

Multiple Agency Fiscal Note Summary

Bill Number: 2449 HB	Title: Cannabis revenue/health care
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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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Washington State Health Care Authority	0	0	0	0	0	456,315,000	0	0	608,112,000
Liquor and Cannabis Board	(304,925,633)	(304,925,633)	0	(334,337,539)	(334,337,539)	0	(339,704,946)	(339,704,946)	0
Total \$	(304,925,633)	(304,925,633)	0	(334,337,539)	(334,337,539)	456,315,000	(339,704,946)	(339,704,946)	608,112,000

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	.0	0	0	0	2.0	192,649,000	192,649,000	648,964,000	2.0	256,538,000	256,538,000	864,650,000
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	2.0	192,649,000	192,649,000	648,964,000	2.0	256,538,000	256,538,000	864,650,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.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

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Final 2/ 6/2024
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Individual State Agency Fiscal Note

Bill Number: 2449 HB	Title: Cannabis revenue/health care	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

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:	Phone:	Date: 01/30/2024
Agency Preparation: Mandy Kaplan	Phone: (360) 902-8977	Date: 01/31/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/31/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	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.

HB 2449 increases access to health care by dedicating a percentage of the cannabis tax revenue to medicaid rate increases for professional health care services. The professional health care services rate enhancement account is created and the account is allowed to retain its earnings from investments.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There will be an impact on the debt service limitation calculation. Amendments to the amount deposited into and credited to the general fund will change, by an equal amount, general state revenues.

The section 9(3)(d) fiscal impact is included in the liquor and cannabis board fiscal note and requires an amendment to the proposed supplemental budget, HB 2104, section 804 / SB 5950, section 804.

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.

Individual State Agency Fiscal Note

Bill Number: 2449 HB	Title: Cannabis revenue/health care	Agency: 105-Office of Financial Management
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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:	Phone:	Date: 01/30/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 02/02/2024
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 02/02/2024
OFM Review: Val Terre	Phone: (360) 280-3973	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.

Section 2 creates the professional health care services rate enhancement account. There is some de minimus administrative and technical work for OFM to create new accounts, which can be completed in current practices and resources. There is no fiscal impact to OFM from this section.

Section 5 requires the assessment, collection, and disbursement of funds shall be conditional upon certification by OFM that appropriations have been adopted that fully support the rates established. This work can be completed within OFM's current practices and resources, and therefore has no fiscal impact.

II. B - Cash receipts Impact

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

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.

Individual State Agency Fiscal Note

Bill Number: 2449 HB	Title: Cannabis revenue/health care	Agency: 107-Washington State Health Care Authority
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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
General Fund-Federal 001-2				456,315,000	608,112,000
Total \$				456,315,000	608,112,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	2.0	2.0
Account					
General Fund-State 001-1	0	0	0	192,649,000	256,538,000
General Fund-Federal 001-2	0	0	0	456,315,000	608,112,000
Total \$	0	0	0	648,964,000	864,650,000

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:	Phone:	Date: 01/30/2024
Agency Preparation: Michael Grund	Phone: 360-725-1949	Date: 02/02/2024
Agency Approval: Cliff Hicks	Phone: 360-725-0875	Date: 02/02/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/06/2024

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

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	0	0	192,649,000	256,538,000
001-2	General Fund	Federal	0	0	0	456,315,000	608,112,000
Total \$			0	0	0	648,964,000	864,650,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				2.0	2.0
A-Salaries and Wages				506,000	506,000
B-Employee Benefits				152,000	152,000
C-Professional Service Contracts					
E-Goods and Other Services				496,000	296,000
G-Travel				12,000	12,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				647,658,000	863,544,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements				140,000	140,000
9-					
Total \$	0	0	0	648,964,000	864,650,000

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
OCCUPATIONAL NURSE	136,000				0.5	0.5
CONSULTANT						
WMS BAND 02	123,000				1.5	1.5
Total FTEs					2.0	2.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Please see attached.

HCA Fiscal Note

Bill Number: **2449 HB**

HCA Request #: **24-112**

Title: **Cannabis Revenue-Health Care**

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	REV SOURCE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
General Fund-Medicaid 001-C	0393	-	-	152,259,000	304,056,000	304,056,000	304,056,000	-	456,315,000	608,112,000
REVENUE - TOTAL \$		\$ -	\$ -	\$ 152,259,000	\$ 304,056,000	\$ 304,056,000	\$ 304,056,000	\$ -	\$ 456,315,000	\$ 608,112,000

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	0.0	2.0	2.0	2.0	2.0	0.0	2.0	2.0
ACCOUNT									
General Fund-State 001-1	-	-	64,380,000	128,269,000	128,269,000	128,269,000	-	192,649,000	256,538,000
General Fund-Medicaid 001-C	-	-	152,259,000	304,056,000	304,056,000	304,056,000	-	456,315,000	608,112,000
ACCOUNT - TOTAL \$		\$ -	\$ -	\$ 216,639,000	\$ 432,325,000	\$ 432,325,000	\$ -	\$ 648,964,000	\$ 864,650,000

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.

HCA Fiscal Note

Bill Number: **2449 HB**

HCA Request #: **24-112**

Title: **Cannabis Revenue-Health Care**

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 creates an account to cover the professional services rate increase account and dedicates 32 percent of the cannabis tax revenue to fund the rate increase. The Washington State Health Care Authority (HCA) assumes this bill will have a fiscal impact.

Section 1 (New Section): Add definitions for “Inflation factor” and “Medicaid managed care organization (MCO)”.

Section 2 (New Section): Creates the professional health care services rate enhancement account in the state treasure, funded by RCW 69.50.540(3)(d) and any amounts from the account that are later recouped by HCA due to audits.

Section 3 (New Section): The expenditures are conditioned upon the continued availability of other funds needed to maintain the rates covered by Medicaid, including fee-for-service (FFS) and managed care (MC), effective January 1, 2026, but no less than corresponding Medicare rates in effect on October 1, 2023. Rates for subsequent years are increased by the inflation factor. HCA must adopt rules by July 1, 2025, for all covered professional services that are delivered by Physicians, Physician Assistants (PA) and Advanced Registered Nurse Practitioners (ARNP).

Section 4 (New Section): Beginning January 1, 2026, or upon obtaining approval from the Centers for Medicare and Medicaid Services (CMS), HCA must make quarterly payments to MCOs and direct MCOs to make payments to health care providers, less allowable premium taxes.

Section 5 (New Section): The assessment, collection, and disbursement of funds is conditional upon final approval by CMS, amended contracts between HCA and MCOs, and certification by the Office of Financial Management (OFM) that appropriations have been adopted that fully support the rates for the upcoming calendar year.

Sections 6, 7 & 8: Amends RCW 43.84.092 to add the professional health care services rate enhancement account.

Section 9: Amends RCW 69.50.540 (3)(d) to designate 32 percent of the distribution currently deposited into the General Fund-State to be deposited into the professional health care services rate enhancement account.

Section 10: Sections 1 through 5 of this act constitute a new chapter in RCW 74.

II. B - Cash Receipts Impact Revenue

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.

ACCOUNT	REV SOURCE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29	
General Fund-Medicaid	001-C	0393	-	-	152,259,000	304,056,000	304,056,000	304,056,000	-	456,315,000	608,112,000
REVENUE - TOTAL \$		\$ -	\$ -	\$ 152,259,000	\$ 304,056,000	\$ 304,056,000	\$ 304,056,000	\$ -	\$ 456,315,000	\$ 608,112,000	

HCA Fiscal Note

Bill Number: **2449 HB**

HCA Request #: **24-112**

Title: **Cannabis Revenue-Health Care**

This bill requires that the professional health care services rate enhancement account be created in the state treasury. All receipts from RCW 69.50.540(3)(d) must be deposited into the account. The account will cover the professional health care services rate increase effective January 1, 2026. We anticipate that revenue will populate the account starting with SFY2024 and will continue to accumulate until SFY2026 when the funds will become available to fund the professional health care services rate enhancement.

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 Fiscal Impact

The bill creates additional workload for HCA staff and will require additional resources to implement. Workload impacts include:

- Disburse funds for the professional services rate increase to FFS providers and MCOs.
- Coordinate with other areas of HCA (e.g. Program Integrity and Accounting) to ensure that any amounts expended from the account that are later recouped due to audits are returned to the account.
- Inform decisions affecting actuarial work and facilitate the data transmission.
- Manage MCO contract language pertaining to the bill.
- Work with CMS on State Plan Amendment (SPA) preprint submission and review process.
- If it is determined that funds must be distributed to MCOs via a state directed payment (SDP), coordinate with other areas of HCA on assignment appropriate quality metrics and developing evaluation plans.
- Coordinate with the Office of Medicaid Systems and Data (OMSD) on any changes to ProviderOne.
- Coordinate with OFM and HCA on rule making process.
- Maintain fee-for-service fee schedules and rate upload process in ProviderOne.

Other impacts and challenges associated with implementation:

- The bill defines services eligible for the rate increase as “all covered professional services that are delivered by physicians, physician assistants, and advanced registered nurse practitioners.” (Section 3 (2)). This language limits the rate increase to these provider types and excludes other provider types who can deliver these services (e.g. Naturopaths). Additionally, the definition will create a bifurcated rate structure where two distinct rates are maintained for the same code/service (e.g. a psychotherapy service can be provided by a Psychiatrist and a Licensed Mental Health Professional (LMHP)). This creates an additional administrative burden for maintaining, modeling, and ensuring the system is able to differentiate rates based on rendering provider taxonomy.
- Not all services have a Medicare equivalent rate.
- The bill is ambiguous in terms of how the funding for the rate increase will be dispersed to MCOs. Two mechanisms, the state directed payment (SDP) and the pass-through payment, are alluded to. However, each mechanism is distinct and determines whether or not the funding is included in MCO capitation rates.
- Section 4 of the bill requires that funding to MCOs be distributed on a quarterly basis. However, because the funds will be administered via a SDP mechanism where HCA, through its contract with MCOs, will direct MCOs to increase reimbursement rates to providers, a quarterly distribution process

HCA Fiscal Note

Bill Number: **2449 HB**

HCA Request #: **24-112**

Title: **Cannabis Revenue-Health Care**

is not feasible. The SDP mechanism assumes that funding is included in MC capitation rates as a program change and is paid out to MCOs prospectively as part of the monthly PMPM payments.

Section 4(1) requires HCA to direct payments from MCOs to health care providers. If these payments meet the federal definition of a SDP, they would be subject to the associated CMS requirements. Data related impacts of those requirements include: quality performance measures consultation, identification, modification, production and applied to the recipients of the payment. This would require new analytical work including:

- Consult on measure identification specific to the SDP.
- Review measure selection according to federal requirement.
- Guide statistical and technical measurement for approval through the agency's quality committee.
- Develop measure specification clarification/modification specific to SDP.
- Analytic data ongoing production of measure specific to SDP provider and enrollee population.
- Present of quarterly reporting on metric progress.
- Present annual evaluation of performance.
- Submit evaluation to CMS.
- Report out of evaluation of the Quality Strategy through External Quality Review Organization (EQRO) Technical Report.

For this administrative work, HCA requests:

- 1.0 FTE WMS2 Fiscal Information & Data Analyst (permanent)
 - Manage the development, implementation, and maintenance of the program on the FFS side.
 - Ensure that eligible FFS providers are paid appropriately.
 - Coordinate with ProviderOne on system changes, maintain fee schedules and system rate sheets, in coordination with OFM and HCA's Rules and Publications work on WAC and SPA updates.
- 0.5 FTE WMS2 Senior Data Analyst (permanent)
 - Consult on measurement production feasibility and alignment with Healthcare Effectiveness Data and Information Set (HEDIS), Medicaid Core Measures, and other key measure sets.
 - Advise on measure selection for CMS pre-print proposal.
 - Develop health care measure modifications and data source to fit the requirements of CMS and the SDP program.
 - Test selected measures and build process for ongoing metric production.
 - Ensure all federal validation requirements are adhered to.
 - Present results to stakeholders (Medicaid MCOs, provider groups, quality staff) on a quarterly basis.
- 0.5 FTE Occupational Nurse Consultant (permanent)
 - Facilitate the agency's federal compliance with quality monitoring for the SDP, collaborating with agency data teams to support compliance.
 - Review of available measures, using CMS guidance regarding prioritization of CMS Core Set measures and MCO contracted measures.
 - Verify alignment of MCO contracted measure expectations, SDP measures, and Medicaid Managed Care Quality Strategy. Facilitate revisions as required for alignment.
 - Facilitation of review and decision-making regarding selection of appropriate measures through recently established process, pulling this work into HCA's Quality Measurement Monitoring and Improvement (QMMI) framework.
 - Ongoing monitoring of interim performance with MCO communications (every 6 months or quarterly depending on the measure and typical measure production timelines).

HCA Fiscal Note

Bill Number: **2449 HB**

HCA Request #: **24-112**

Title: **Cannabis Revenue-Health Care**

- Collaboration with fiscal's preparation of SDP Preprint.
- Evaluation of the SDP measure performance, including submission of SDP Evaluation to CMS annually, in collaboration with FSD, and evaluation of Quality Strategy with submission to EQRO of results for annual publication.
- EQRO contracting work and monitoring of impacted deliverables (Annual EQR Technical report at minimum).
- \$100,000 per year for Milliman contract. To evaluate the data as part of the annual rate setting process, include SDP rate increase calculation into capitation rates for MCOs and incorporate this information into the rate certification package submitted to CMS
- \$200,000 one-time for ProviderOne system updates. To implement and manage necessary changes to ProviderOne to ensure that assessment fees are generated on valid enrollment records and the rates subsystem is supported to manage payment of higher rates based on eligible provider taxonomies.
- \$18,000 per year for External Quality Review Organization (EQRO) contract. For reporting of SDP evaluation results and impact on managed care quality as it relates to assessment of the Medicaid managed care quality strategy within the Annual EQR Technical Report as federally required.

Goods and services, travel, and equipment are calculated on actual program averages per FTE. Administrative costs are calculated at \$35,000 per 1.0 FTE. This cost is included in Object T based on HCA's federally approved cost allocation plan.

Apple Health Service-Related Fiscal Impact

HCA service expenditures will include the cost of the professional services rate increase. The table below demonstrates the estimated fiscal impact of increasing current Medicaid rates to the level of 2023 Medicare rates. The amounts assume pre-PHE CY2019 utilization for services that are likely to be provided by Physicians/PAs/ARNPs, however the data pulled was not limited by these provider types and may be overstated.

Fund Source	SFY26 (6 months)	SFY27	SFY28
GFF	\$ 151,890,417	\$ 303,780,834	\$ 303,780,834
GFS	\$ 63,995,644	\$ 127,991,287	\$ 127,991,287
Total:	\$ 215,886,061	\$ 431,772,121	\$ 431,772,121

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	-	-	64,380,000	128,269,000	128,269,000	128,269,000	-	192,649,000	256,538,000
001-C	General Fund	Medicaid	-	-	152,259,000	304,056,000	304,056,000	304,056,000	-	456,315,000	608,112,000
ACCOUNT - TOTAL \$			\$ -	\$ -	\$ 216,639,000	\$ 432,325,000	\$ 432,325,000	\$ 432,325,000	\$ -	\$ 648,964,000	\$ 864,650,000

HCA Fiscal Note

Bill Number: **2449 HB**

HCA Request #: **24-112**

Title: **Cannabis Revenue-Health Care**

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	-	-	253,000	253,000	253,000	253,000	-	506,000	506,000
B	Employee Benefits	-	-	76,000	76,000	76,000	76,000	-	152,000	152,000
E	Goods and Other Services	-	-	348,000	148,000	148,000	148,000	-	496,000	296,000
G	Travel	-	-	6,000	6,000	6,000	6,000	-	12,000	12,000
N	Grants, Benefits & Client Services	-	-	215,886,000	431,772,000	431,772,000	431,772,000	-	647,658,000	863,544,000
T	Intra-Agency Reimbursements	-	-	70,000	70,000	70,000	70,000	-	140,000	140,000
OBJECT - TOTAL \$		\$ -	\$ -	\$ 216,639,000	\$ 432,325,000	\$ 432,325,000	\$ 432,325,000	\$ -	\$ 648,964,000	\$ 864,650,000

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
OCCUPATIONAL NURSE CONSULTANT	136,000	0.0	0.0	0.5	0.5	0.5	0.5	0.0	0.5	0.5
WMS BAND 02	123,000	0.0	0.0	1.5	1.5	1.5	1.5	0.0	1.5	1.5
ANNUAL SALARY & FTE - TOTAL \$		\$ 259,000	0.0	0.0	2.0	2.0	2.0	0.0	2.0	2.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout: Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

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

Section 3(2) requires HCA to develop rules for administering this program.

Individual State Agency Fiscal Note

Bill Number: 2449 HB	Title: Cannabis revenue/health care	Agency: 195-Liquor and Cannabis Board
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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
General Fund-State 001-1	(146,772,170)	(158,153,463)	(304,925,633)	(334,337,539)	(339,704,946)
Professional Health Care Services Rate Enhancement Account-State NEW-1	146,772,170	158,153,463	304,925,633	334,337,539	339,704,946
Total \$					

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:	Phone:	Date: 01/30/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/31/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/31/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/01/2024

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 2: The professional health care services rate enhancement account is created in the state treasury. All receipts from RCW 69.50.540(3)(d) must be deposited into the account.

Section 9 (RCW 69.50.540) (3d): The 32% of the Section 3 distribution currently deposited into the General Fund-State is now to be deposited into the new professional health care services rate enhancement account instead.

II. B - Cash receipts Impact

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

Section 2: The professional health care services rate enhancement account is created in the state treasury. All receipts from RCW 69.50.540(3)(d) must be deposited into the account.

Section 9 (RCW 69.50.540) (3d): The 32% of the Section 3 distribution currently deposited into the General Fund-State is now to be deposited into the new professional health care services rate enhancement account instead.

Estimates are taken from the November 2023 Economic Revenue Forecast Council cannabis distribution forecast worksheet. The worksheet only goes out to FY27, so FY28/29 are duplicates of FY27.

The distribution for GFS (and Basic Health - 3a, and Health Care Authority - 3b) are done at the end of June each fiscal year rather than in quarterly amounts as is done for local governments (3c), so it is assumed that the entirety of the FY24 distribution would be made available to the new account.

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.