris	Phone: 360-786-7119	Date: 01/24/2024
Agency Preparation: Melinda Helberg	Phone: 360-725-0000	Date: 01/30/2024
Agency Approval: Megan Atkinson	Phone: 360-725-1222	Date: 01/30/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/31/2024

## 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.

### 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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	1,266,000	1,266,000	2,532,000	2,532,000
<b>Total \$</b>			0	1,266,000	1,266,000	2,532,000	2,532,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		4.0	2.0	4.0	4.0
A-Salaries and Wages		438,000	438,000	876,000	876,000
B-Employee Benefits		140,000	140,000	280,000	280,000
C-Professional Service Contracts		500,000	500,000	1,000,000	1,000,000
E-Goods and Other Services		40,000	40,000	80,000	80,000
G-Travel		8,000	8,000	16,000	16,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		140,000	140,000	280,000	280,000
9-					
<b>Total \$</b>	0	1,266,000	1,266,000	2,532,000	2,532,000

### 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
Management Analyst 5	96,000		2.0	1.0	2.0	2.0
WMS2	123,000		2.0	1.0	2.0	2.0
<b>Total FTEs</b>			4.0	2.0	4.0	4.0

### III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
HCA Other (200)		1,266,000	1,266,000	2,532,000	2,532,000
<b>Total \$</b>		1,266,000	1,266,000	2,532,000	2,532,000

## **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: 1508 ESHB

HCA Request #: 24-093

Title: Health Care Cost Board

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
FTE Staff Years	0.0	4.0	4.0	4.0	4.0	4.0	2.0	4.0	4.0
<b>ACCOUNT</b>									
General Fund-State 001-1	-	1,266,000	1,266,000	1,266,000	1,266,000	1,266,000	1,266,000	2,532,000	2,532,000
<b>ACCOUNT - TOTAL \$</b>	<b>\$ -</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 2,532,000</b>	<b>\$ 2,532,000</b>

### 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: 1508 ESHB

HCA Request #: 24-093

Title: Health Care Cost Board

## 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.*

1508-S.E AMH MACR H2803.1. Striker, lists the following effects:

- Removes the requirement that the Health Care Cost Transparency Board (Board) seek input from advisory committees prior to major votes or decisions.
- Removes the Board's authority to require reporting and collection of data from payers and health care providers and to levy civil fines on payers and health care providers that violate data submission requirements.
- Removes the Board's authority to use data from non-specified sources.
- Allows the Board to use publicly available information filed by insurance carriers.
- Removes requirements of the Board to adopt risk adjustment methodologies for use in analyzing total health care expenditures and health care cost growth.
- Changes the due date of the Board's annual report to December 1st each year, rather than August 1st.
- Removes the requirement that the annual report include information about testimony and public comments received during the annual public hearing on growth in total health care expenditures.
- Eliminates the study of costs to the state related to nonprofit health care providers and nonprofit payers that are not included in the calculation of total health care expenditures.
- Changes the annual survey of underinsurance to a biennial survey. Directs the Board to conduct a biennial survey of insurance trends among employers and employees.
- Removes the Health Care Authority's (HCA's) authority to support activities and decisions of the Board, such as data collection and analysis, technical assistance, and the enforcement of performance improvement plan submissions and the payment of fines.
- Eliminates the requirements that the Board's analyses be performed by individuals with relevant expertise.
- Requires the Board's public hearing on growth in total health care expenditures to occur once a year, rather than at least once a year, and does not require that it be held concurrent with the issuance of the annual report.
- Requires the Board to make materials for the public hearing available at least 14 days prior to the public hearing, rather than seven days prior. Requires the Board to provide at least 21 days' notice to payers or health care providers that are required to testify.
- Exempts provider groups with fewer than 10,000 unique attributed lives from public identification as having exceeded the health care cost growth benchmark.
- Eliminates the Board's authority to require payers and health care providers to establish performance improvement plans or pay civil fines.
- Removes legislative findings and intent.
- Removes the null and void clause.

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### Sec. 1 amends RCW 70.390.040 *Advisory committees—Appointment*

- Changes the required health care providers and carriers committee to a health care stakeholder committee.
- Any other standing committees established by the board shall include representatives of consumers, labor, and employer purchasers.
- Broadens relevant experience required for committee membership to include "other relevant expertise."

# HCA Fiscal Note

Bill Number: 1508 ESHB

HCA Request #: 24-093

Title: Health Care Cost Board

- Adds additional representation to the new health care stakeholder committee to include two consumer representatives, two labor representatives, and two employer purchaser representatives.

**Sec. 2** amends RCW 70.390.050 *Authority to establish advisory committees—Duties.*

- Adds “analyze the impact of cost drivers on health care spending” to the scope of the board’s work.
- Adds explicit permission for the board to use data received from existing sources, including public info filed by carriers under Title 48 RCW, and data collected under RCW 43.70 - Department of Health (DOH), 43.71 Health Benefits Exchange (HBE), 43.71C Prescription Drug Costs, 43.371 Statewide Health Care Claims Data, and 70.405 (Prescription Drug Affordability Board (PDAB)).
- Adds explicit permission for the board to share its data with PDAB.
- Adds the following to the scope of what cost drivers may include:
  - Financial earnings of health care providers and payers,
  - Utilization trends and adjustments for demographic changes and severity of illness,
  - New state health insurance benefit mandates, and
  - Other cost drivers as determined by the board.

**Sec. 3** amends RCW 70.390.070 *Reporting*

- Changes the annual report date to December 1.

**Sec. 4** adds a new section to RCW 70.390

- At least biennially, the board shall conduct a survey of underinsurance:
  - Various demographic factors are specifically identified.
  - Certain end uses of the survey are identified.
  - Certain poverty levels and deductibles have been identified.
  - By January 1, 2026, the board shall identify survey improvements.
- At least biennially, the board shall conduct a survey of insurance trends among employers and employees.
- The board may conduct the survey through HCA, another state agency, or a contractor.
- The survey results shall be included in the board’s existing annual report.

**Sec. 5** adds a new section to RCW 70.390

- By December 1, 2024, and annually thereafter, the board shall hold a public hearing to discuss the growth in total healthcare expenditures relative to the benchmark. The agenda and materials must be available at least 14 days prior to the meeting.
- The hearing must include public identification of payers and providers exceeding the benchmark. Provider groups under 10,000 lives are exempt.
- The board may require testimony from payers and providers exceeding the benchmark and shall invite testimony from other stakeholders and the public.

**Sec. 6** adds a new section to 43.71C RCW *Prescription Drug Costs*

- Adds explicit permission to share information collected pursuant to this chapter with the Health Care Cost Transparency Board (HCCTB).

**Sec. 7** amends RCW 70.405.030 *PDAB - Authority to review drug prices.*

- Expands RCW references for utilizing collected data to include RCW 43.371 Statewide health care claims data - and 70.390 HCCTB.

# HCA Fiscal Note

Bill Number: 1508 ESHB

HCA Request #: 24-093

Title: Health Care Cost Board

## 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.*

## Administrative Cost Impact

HCA requests \$1,266,000 General Fund State (GF-S) and 2.0 Full Time Equivalent (FTE) staff in the 2023-2025 biennium. In the subsequent biennium this bill will have a maintenance of \$2,532,000 (GF-S) and 4.0 FTE staff.

2.0 FTE Management Analyst 5, permanent, beginning July 1, 2024; Policy Division

- > Planning and developing the project's scope of work, ensuring the project stays within scope and budget.
- > Onboarding for new legislatively required members for the boards' committees.
- > Identify risks and risk mitigation strategies.
- > Support development of the Board's legislative reports and other reports and work necessary to manage the contract.
- > Serve as liaison with other HCA divisions supporting the project.
- > Manage the ongoing contract for the bi-annual underinsurance survey, including developing the scope of work, ensuring the project stays within scope and budget, identifies risks and risk mitigation strategies, disseminating the results of the bi-annual survey.
- > Manage the ongoing contract for the bi-annual employer insurance trend survey, including developing the scope of work, ensuring the project stays within scope and budget, identifies risks and risk mitigation strategies, disseminating the results of the bi-annual survey.
- > Support annual public hearing process.

2.0 FTE WMS Band 002 (Research Manager), permanent, beginning July 1, 2024, for Clinical Care and Quality Transformation-DATA Program

- > Provide technical assistance to contractor about how to implement the survey of underinsurance and recommend any improvements to the measure of underinsurance.
- > Provide technical assistance to contractor on survey of insurance trends among employers and employees.
- > Design data submission guide and data submission template to collect financial earnings of health care providers and payers, including information regarding profits, assets, accumulated surpluses, reserves, and investment income, and similar information.
- > Analyses and reports leading up to the impact of cost drivers on health care spending.
- > Provide technical assistance for adjustments for demographic changes and severity of illness.
- > Research and analyze the impact of new state health insurance benefit mandates on health care spending.



# HCA Fiscal Note

Bill Number: 1508 ESHB

HCA Request #: 24-093

Title: Health Care Cost Board

> Support the board, advisory groups on meeting materials, annual report and other products developed and released by the board.

**Contractual Costs:**

\$500,000 biennial contract to conduct the biennial underinsurance survey.

\$500,000 biennial contract to conduct the biennial employer insurance trend survey (details of which must be included in the 2025 HCCTB legislative report).

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditure

ACCOUNT	ACCOUNT TITLE	TYPE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
001-1	General Fund	State	-	1,266,000	1,266,000	1,266,000	1,266,000	1,266,000	1,266,000	2,532,000	2,532,000
<b>ACCOUNT - TOTAL \$</b>			<b>\$ -</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 2,532,000</b>	<b>\$ 2,532,000</b>

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

OBJECT	OBJECT TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
A	Salaries and Wages	-	438,000	438,000	438,000	438,000	438,000	438,000	876,000	876,000
B	Employee Benefits	-	140,000	140,000	140,000	140,000	140,000	140,000	280,000	280,000
C	Professional Service Contracts	-	500,000	500,000	500,000	500,000	500,000	500,000	1,000,000	1,000,000
E	Goods and Other Services	-	40,000	40,000	40,000	40,000	40,000	40,000	80,000	80,000
G	Travel	-	8,000	8,000	8,000	8,000	8,000	8,000	16,000	16,000
T	Intra-Agency Reimbursements	-	140,000	140,000	140,000	140,000	140,000	140,000	280,000	280,000
<b>OBJECT - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 2,532,000</b>	<b>\$ 2,532,000</b>

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

FTE JOB TITLE	SALARY	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
MANAGEMENT ANALYST 5	96,000	0.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0
WMS BAND 02	123,000	0.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0
<b>ANNUAL SALARY &amp; FTE - TOTAL \$</b>		<b>\$ 219,000</b>	<b>0.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>2.0</b>	<b>4.0</b>	<b>4.0</b>

### III. D - Expenditures By Program (optional)

PROGRAM	PROGRAM TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
200	200 - HCA - Other	-	1,266,000	1,266,000	1,266,000	1,266,000	1,266,000	1,266,000	2,532,000	2,532,000
<b>PROGRAM - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 1,266,000</b>	<b>\$ 2,532,000</b>	<b>\$ 2,532,000</b>

## 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

## HCA Fiscal Note

Bill Number: 1508 ESHB

HCA Request #: 24-093

Title: Health Care Cost Board

**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

<b>Bill Number:</b> 1508 HB 1508-S.1 AMH MACR H2803.1	<b>Title:</b> Health care cost board	<b>Agency:</b> 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: Meghan Morris	Phone: 360-786-7119	Date: 01/24/2024
Agency Preparation: Douglas Hoffer	Phone: 360-902-8187	Date: 02/02/2024
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/02/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/02/2024

## 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.*

There is no fiscal impact to the Department of Social and Health Services (DSHS). This bill would implement changes to the authority and responsibilities of the Health Care Transparency Board which is supported by the Washington State Health Care Authority. The proposal will not impact DSHS.

### II. B - Cash receipts Impact

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

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

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

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*