

Multiple Agency Fiscal Note Summary

Bill Number: 2378 HB	Title: Health care facility fees
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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
University of Washington	0	0	(10,851,000)	0	0	(21,702,000)	0	0	(21,702,000)
Total \$	0	0	(10,851,000)	0	0	(21,702,000)	0	0	(21,702,000)

Agency Name	2023-25		2025-27		2027-29		
	GF- State	Total	GF- State	Total	GF- State	Total	
Local Gov. Courts							
Loc School dist-SPI							
Local Gov. Other	Fiscal note not available						
Local Gov. Total							

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
Department of Health	.1	0	0	29,000	.3	0	0	106,000	.3	0	0	104,000
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.1	0	0	29,000	0.3	0	0	106,000	0.3	0	0	104,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Other	Fiscal note not available								
Local Gov. Total									
Local Gov. Courts									
Loc School dist-SPI									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

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Part II: Narrative Explanation

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

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

House bill 2378 prohibits a facility fee from being charged unless the services are provided while the patient is on a hospital's campus. It gives regulatory authority to the department of health (department) to impose sanctions if hospitals are non-compliant with the requirements.

Section 1(1): Amends RCW 70.01.040 (provider-based clinics that charge a facility fee) prohibiting a health care provider from charging a facility fee except for services provided to a patient when the patient is on a hospital's campus.

Section 1(2): Amends RCW 70.01.040 (provider-based clinics that charge a facility fee) requiring a provider-based clinic to provide a notice listing the amount of the facility fee.

Section 1(8): Amends RCW 70.01.040 (provider-based clinics that charge a facility fee) allowing the department to impose sanctions on a hospital in accordance with RCW 70.41.130 (administrative actions against license) for failure to comply.

Section 1(9): Amends RCW 70.01.040 (provider-based clinics that charge a facility fee) allowing the department to adopt rules to implement the provisions of this section.

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. As of July 1, 2023, Acute Care Hospitals had a fund balance of \$518,000. This fund balance is below the required reserve of \$800,000, which is 25% of yearly expenditures. The department is currently in the process of conducting a fee study for Acute Care Hospitals and if this bill is passed as written the department will adjust the fee as needed to account for these 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 1(9): The department will develop and adopt rules to WAC 246-320-013 (department responsibilities—enforcement) to reference chapter 70.41 RCW (hospital licensing and regulation). 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 \$29,000 (GF-L)

Inspections & Investigations:

Section 1: Inspections - The department conducts acute care hospital inspections once within a three-year period for compliance with the minimum operating and patient care standards. The department currently licenses 92 acute care hospitals therefore the department expects to conduct 30 inspections each year on a three-year cycle. Additionally, the department estimates one additional hour of policy and procedure reviews during routine inspections.

Section 1: Investigations - Of the 133 provider-based clinics under hospital system licensing, the department received 65 complaints related to improper or abusive billing practices in the last year. Applying the current complaint authorization rate of 25%, the department assumes 16 additional complaints and authorized investigations per year.

Since the department has begun the regulation of acute care hospitals, 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 will be 0.3 FTE and \$54,000 (GF-L)
 FY 2027 costs and ongoing will be 0.3 FTE and \$52,000 (GF-L)

Total costs to Implement this bill:

FY 2025 costs will be 0.2 FTE and \$29,000 (GF-L)
 FY 2026 costs will be 0.3 FTE and \$54,000 (GF-L)
 FY 2027 costs and ongoing will be 0.3 FTE and \$52,000 (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
001-7	General Fund	Private/Local	0	29,000	29,000	106,000	104,000
Total \$			0	29,000	29,000	106,000	104,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		0.2	0.1	0.3	0.3	
A-Salaries and Wages		13,000	13,000	57,000	56,000	
B-Employee Benefits		5,000	5,000	20,000	20,000	
C-Professional Service Contracts		1,000	1,000			
E-Goods and Other Services		9,000	9,000	23,000	22,000	
T-Intra-Agency Reimbursements		1,000	1,000	6,000	6,000	
9-						
Total \$		0	29,000	29,000	106,000	104,000

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
HEALTH SERVICES CONSULTANT 4	86,208		0.1	0.1	0.3	0.3
MANAGEMENT ANALYST 4	86,208		0.1	0.1		
Total FTEs			0.2	0.1	0.3	0.3

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.

Section 1(9): The department will develop and adopt rules for WAC 246-320-013 (department responsibilities—enforcement) to reference chapter 70.41 RCW (hospital licensing and regulation).

Individual State Agency Fiscal Note

Bill Number: 2378 HB	Title: Health care facility fees	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
University of Washington Hospital-Non-Appropriated 505-6		(10,851,000)	(10,851,000)	(21,702,000)	(21,702,000)
Total \$		(10,851,000)	(10,851,000)	(21,702,000)	(21,702,000)

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:	Phone:	Date: 01/29/2024
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 02/01/2024
Agency Approval: Jed Bradley	Phone: 2066164684	Date: 02/01/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	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.

House Bill 2378 concerns health care facility fees. It prohibits a hospital affiliated health care provider from charging, billing, or collecting a facility fee except for services provided to a patient when that patient is on a hospital's campus (Section 1(1)). It also modifies and expands notice requirements related to facility fees as well as reporting requirements to the Department of Health.

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.

HB 2378 would have a significant and negative cash receipts impact on UW Medicine of approximately \$10.9 million per year in lost revenue. UW Medicine operates 26 clinics affiliated with UW Medical Center and Harborview Medical Center that charge facility fees. Many of these are not located on the hospital campuses, but instead throughout the community to address local needs and fill critical gaps in care. Those include Hobson Place (Beacon Hill neighborhood), Pioneer Square Clinic (downtown Seattle), Eastside Specialty Center (Bellevue), and all specialized and primary care provided at the Roosevelt clinics. While not on the hospital campuses, these clinics are fully integrated with UW Medicine hospitals for clinical care and are required to adhere to the licensing and regulatory requirements of the hospitals. As such, these clinics make referrals to the hospitals on a daily basis. The facility fees help cover the costs of specialty equipment, supplies, non-clinical staff time, and building costs. Without the revenue supported by the facility fee, these community clinic sites would not be financially viable.

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.

The impact of the reporting and patient notification requirements included in HB 2378 are indeterminate, though also likely to be significant. Additional staff, updated training, and modifications to billing practices will all be needed to comply with the measure.

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.