

Multiple Agency Fiscal Note Summary

Bill Number: 2319 S HB	Title: Substance use treatment
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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
Washington State Health Care Authority	0	0	462,000	0	0	0	0	0	0
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	462,000	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	.0	461,000	461,000	923,000	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Office of Insurance Commissioner	.6	0	0	261,061	.1	0	0	90,388	.1	0	0	40,388
Department of Health	.1	22,000	22,000	44,000	.6	82,000	82,000	164,000	.6	82,000	82,000	164,000
University of Washington	.9	214,427	214,427	214,427	1.3	345,994	345,994	345,994	1.3	345,994	345,994	345,994
Total \$	1.6	697,427	697,427	1,442,488	2.0	427,994	427,994	600,382	2.0	427,994	427,994	550,382

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Breann Boggs, OFM	Phone: (360) 485-5716	Date Published: Final 2/14/2024
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Individual State Agency Fiscal Note

Revised

Bill Number: 2319 S HB	Title: Substance use treatment	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		462,000	462,000		
Total \$		462,000	462,000		

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

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1	0	461,000	461,000	0	0
General Fund-Federal 001-2	0	462,000	462,000	0	0
Total \$	0	923,000	923,000	0	0

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

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/02/2024
Agency Preparation: Joseph Cushman	Phone: 360-725-5714	Date: 02/13/2024
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 02/13/2024
OFM Review: Arnel Blancas	Phone: (360) 000-0000	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.

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	461,000	461,000	0	0
001-2	General Fund	Federal	0	462,000	462,000	0	0
Total \$			0	923,000	923,000	0	0

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

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts		923,000	923,000		
E-Goods and Other Services					
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	923,000	923,000	0	0

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

HCA Fiscal Note

Bill Number: 2319 SHB

HCA Request #: 24-127

Title: Substance Use Treatment

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-Federal 001-2	0393	-	462,000	-	-	-	-	462,000	-	-
REVENUE - TOTAL \$		\$ -	\$ 462,000	\$ -	\$ -	\$ -	\$ -	\$ 462,000	\$ -	\$ -

Estimated Operating Expenditures from:

Indeterminate, but known costs for training are displayed below.

	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ACCOUNT									
General Fund-State 001-1	-	461,000	-	-	-	-	461,000	-	-
General Fund-Federal 001-2	-	462,000	-	-	-	-	462,000	-	-
ACCOUNT - TOTAL \$		\$ -	\$ 923,000	\$ -	\$ -	\$ -	\$ 923,000	\$ -	\$ -

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.

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.

HCA Fiscal Note

Bill Number: 2319 SHB

HCA Request #: 24-127

Title: Substance Use Treatment

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

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

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

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

‘*****’

Section 4 (20)(a) states that a Licensed or certified behavioral health agencies providing voluntary inpatient or residential substance use disorder treatment services or withdrawal management services (ii) may not prohibit a person from receiving services at or being admitted to the agency based solely on prior instances of the person releasing the person's self from the facility prior to a clinical determination that the person had completed treatment.

Section 6(2)(b)(ii)(B)(i) New subsection changes the requirement that if a health plan issued or renewed after Jan 1, 2025, authorizes services pursuant to the initial medical necessity review process, the length of the initial authorization may not be less than 14 days from the date the patient was admitted to the behavioral health agency.

Section 10 states that the Health Care Authority (HCA) shall, in conjunction with the Office of the Insurance Commissioner, review and determine whether to use updated versions of the American Society of Addiction Medicine (ASAM) criteria and when to implement those updates.

II. B - Cash Receipts Impact

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

Indeterminate, but HCA assumes a 50 percent federal match on the known cost of training.

ACCOUNT	REV SOURCE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
General Fund-Federal 001-2	0393	-	462,000	-	-	-	-	462,000	-	-
REVENUE - TOTAL \$		\$ -	\$ 462,000	\$ -	\$ -	\$ -	\$ -	\$ 462,000	\$ -	\$ -

HCA Fiscal Note

Bill Number: 2319 SHB

HCA Request #: 24-127

Title: Substance Use Treatment

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.

HCA currently has \$160,000 for training to transition to the new ASAM criteria updates. An additional \$923,000 is needed to for training per a three-tiered training system outlined below:

- 1. Tier 1 – This series would be tailored towards professionals that are already familiar with ASAM criteria. The training will offer a broad sweep of what is new in the ASAM Criteria 4th edition.
 - 80 virtual trainings to be offered, up to 60 participants in each course, for a total of 4,800 participants.
 - Title, “The Evolution of The ASAM Criteria: What’s New in the Fourth Edition”
 - Projected Cost: (\$6,880. Per class), total cost \$550,000.
 - 2. Tier 2 – This series would be tailored towards professionals newer to the field, such as HCA’s Substance Use Disorder Professional/Trainee (SUDPTs). The training will offer beginners and staff who are newer to the field with a more in-depth understanding of ASAM criteria, inclusive of the upcoming changes.
 - 30 virtual 2-day trainings, up to 40 participants in each course, for a total of 1200 participants
 - Title, “Two-day ASAM Criteria 4th Edition Skill Building Training”
 - Projected Cost: (\$9,240. Per two-day session), total cost \$277,200.
 - 3. Tier 3 – This series would be tailored towards clinical supervisors, clinical directors, and lead clinical staff.
 - 20 virtual trainings, up to 25 participants, for a total of 500 participants
 - Five 2-hr Weekly Sessions
 - Title, “Implementation, Improvement, Sustainability and Coaching of the ASAM Criteria, A “How To,” Science Based Approach”
 - Projected Cost: (\$12,800. Per five weekly sessions), total cost, Cost: \$256,000
 - 4. In person training will be offered at the annual Co-occurring Conference in October 2024. HCA will work with the planning committee for this conference and the training contractor to determine details for this option.

Total projected costs: \$1,083,200.

HCA current funding: \$160,000 (HCA has ability to leverage existing dollars).

Gap identified: \$923,200

HCA Fiscal Note

Bill Number: 2319 SHB

HCA Request #: 24-127

Title: Substance Use Treatment

The minimum 14-day authorization period could create some impact on stays that are currently less than 14 days. However, the impact is unlikely to be substantial as all five of the Medicaid Manage Care Organizations currently use an initial authorization standard that is very similar to the 14-day standard in SHB 2319. The overall impact will also depend on how much capacity providers have today:

- a. If providers are already at capacity, it is possible that moving to the 14-day requirement may lead to some longer stays for individuals not on 14-day initial authorizations who currently stay for less than 14 days with slightly fewer people being serviced. Overall utilization would stay about the same.
- b. If providers have some additional capacity, it is possible that moving to the 14-day requirement may lead to longer stays for individuals not on 14-day initial authorizations who currently stay for less than 14 days. Overall utilization could increase slightly.

Employee and Retiree Benefits also considers this bill indeterminate. Regence, the benefit plan administrator, indicates the likely potential for an increase in length of stay at inpatient or residential treatment facilities. While the Uniform Medical Plan could experience increased claims liability resulting from an increase in average length of stay for inpatient substance use disorder treatment, the extent of any possible increase in liability is unclear.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

Indeterminate, except known training costs.

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	-	461,000	-	-	-	-	461,000	-	-
001-2	General Fund	Federal	-	462,000	-	-	-	-	462,000	-	-
ACCOUNT - TOTAL \$			\$ -	\$ 923,000	\$ -	\$ -	\$ -	\$ -	\$ 923,000	\$ -	\$ -

HCA Fiscal Note

Bill Number: 2319 SHB

HCA Request #: 24-127

Title: Substance Use Treatment

III. B - Expenditures by Object Or Purpose

Indeterminate, except known training costs.

OBJECT	OBJECT TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
C	Professional Service Contracts	-	923,000	-	-	-	-	923,000	-	-
OBJECT - TOTAL \$		\$ -	\$ 923,000	\$ -	\$ -	\$ -	\$ -	\$ 923,000	\$ -	\$ -

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.

NONE

Individual State Agency Fiscal Note

Bill Number: 2319 S HB	Title: Substance use treatment	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	1.2	0.6	0.1	0.1
Account					
Insurance Commissioners Regulatory Account-State 138-1	7,546	253,515	261,061	90,388	40,388
Total \$	7,546	253,515	261,061	90,388	40,388

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/02/2024
Agency Preparation: Delika Steele	Phone: 360-725-7260	Date: 02/07/2024
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 02/07/2024
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 6 adds the same requirements in Section 7(2) and 7(3) to PEBB/SEBB plans.

Section 7(2)(b)(ii)(B)(I) prohibits, for health plans issued or renewed on or after January 1, 2025 for inpatient or residential substance use disorder treatment services and if a health plan authorizes services pursuant to the initial medical necessity review process, the length of the initial authorization from being less than 14 days from the date that the patient was admitted to the behavioral health agency. Any subsequent reauthorization that the health plan approves after the first 14 days must continue for no less than 7 days prior to requiring further reauthorization.

Section 7(2)(c)(iii) prohibits, in a review for inpatient or residential substance use disorder treatment services, a health plan from making a determination that a patient does not meet medical necessity criteria based primarily on the patient's length of abstinence. If the patient's abstinence from substance use was due to incarceration or hospitalization, a health plan may not consider the patient's length of abstinence in determining medical necessity.

Section 7(3)(b) prohibits a health plan, issued or renewed on or after January 1, 2025 for inpatient or residential substance use disorder treatment services, from considering the patient's length of stay at the behavioral health agency when making decisions regarding the authorization to continue care at the behavioral health agency.

Section 9 requires the Office of Insurance Commissioner (OIC) to convene a work group to develop recommendations for streamlining commercial health carrier and Medicaid managed care organization requirements and processes related to the authorization and reauthorization of inpatient or residential substance use disorder treatment. The work group must consist of commercial health carriers, Medicaid managed care organizations, and behavioral health agencies that provide inpatient or residential substance use disorder treatment services. Work group recommendations must be submitted to the appropriate policy committees of the legislature by December 1, 2024.

Section 11 requires the OIC and the Health Care Authority (HCA) to jointly determine whether to use the updated versions of American Society of Addiction Medicine (ASAM) criteria and if so, the date which Medicaid managed care organizations, carriers, and other relevant entities must begin using the criteria. For purposes of the ASAM criteria, 4th edition, Medicaid managed care organizations and carriers must begin using the updated criteria no later than January 1, 2026, unless the HCA and the OIC jointly determine that it should not be used.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Section 6 adds the same requirements in Section 7(2) and 7(3) to PEBB/SEBB plans.

Section 7(2)(b)(ii)(B)(I) prohibits, for health plans issued or renewed on or after January 1, 2025 for inpatient or residential substance use disorder treatment services and if a health plan authorizes services pursuant to the initial medical necessity review process, the length of the initial authorization from being less than 14 days from the date that the patient was admitted to the behavioral health agency. Any subsequent reauthorization that the health plan approves after the first 14 days must continue for no less than 7 days prior to requiring further reauthorization.

Section 7(2)(c)(iii) prohibits, in a review for inpatient or residential substance use disorder treatment services, a health plan from making a determination that a patient does not meet medical necessity criteria based primarily on the patient's length of abstinence. If the patient's abstinence from substance use was due to incarceration or hospitalization, a health plan may not consider the patient's length of abstinence in determining medical necessity.

Section 7(3)(b) prohibits a health plan, issued or renewed on or after January 1, 2025 for inpatient or residential substance use disorder treatment services, from considering the patient's length of stay at the behavioral health agency when making decisions regarding the authorization to continue care at the behavioral health agency.

Sections 6 and 7 will require the Office of Insurance Commissioner (OIC) to conduct additional review of the fully insured PEBB/SEBB health benefit plan documents, the fully insured marketplace health benefit plan documents, and the utilization review contracts and contract amendments to ensure they meet the new prior authorization requirements and do not include conflicting language. The OIC will require one-time costs, in FY2025, of 23 hours of a Functional Program Analyst 4 to update filing review standards and speed-to-market tools, update checklist documents and filing instructions, and train staff. The OIC receives an average of 502 health plan form filings and 100 utilization review contracts each year. The OIC assumes the new review standards will result in an additional 15 minutes of review per form filing in FY2025 and 5 minutes in FY2026 and thereafter; and an additional 30 minutes of review per utilization review contract filing beginning in FY2025 requiring 176 hours (502 form filings x 15 minutes + 100 utilization review contracts x 30 minutes) in FY2025 and 92 hours (502 form filings x 5 minutes + 100 utilization review contract filings x 30 minutes) in FY2026 and thereafter of a Functional Program Analyst 3.

Section 7 modifies the coverage requirements on carriers regulated by the OIC in the matter of behavioral inpatient care and will result in additional inquiries, calls, and complaints from consumer, especially from consumers covered by self-funded group health plans. In 2023, the OIC received 182 complaint cases and 29 informational cases involving behavioral and mental health. As a result of this bill, consumer complaints related to behavioral and mental health are expected to increase by 5% and consumer contacts are expected to increase by 6 inquiries each year. Additionally, OIC anticipates an additional 60 phone calls per year on the topic. Informational cases generally take 10 minutes per case and complaint cases generally take between one and 3.25 hours per case. For purposes of this fiscal note, it is assumed that informational cases will take 10 minutes per case and complaint cases will take 3.25 hours per case requiring 40 hours (66 info cases x 10 minutes + 9 complaint cases x 3.25 hours) of a Functional Program Analyst 3 each year beginning in FY2025.

Section 9 requires the Office of Insurance Commissioner (OIC) to convene a work group to develop recommendations for streamlining commercial health carrier and Medicaid managed care organization requirements and processes related to the authorization and reauthorization of inpatient or residential substance use disorder treatment. The work group must consist of commercial health carriers, Medicaid managed care organizations, and behavioral health agencies that provide inpatient or residential substance use disorder treatment services. Work group recommendations must be submitted to the appropriate policy committees of the legislature by December 1, 2024. Convening the workgroup will require the OIC to spend time providing data, responding to questions related to current law and practices, preparing for and attending the workgroup meetings, and drafting recommendations. The OIC anticipates three work group meetings in FY2024 and eight meetings in FY2025 with each meeting requiring 20 hours for preparation, attendance, and follow up requiring the equivalent of 60 hours (3 meetings x 20 hours) in FY2024 and 160 hours (8 meetings x 20 hours) in FY2025 of a Senior Policy Analyst. In addition, OIC anticipates one-time costs, in FY2025, of 34 hours of a Senior Policy Analyst to draft and review the recommendations report.

Section 11 requires the OIC and the Health Care Authority (HCA) to jointly determine whether to use the updated versions of American Society of Addiction Medicine (ASAM) criteria and if so, the date which Medicaid managed care organizations, carriers, and other relevant entities must begin using the criteria. For purposes of the ASAM criteria, 4th edition, Medicaid managed care organizations and carriers must begin using the updated criteria no later than January 1, 2026, unless the HCA and the OIC jointly determine that it should not be used. The OIC anticipates contracting costs of \$50,000 in FY2025

and \$50,000 in FY2026 to provide clinical expertise on ASAM and medical necessity criteria.

The provisions in Sections 7 and 11 will lead to an increase in enforcement actions, including the potential for enforcement in situations in which a carrier does not comply with the requirements, coverage limitations, and definitions within the bill. The OIC anticipates an average of an additional 2 enforcement cases per year to address compliance issues. For purposes of this fiscal note, it is assumed that enforcement actions will require the equivalent of approximately 50 hours per case requiring 100 hours (2 cases x 50 hours) per year of an Insurance Attorney beginning in FY2025. In addition, OIC anticipates one-time costs, in FY2025, of 50 hours of an Insurance Attorney to provide advice related to this statutory change and its interpretation, implementation and enforcement.

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

Ongoing Costs:

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	7,546	253,515	261,061	90,388	40,388
Total \$			7,546	253,515	261,061	90,388	40,388

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.2	0.6	0.1	0.1
A-Salaries and Wages	4,646	124,147	128,793	24,032	24,032
B-Employee Benefits	1,391	38,665	40,056	8,278	8,278
C-Professional Service Contracts		50,000	50,000	50,000	
E-Goods and Other Services	1,509	40,703	42,212	8,078	8,078
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	7,546	253,515	261,061	90,388	40,388

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	78,468		0.1	0.1	0.1	0.1
Functional Program Analyst 4	86,712		0.2	0.1		
Insurance Attorney	95,652		0.1	0.1	0.1	0.1
Senior Policy Analyst	116,148	0.0	0.8	0.4		
Total FTEs		0.0	1.2	0.6	0.1	0.1

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

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

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

Individual State Agency Fiscal Note

Bill Number: 2319 S HB	Title: Substance use treatment	Agency: 303-Department of Health
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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	0.2	0.1	0.6	0.6
Account					
General Fund-State 001-1	0	22,000	22,000	82,000	82,000
General Fund-Private/Local 001-7	0	22,000	22,000	82,000	82,000
Total \$	0	44,000	44,000	164,000	164,000

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/02/2024
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 02/05/2024
Agency Approval: Amy Burkel	Phone: 3602363000	Date: 02/05/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/07/2024

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.

The fiscal impact has not changed from the previous fiscal note on house bill 2319. The substitute changes the mandatory reporting requirement date from April 1, 2025, to July 1, 2025, and it changes the word counseling to education in reference to treatment options.

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

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

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

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

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

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

II. B - Cash receipts Impact

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

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

II. C - Expenditures

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

Rulemaking

Section 2(2)(b): The department will develop and adopt rules to Chapter 246-341 WAC (Behavioral Health Services

Administrative Requirements). The department anticipates utilizing a team of subject matter experts to implement this bill. This team will consist of the program manager and a community engagement specialist to identify underreached communities and engage them in the rulemaking process. This process will include two meetings with interested parties as well as one formal rules hearing, all held virtually, and will take approximately 12 months to complete. The department anticipates providing the rules hearing announcement and materials in both English and Spanish and providing ASL and Spanish interpretation services at the rules hearing.

Costs include staff, associated expenses (including goods and services, travel, intra-agency, and indirect charges), and Office of Attorney General support in the amount of \$4,000.

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

Model Policy and Report Collection

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

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

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

Inspection & Investigation

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

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

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

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

The complaint response process includes five steps: 1) intake, 2) assessment, 3) investigation, 4) case disposition, and 5) adjudication. Staff review the complaint, identify the history of the facility complained about, and help assess whether an investigation is needed. The investigator obtains information about the complaint and the respondent, then prepares a report detailing the findings. After investigation, the disciplining authority decides whether to pursue legal action. Staff attorneys, paralegals, assistant attorney general, and other staff work to develop the legal documents and charge the violation. Most

cases are settled, and the staff attorney manages that process. If the respondent asks for a hearing, staff must schedule the hearing, and the health law judge considers all legal motions, presides over the hearing, and drafts the final order. Also, the Office of the Attorney General will represent the department at hearings and may provide advice throughout the enforcement process.

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

Total Costs to Implement this bill:

FY 2025 costs will be 0.2 FTE and \$22,000 (GF-S) and \$22,000 (GF-L)

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	22,000	22,000	82,000	82,000
001-7	General Fund	Private/Local	0	22,000	22,000	82,000	82,000
Total \$			0	44,000	44,000	164,000	164,000

III. B - Expenditures by Object Or Purpose

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

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Analyst 2	53,000				0.1	0.1
HEALTH SERVICES CONSULTANT 4	86,208		0.1	0.1	0.5	0.5
MANAGEMENT ANALYST 4	86,208		0.1	0.1		
Total FTEs			0.2	0.1	0.6	0.6

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

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

Individual State Agency Fiscal Note

Bill Number: 2319 S HB	Title: Substance use treatment	Agency: 360-University of Washington
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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	1.8	0.9	1.3	1.3
Account					
General Fund-State 001-1	0	214,427	214,427	345,994	345,994
Total \$	0	214,427	214,427	345,994	345,994

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/02/2024
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 02/07/2024
Agency Approval: Jed Bradley	Phone: 2066164684	Date: 02/07/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	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.

Substitute House Bill 2319 relates to substance use disorder treatment.

The substitute makes several changes to the measure, including exempting hospitals and psychiatric hospitals from requirements in Section 2 to submit involuntary transfer and discharge policies and to report instances of involuntary transfer or discharge or preliminary self-release from treatment (See Section 4(20)(b)). Previously, UW Medicine had evaluated the costs of complying with this section as “indeterminate.” However, with hospitals and psychiatric hospitals exempt from the reporting requirements, there will no longer be a fiscal impact to UW Medicine from Section 2.

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

The costs related to Section 3 remain the same as for the original bill and are discussed in the Expenditures section below.

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.

The following deliverables and costs are associated with Section 3 of the substitute bill and remain unchanged from the original version.

DELIVERABLES:

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

- Develop and validate shared decision-making tool for alcohol use disorder (FY25).
- Develop implementation toolkit (FY25).
- Provide training, technical assistance, and ongoing implementation support to providers (FY25 and ongoing).
- Conduct ongoing implementation evaluation to document reach, adoption, implementation, and maintenance of new shared decision-making process (FY25 and ongoing).
- Where possible, coordinate with treatment agencies and Washington State Health Care Authority to assess effectiveness of alcohol use disorder shared decision making on treatment retention, treatment care trajectories, and improved social and health outcomes (FY26 and ongoing).
- Disseminate the shared decision-making tool and implementation toolkit in person, via webinars, and online via ADAI webpages (FY25 and ongoing).

FUNDING REQUIREMENTS:

STAFF:

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

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

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

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

TRAVEL:

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

GOODS AND SERVICES:

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

The total cost for UW ADAI to implement Section 3 of SHB 2319 is expected to be approximately \$214,000 in FY25 and \$173,000 ongoing starting in FY26.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	214,427	214,427	345,994	345,994
Total \$			0	214,427	214,427	345,994	345,994

III. B - Expenditures by Object Or Purpose

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

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Assistant Professor	109,464		0.2	0.1	0.2	0.2
Professor	179,088		0.1	0.1	0.1	0.1
Project Coordinator	84,000		1.0	0.5	1.0	1.0
Research Assistant	60,000		0.5	0.3		
Total FTEs			1.8	0.9	1.3	1.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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