

Multiple Agency Fiscal Note Summary

Bill Number: 5373 SB	Title: ARNP, PA, & MD reimbursement
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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	.0	0	0	5,818,000	.0	0	0	23,278,000	.0	0	0	23,278,000
Office of Insurance Commissioner	.2	0	0	54,645	.4	0	0	100,550	.3	0	0	93,272
Total \$	0.2	0	0	5,872,645	0.4	0	0	23,378,550	0.3	0	0	23,371,272

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
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 2/13/2024
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Individual State Agency Fiscal Note

Bill Number: 5373 SB	Title: ARNP, PA, & MD reimbursement	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
School Employees' Insurance Account-Non-Appropriated 493-6	0	3,778,000	3,778,000	15,116,000	15,116,000
Public Employees' and Retirees Insurance Account-Non-Appropriated 721-6	0	2,040,000	2,040,000	8,162,000	8,162,000
Total \$	0	5,818,000	5,818,000	23,278,000	23,278,000

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: Amanda Cecil	Phone: 360-786-7460	Date: 02/05/2024
Agency Preparation: Izzy Uong	Phone: (360) 725-2113	Date: 02/08/2024
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 02/08/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/08/2024

Part II: Narrative Explanation

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

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

See attached narrative.

II. B - Cash receipts Impact

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

See attached narrative.

II. C - Expenditures

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

See attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
493-6	School Employees' Insurance Account	Non-Appropriated	0	3,778,000	3,778,000	15,116,000	15,116,000
721-6	Public Employees' and Retirees Insurance Account	Non-Appropriated	0	2,040,000	2,040,000	8,162,000	8,162,000
Total \$			0	5,818,000	5,818,000	23,278,000	23,278,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		5,818,000	5,818,000	23,278,000	23,278,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	5,818,000	5,818,000	23,278,000	23,278,000

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

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: **SB 5373**

HCA Request #: 24-132

Title: **ARNP, PA, & MD Reimbursement**

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

III. A - Operating Budget Expenditures

ACCOUNT	ACCOUNT TITLE	TYPE	FY-2024	FY-2025	FY-2026	FY-2027	2023-25	2025-27
721-6	Public Employees' and Retirees' Insurance Ac	Non-Appropriated	-	\$ 2,040,000	\$ 4,081,000	\$ 4,081,000	2,040,000	8,162,000
493-6	School Employees' Insurance Account	Non-Appropriated	-	\$ 3,778,000	\$ 7,558,000	\$ 7,558,000	3,778,000	15,116,000
ACCOUNT - TOTAL			\$ -	\$ 5,818,000	\$ 11,639,000	\$ 11,639,000	\$ 5,818,000	\$ 23,278,000

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: **SB 5373**

HCA Request #: 24-132

Title: **ARNP, PA, & MD Reimbursement**

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 of this bill adds a new section to RCW 48.43 (Insurance Reform) where health plans issued or renewed after January 1, 2024 may not reimburse a licensed advance registered nurse practitioner (ARNP) or physician assistant (PA) in an amount less than the allowed amount that would be provided for the same service if provided by a licensed physician. To comply with this section, health carriers cannot reduce the reimbursement amount paid to licensed physicians. This section does not apply to ARNPs and PAs who are employees of a health maintenance organization (HMO) under RCW 48.46 (Health Maintenance Organization).

Section 3 of this bill amends RCW 41.05.017 (Provisions applicable to health plans offered under this chapter) requiring health plans created under RCW 41.05.140 (Payment of claims—Self-insurance—Insurance reserve fund created) are subject to the provisions of section 2 of this bill.

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.

It's assumed that any increase in expenditures below will be offset by increased revenue received via the funding rate and premiums.

HCA Fiscal Note

Bill Number: **SB 5373**

HCA Request #: 24-132

Title: **ARNP, PA, & MD Reimbursement**

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.

Public Employee Benefits Board (PEBB) and School Employee Benefits Board (SEBB) Program Impacts

Section 2 of this bill adds a new section to RCW 48.43 where health plans issued or renewed after January 1, 2024 may not reimburse licensed ARNPs or PAs an amount less than the allowed amount that would be provided for the same service if provided by a licensed physician. With that, health carriers cannot reduce the reimbursement amount paid to physicians.

Section 3 of this bill amends RCW 41.05.017 requiring health plans created under 41.05.140 to comply with section 2 of this bill.

As drafted, this bill would affect the fully insured health plans and the self-insured Uniform Medical Plan (UMP) in the PEBB and SEBB programs. It would require carriers to update reimbursement rates to ARNPs and PAs which could increase the cost of claims in both programs.

Self-Insured State Costs and Member Premium:

As a result of this bill, had ARNPs and PAs reimbursement been equal to licensed physicians for the comparable services, there would have been an approximate increase of \$3.6 million per year in claims costs for the PEBB Program and approximately \$2.7 million per year in the SEBB program based on historical utilization between 2017-2022. With this assumed increase in claims expenditure, it would lead to an increase in UMP bid rates. The Employer Medical Contribution (EMC), which represents the state's contribution to premiums, is benchmarked at

HCA Fiscal Note

Bill Number: **SB 5373**

HCA Request #: 24-132

Title: **ARNP, PA, & MD Reimbursement**

85 percent of UMP Classic bid rate in the PEBB program and of UMP Achieve 2 bid rate in the SEBB program. Any increase in bid rates for these plans would increase the EMC.

The tables below present the annual fiscal impact on PEBB non-Medicare and SEBB UMP.

Table 1 illustrates the assumed increase in UMP claims liabilities for PEBB non-Medicare and SEBB risk pools. This increase in claims liability is assumed to increase the UMP Classic and UMP Achieve 2 bid rates. Because the EMC is applied across all PEBB non-Medicare and SEBB plan offerings, an assumed increase to the EMC will result in an annual fiscal impact to the state of approximately \$4.1 million in PEBB and \$7.6 million in SEBB.

Table 1.

	PEBB non-Medicare	SEBB Active
Estimated increase in UMP paid Claims	\$3,600,000	\$2,700,000
Assumed % Increase to UMP Bid Rate	0.25%	0.45%
Assumed increase to EMC (PAUPM)	\$1.73	\$2.90
Total Estimated Annual Calendar Year Expenditure Impact	\$4,080,000	\$7,558,000

Table 2 represents the necessary increase to the PEBB non-Medicare and SEBB funding rate as a result of this bill.

Table 2.

Funding Rate Conversion (\$1)	\$1,580,000	\$1,750,000
Assumed Incremental Funding Rate Impact	\$2.60	\$4.30

Table 3 illustrates the state’s projected annual expenditure under this proposed bill. From fiscal years 2025 – 2029.

Table 3.

	PEBB non-Medicare	SEBB Active	Total
	Assumed Annual Expenditure Increase	Assumed Annual Expenditure Increase	Total Assumed Annual Expenditure Increase
FY2025*	\$2,040,000	\$3,778,000	\$5,818,000
FY2026	\$4,081,000	\$7,558,000	\$11,639,000
FY2027	\$4,081,000	\$7,558,000	\$11,639,000
FY2028	\$4,081,000	\$7,558,000	\$11,639,000
FY2029	\$4,081,000	\$7,558,000	\$11,639,000

*FY2025 only includes 6 months of expenditure impact (January - June 2025)

HCA Fiscal Note

Bill Number: **SB 5373**

HCA Request #: 24-132

Title: **ARNP, PA, & MD Reimbursement**

Fully Insured Costs

With the information provided by fully insured health carriers, Premera reports an increase in cost of about \$900,000 per year. Kaiser reports that the bill will affect the current reimbursement rate structure. Because of the function of the EMC - any increase in plan bid rates, for fully insured health plans, would result in increased member premiums.

It is important to note that HCA assumes the implementation date of this legislation would be updated to January 1, 2025.

Medicaid

No fiscal impact.

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 41.05 and RCW 48.43.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

III. A - Operating Budget Expenditures

ACCOUNT	ACCOUNT TITLE	TYPE	FY-2024	FY-2025	FY-2026	FY-2027	2023-25	2025-27
721-6	Public Employees' and Retirees' Insurance Ac	Non-Appropriated	-	\$ 2,040,000	\$ 4,081,000	\$ 4,081,000	2,040,000	8,162,000
493-6	School Employees' Insurance Account	Non-Appropriated	-	\$ 3,778,000	\$ 7,558,000	\$ 7,558,000	3,778,000	15,116,000
ACCOUNT - TOTAL \$			\$ -	\$ 5,818,000	\$ 11,639,000	\$ 11,639,000	\$ 5,818,000	\$ 23,278,000

III. B - Expenditures by Object Or Purpose

OBJECT	OBJECT TITLE	FY-2024	FY-2025	FY-2026	FY-2027	2023-25	2025-27
Object N	Grants, Benefits & Client Services	-	5,818,000	11,639,000	11,639,000	5,818,000	23,278,000
OBJECT - TOTAL \$		\$ -	\$ 5,818,000	\$ 11,639,000	\$ 11,639,000	\$ 5,818,000	\$ 23,278,000

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)

HCA Fiscal Note

Bill Number: **SB 5373**

HCA Request #: 24-132

Title: **ARNP, PA, & MD Reimbursement**

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.

NONE

Individual State Agency Fiscal Note

Bill Number: 5373 SB	Title: ARNP, PA, & MD reimbursement	Agency: 160-Office of Insurance Commissioner
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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	0.4	0.2	0.4	0.3
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	54,645	54,645	100,550	93,272
Total \$	0	54,645	54,645	100,550	93,272

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 02/05/2024
Agency Preparation: Sydney Rogalla	Phone: 360-725-7042	Date: 02/06/2024
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 02/06/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/13/2024

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(1) prohibits, for health plans issued or renewed on or after January 1, 2024, health carriers from reimbursing a contracted Advanced Registered Nurse Practitioner (ARNP) or Physician Assistant (PA) in an amount less than the allowed amount that the carrier would reimburse a contracted physician for the same service within the same service area location.

Section 2(2) prohibits a health carrier from reducing the reimbursement amount paid to physicians to comply with this section.

Section 2(3) requires the Office of Insurance Commissioner to collect data from insurers on the implementation of this act beginning January 1, 2024, and report back to the legislature no later than January 1, 2025.

Section 3 extends the requirements in Section 2 to fully insured plans procured by the Health Care Authority (i.e., some PEBB and SEBB plans).

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.

ASSUMPTION: For purposes of this fiscal note, it is assumed that health plans issued or renewed on or after January 1, 2025, will be impacted by the requirements of this bill and that the Office of Insurance Commissioner (OIC) will collect data from insurers on the implementation of this act beginning January 1, 2025, and report back to the legislature no later than January 1, 2026.

Section 2(1) prohibits, for health plans issued or renewed on or after January 1, 2025, health carriers from reimbursing a contracted Advanced Registered Nurse Practitioner (ARNP) or Physician Assistant (PA) in an amount less than the allowed amount that the carrier would reimburse a contracted physician for the same service within the same service area location.

Section 2(2) prohibits a health carrier from reducing the reimbursement amount paid to physicians to comply with this section.

Section 2 will require health carriers to modify their systems to reimburse ARNPs and PAs. The OIC expects reimbursement-related complaints to the OIC to increase resulting in an additional two market conduct examinations of insurers each year. Market conduct examinations require an average of 120 hours per insurer to complete requiring 240 hours (2 market conduct exams x 120 hours) of a Functional Program Analyst 3 beginning in FY2025.

Section 2(3) requires the OIC to collect data from insurers on the implementation of this act beginning January 1, 2025, and report back to the legislature no later than January 1, 2026. The OIC will require one-time costs, in FY2026, of 80 hours of a Functional Program Analyst 4 to establish and manage the data call; and create and submit the report.

Section 3 extends the requirements in Section 2 to fully insured plans procured by the Health Care Authority (i.e., some

PEBB and SEBB plans).

Sections 2 and 3 will require health carriers to file an annual attestation with each applicable ARNP and PA core agreement or negotiated agreement confirming appropriate provider reimbursement levels and claim processing requirements are in place to ensure reimbursement is occurring under the law. The OIC receives approximately 100 practitioner and ARNP template provider contracts and 2,554 negotiated practitioner and ARNP provider contracts each year. The addition of the attestation documentation for review is expected to add an additional 5 minutes to the annual review of each provider contract requiring 221 hours (100 template provider contracts + 2,554 negotiated provider contracts x 5 minutes) of a Functional Program Analyst 3 beginning in FY2025. The OIC will also require one-time costs, in FY2025, of 56 hours of a Provider Network Oversight Program Manager to update reference materials, train staff, and address provider inquiries and complaints regarding implementation of this bill.

The provisions in Section 2 and 3 are anticipated to lead to an increase in enforcement actions. The OIC anticipates an average of two additional enforcement actions per year to address allegations specific to ARPN, PA and physician reimbursement amounts. Enforcement actions require the equivalent of approximately 40 hours per case requiring 80 hours (2 case x 40 hours) of an Insurance Attorney beginning in FY2025.

Ongoing Costs:

Salary, benefits and associated costs for .29 FTE Functional Program Analyst 3 and .05 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	54,645	54,645	100,550	93,272
Total \$			0	54,645	54,645	100,550	93,272

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2	0.4	0.3
A-Salaries and Wages		32,500	32,500	59,414	55,078
B-Employee Benefits		11,216	11,216	21,026	19,540
C-Professional Service Contracts					
E-Goods and Other Services		10,929	10,929	20,110	18,654
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-					
Total \$	0	54,645	54,645	100,550	93,272

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		0.3	0.2	0.3	0.3
Functional Program Analyst 4	86,712				0.0	
Insurance Attorney	95,652		0.1	0.0	0.1	0.1
Provider Network Oversight Program Manager	124,032		0.0	0.0		
Total FTEs			0.4	0.2	0.4	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.