

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6228 2S SB	<b>Title:</b> 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.								
Department of Health	0	0	(743,000)	0	0	(1,521,000)	0	0	(1,655,000)
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>(281,000)</b>	<b>0</b>	<b>0</b>	<b>(1,521,000)</b>	<b>0</b>	<b>0</b>	<b>(1,655,000)</b>

## 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	195,970	.1	0	0	40,388	.1	0	0	40,388
Department of Health	.2	0	0	67,000	.1	0	0	46,000	.0	0	0	30,000
<b>Total \$</b>	<b>0.8</b>	<b>461,000</b>	<b>461,000</b>	<b>1,185,970</b>	<b>0.2</b>	<b>0</b>	<b>0</b>	<b>86,388</b>	<b>0.1</b>	<b>0</b>	<b>0</b>	<b>70,388</b>

## 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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

# Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Arnel Blancas, OFM	<b>Phone:</b> (360) 000-0000	<b>Date Published:</b> Final 2/14/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6228 2S SB	<b>Title:</b> Substance use treatment	<b>Agency:</b> 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		
<b>Total \$</b>		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
<b>Total \$</b>	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: Corban Nemeth	Phone: 360-786-7736	Date: 02/07/2024
Agency Preparation: Samuel Quartey	Phone: 360-725-0000	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.

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.

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.

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
<b>Total \$</b>			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					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		923,000	923,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	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)**

<b>Program</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>2023-25</b>	<b>2025-27</b>	<b>2027-29</b>
Community Behavioral Health (150)		923,000	923,000		
<b>Total \$</b>		923,000	923,000		

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

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

NONE

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

NONE

**Part V: New Rule Making Required**

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

# HCA Fiscal Note

Bill Number: 2SSB 6228

HCA Request #: 24-140

Title: **Substance Use Treatment**

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

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

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	-	462,000	-	-	-	-	-
<b>REVENUE - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 462,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 462,000</b>	<b>\$ -</b>	<b>\$ -</b>

### Estimated Operating Expenditures from:

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

	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	
<b>ACCOUNT</b>										
General Fund-State		001-1	-	461,000	-	-	-	-	461,000	-
General Fund-Medicaid		001-C	-	462,000	-	-	-	-	462,000	-
<b>ACCOUNT - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>

### Estimated Capital Budget Impact:

None

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

#### Check applicable boxes and follow corresponding instructions:

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

# HCA Fiscal Note

Bill Number: 2SSB 6228

HCA Request #: 24-140

Title: **Substance Use Treatment**

## 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.*

6228 2SSB relates to treatment of substance use disorders.

As compared to 6228 SB, this version differs in the following ways:

- Section 2 reduces the minimum authorization period from 28 to 14 days.
- Section 3 changes the criteria for medical necessity reviews.
- Removes requirements for health plans to cover ground ambulance and alternative transportation to behavioral health facilities and next level of care (sections 5, 6, and 7).
- Section 7 restricts the amount of fees to be charged for persons seeking certification as a substance use disorder professional.
- Section 10 requires the Health Care Authority (HCA), in collaboration with other parties, to develop standardized clinical documentation requirements for initial authorization and concurrent utilization review for residential SUD treatment.
- Section 11 requires HCA to conduct a gap analysis regarding nonemergent transport for Medicaid enrollees.

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Section 2 amends RCW 41.05.526 (Withdrawal management services) and establishes requirements that health plans issued or renewed after January 1, 2025, who authorize services pursuant to the initial medical necessity review process for inpatient or residential substance use disorder treatment services, to provide an initial length of stay authorization for no less than fourteen (14) days from the date that the member was admitted to the behavioral health agency. Any subsequent reauthorization that the health plan approves after the first fourteen days must continue for no less than seven (7) days.

Section 2(2)(c)(iii) stipulates that plans must not make medical necessity determinations primarily based on a length of substance use abstinence, unless based on incarceration or hospitalization, when making decisions regarding authorization of continued care at a treatment facility.

Section 2(3)(b) stipulates that plans must not consider a member’s length of stay at a facility when making decisions regarding reauthorization of continued care at a treatment facility.

Section 3 amends RCW 48.43.761 (Withdrawal management services) to apply all the same provisions of section 2 to all applicable plans covered by this chapter.

Section 10 requires HCA to collaborate with stakeholders to develop standardized clinical documentation requirements for initial authorization and concurrent utilization review for residential treatment of substance use disorders. Medicaid manage care and health plan carriers must begin using new forms by July 1, 2025.

Section 11 requires HCA to conduct a gap analysis on non-emergency transportation for Medicaid enrollees in Washington state compared to Oregon and other states by 12/1/2024.

# HCA Fiscal Note

Bill Number: 2SSB 6228

HCA Request #: 24-140

Title: **Substance Use Treatment**

## 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.

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	-	462,000	-	-	-	-	462,000	-	-
<b>REVENUE - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 462,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 462,000</b>	<b>\$ -</b>	<b>\$ -</b>

## 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 will require \$923,000 (\$461,000 in General Fund State) in fiscal year 2025. HCA currently has \$160,000 for training to transition to the new American Society of Addiction Medicine (ASAM) criteria updates and would need an additional \$923,000 for training per a three-tiered training system outlined below:

To complete sections 1, 8, and 9 for ASAM training, HCA will need to:

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 training courses are 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), for a total cost of \$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 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), for a total cost of \$277,000.
  
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

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 2SSB 6228.

The overall impact will also depend on how much capacity providers have today:



# HCA Fiscal Note

Bill Number: 2SSB 6228

HCA Request #: 24-140

Title: **Substance Use Treatment**

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.

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.

## **Indeterminate fiscal impact:**

**Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) programs.**

## **Self-insured impacts and State Costs:**

Sections 2 and 3 of this bill establish new medical necessity review standards and requirements on health plans for members receiving inpatient or residential services treatment for substance use disorders. The Uniform Medical Plan (UMP) is the state's self-insured health plan, governed by RCW 41.05 (State health care authority) and is administered by Regence (medical) and Moda (pharmacy).

Regence indicates the likely potential for an increase average length of stay at inpatient or residential treatment facilities for members undergoing substance use treatment. Currently, length of stay for members in UMP is determined on a case-by-case basis based on the American Society of Addiction Medicine (ASAM) guidelines for determining medical necessity and level of care. Regence generally approves seven days for the initial stay based on medical necessity criteria before conducting a subsequent utilization review to assess medical necessity of continued days in inpatient or residential treatment facilities. Should plans be required to authorize, based on medical necessity, a fourteen-day initial stay, the average length of stay is assumed to increase above and beyond what the plan experiences today. While it is assumed UMP 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.

## **Fully insured impacts and member premiums:**

At this time there are no assumed impacts to member premiums for members enrolled in a fully insured PEBB or SEBB plan offering. For members enrolled in a Kaiser Foundation Health Plan of Washington or Kaiser Foundation Health plan of the Northwest plan and experiencing residential or inpatient substance use treatment, utilization review occurs at or around five to fourteen days. Extending the initial stay to a period of fourteen days could result in an increase in the average length of stay for members experiencing inpatient treatment, the extent of which is unclear. Premera indicates average length of stay for inpatient episodes are currently between three and seven days. A stay of more than fourteen days is assumed to be a rare occurrence for an inpatient episode of care, therefore Premera does not anticipate a fiscal impact resulting from an increase in average length of stay.

# HCA Fiscal Note

Bill Number: 2SSB 6228

HCA Request #: 24-140

Title: **Substance Use Treatment**

## 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	-	461,000	-	-	-	-	461,000	-	-
001-C	General Fund	Medicaid	-	462,000	-	-	-	-	462,000	-	-
<b>ACCOUNT - TOTAL \$</b>			<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>

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

OBJECT	OBJECT TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
N	Grants, Benefits & Client Services	-	923,000	-	-	-	-	923,000	-	-
<b>OBJECT - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>

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

None

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

PROGRAM	PROGRAM TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
150	150 - Community Behavioral Health	-	923,000	-	-	-	-	923,000	-	-
<b>PROGRAM - TOTAL \$</b>		<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 923,000</b>	<b>\$ -</b>	<b>\$ -</b>

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

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

NONE

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

NONE

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

NONE

## HCA Fiscal Note

Bill Number: 2SSB 6228

HCA Request #: 24-140

Title: **Substance Use Treatment**

### **Part V: New Rule Making Required**

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

NONE

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6228 2S SB	<b>Title:</b> Substance use treatment	<b>Agency:</b> 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	1.1	0.6	0.1	0.1
<b>Account</b>					
Insurance Commissioners Regulatory Account-State 138-1	7,546	188,424	195,970	40,388	40,388
<b>Total \$</b>	7,546	188,424	195,970	40,388	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: Corban Nemeth	Phone: 360-786-7736	Date: 02/07/2024
Agency Preparation: Delika Steele	Phone: 360-725-7260	Date: 02/12/2024
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 02/12/2024
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 adds the same requirements in Section 3(2) and 3(3) to PEBB/SEBB plans.

Section 3(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 3(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 3(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) and the Health Care Authority (HCA), when updated versions of the American Society of Addiction Medicine (ASAM) Criteria are published by the ASAM, to jointly determine the date upon which the updated version must begin to be used by Medicaid managed care organizations, carriers, and other relevant entities. 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.

Section 10 requires HCA and OIC to consult with Medicaid managed organizations, health carriers, and substance use disorder inpatient and residential treatment providers to develop standardized clinical documentation requirements for initial authorization and concurrent utilization review for residential treatment of substance use disorders. The relevant entities must begin using standardized requirements by July 1, 2025, and these requirements must align with the Medicare and Medicaid services interoperability and prior authorization final rule issued on January 17, 2024.

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

Section 3(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 3(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 3(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 2 and 3 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 3 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 OIC and the Health Care Authority (HCA), when updated versions of the American Society of Addiction Medicine (ASAM) Criteria are published by the ASAM, to jointly determine the date upon which the updated version must begin to be used by Medicaid managed care organizations, carriers, and other relevant entities. 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.

The provisions in Sections 3 and 9 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.

Section 10 requires HCA and OIC to consult with Medicaid managed organizations, health carriers, and substance use disorder inpatient and residential treatment providers to develop standardized clinical documentation requirements for initial authorization and concurrent utilization review for residential treatment of substance use disorders. The relevant entities must begin using standardized requirements by July 1, 2025, and these requirements must align with the Medicare and Medicaid services interoperability and prior authorization final rule issued on January 17, 2024. Developing standardized

clinical documentation requirements will require OIC to spend time responding to questions related to current law and practices, providing data, and preparing for and attending meetings with HCA and other relevant parties, and drafting requirements. OIC anticipates 4 meetings in FY2024 and 3 meetings in FY2025 with each meeting requiring 15 hours of preparation, attendance, and follow up requiring the equivalent of 60 hours (4 meetings x 15 hours) in FY2024 and 45 hours (3 meeting x 15 hours) in FY2025 of a Senior Policy Analyst. In addition, OIC anticipates one-time costs, in FY2025, of 17 hours of a Senior Policy Analyst to assist in drafting the requirements.

‘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	188,424	195,970	40,388	40,388
<b>Total \$</b>			7,546	188,424	195,970	40,388	40,388

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.1	0.6	0.1	0.1
A-Salaries and Wages	4,646	114,855	119,501	24,032	24,032
B-Employee Benefits	1,391	35,884	37,275	8,278	8,278
C-Professional Service Contracts					
E-Goods and Other Services	1,509	37,685	39,194	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-					
<b>Total \$</b>	7,546	188,424	195,970	40,388	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	0.7	0.4		
<b>Total FTEs</b>		0.0	1.1	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

<b>Bill Number:</b> 6228 2S SB	<b>Title:</b> Substance use treatment	<b>Agency:</b> 303-Department of Health
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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
Health Professions Account-State 02G-1		(743,000)	(743,000)	(1,521,000)	(1,655,000)
<b>Total \$</b>		(743,000)	(743,000)	(1,521,000)	(1,655,000)

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.3	0.2	0.1	0.0
<b>Account</b>					
Health Professions Account-State 02G-1	0	67,000	67,000	46,000	30,000
<b>Total \$</b>	0	67,000	67,000	46,000	30,000

### 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: Corban Nemeth	Phone: 360-786-7736	Date: 02/07/2024
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 02/12/2024
Agency Approval: Amy Burkel	Phone: 3602363000	Date: 02/12/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/14/2024

## 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 Senate Bill 6228. This substitute clarifies that the fee cap for substance use disorder professional trainees is subject to amounts appropriated. Additionally, this substitute adds and removes sections throughout the bill which changes the section numbers that impact the Department of Health (department). This substitute requires no additional work for the department.

This bill removes renewal limits and sets a fee cap for the substance use disorder professional program between July 1, 2024, and July 1, 2029.

Section 5: Amends RCW 18.205.095 (Certification requirements—Trainees) to allow substance use disorder professional trainees to work outside a state regulated agency and removed the four-renewal limit on certification.

Section 6: Amends RCW 18.225.145 (Associate licensing—Requirements) to remove the renewal limit on mental health counselor associates, marriage and family therapist associates, social worker associate advanced, and social worker associate independent.

Section 7: Amends RCW 43.70.250 (License fees for professions, occupations, and businesses) to reduce the fee for substance use disorder professionals and substance use disorder professional trainees to no more than \$100 between July 1, 2024, and July 1, 2029. This fee cap is subject to amounts appropriated for this specific purpose.

### 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 each professional, occupational, or business licensing program be fully self-supporting, and that sufficient revenue collected through fees to fund expenditures. The department will monitor the fund balance and will adjust fees over a six (6) year period to ensure that fees are sufficient to cover all program expenditures.

Section 5: The department will remove the renewal limit for substance use disorder professional trainees.

Based on the number of trainee credentials that expired between FY 2020 and FY2023 as a result of the renewal limit, the department anticipates seeing an additional 73 Substance Use Disorder Professional Trainees (\$90) renewing their trainee license in FY2026 and each year thereafter.

FY 2026: \$7,000

FY 2027: \$7,000

FY 2028: \$7,000

FY 2029: \$7,000

Section 6: The department will remove the renewal limit on mental health counselor associates, marriage and family therapist associates, social worker associate advanced, and social worker associate independent.

Based on the number of associate credentials that expired between FY 2020 and FY2023 as a result of the renewal limit, the department anticipates seeing an additional 14 Marriage Family Therapist Associates (\$50), 41 Mental Health Counselor Associates (\$25), and 55 Social Worker Associates (\$25) renewing their associates license in FY2026 and each year thereafter.

FY 2026: \$3,000  
FY 2027: \$3,000  
FY 2028: \$3,000  
FY 2029: \$3,000

Section 7: The department estimates that capping the fee for a SUDP credential at \$100 will cause the regulatory program fund balance to decline from -\$400,000 to roughly -\$2,554,000 by the end of FY2029.

Based on the revenue received from SUDP's and SUDPT's in FY 2023, the growth rate of 2.8% and the renewal rate of 94%, and the reduced fee, the department assumes the following loss of revenue:

FY 2025: (\$743,000) (263 Applications & 3,122 Renewals)  
FY 2026: (\$761,000) (268 Applications & 3,201 Renewals)  
FY 2027: (\$780,000) (274 Applications & 3,281 Renewals)  
FY 2028: (\$823,000) (332 Applications & 3,411 Renewals)  
FY 2029: (\$852,000) (339 Applications & 3,541 Renewals)

Total Net Revenue  
FY 2025: (\$743,000)  
FY 2026: (\$751,000)  
FY 2027: (\$770,000)  
FY 2028: (\$813,000)  
FY 2029: (\$842,000)

## 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 5-7: The department will develop and adopt rules to allow substance use disorder professional trainees to work outside state regulated agencies, remove the renewal cap for substance use disorder professional trainees and behavioral health associates, and reduce fees for substance use disorder professionals. The department anticipates utilizing a team of subject matter experts to implement this bill. This team will consist of the program manager and a community engagement specialist to identify underreached communities and engage them in the rulemaking process. This process will include two meetings with interested parties as well as one formal rules hearing, all held virtually, and will take approximately 12 months to complete. The department anticipates providing the rules hearing announcement and materials in both English and Spanish and providing ASL and Spanish interpretation services at the rules hearing.

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

FY 2025 one-time costs will be 0.2 FTE and \$29,000

### Office of Investigative and Legal Services

Section 5: Based on the department's experience with substance use disorder professional trainees, the department is estimating 6 complaints per year or 8.66% of 73 licensees.

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 person complained about, and help assess whether an investigation is needed. In more than half the cases, investigation is needed. The investigator obtains information about the complaint and the respondent and prepares a report detailing the findings. After investigation, the disciplining authority decides whether to pursue legal action. Staff attorneys, paralegals, 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.

Assuming the above, cost estimates for the complaint response process associated with this bill were calculated using the department’s Disciplinary Workload Staffing Model.

FY 2026 costs will be 0.1 FTE and \$15,000?  
 FY 2027 and ongoing costs will be 0.1 FTE and \$10,000

Office of Innovation and Technology

Section 7: Configuration in department’s Healthcare Enforcement and Licensing Modernization System will require 58 hours from the integration vendor at a rate of \$270 per hour. Work will include the initial vendor configuration and agency staff time for ongoing maintenance of reports, user defined fields, and workflows.

FY2025 costs will be 0.1 FTE and \$38,000  
 FY2026 costs will be 0.1 FTE and \$16,000  
 FY2027 and ongoing costs will be \$5,000

TOTAL COST TO IMPLEMENT THIS BILL:

FY2025 costs will be 0.3 FTE and \$67,000  
 FY2026 costs will be 0.2 FTE and \$31,000  
 FY2027 and ongoing costs \$15,000

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
02G-1	Health Professions Account	State	0	67,000	67,000	46,000	30,000
<b>Total \$</b>			0	67,000	67,000	46,000	30,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		0.3	0.2	0.1		
A-Salaries and Wages		25,000	25,000	22,000	16,000	
B-Employee Benefits		9,000	9,000	8,000	6,000	
C-Professional Service Contracts		17,000	17,000			
E-Goods and Other Services		14,000	14,000	13,000	6,000	
T-Intra-Agency Reimbursements		2,000	2,000	3,000	2,000	
9-						
<b>Total \$</b>		0	67,000	67,000	46,000	30,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
HEALTH SERVICES CONSULTANT 4	86,208		0.1	0.1	0.1	
MANAGEMENT ANALYST 4	86,208		0.2	0.1	0.1	
<b>Total FTEs</b>			0.3	0.2	0.1	0.0

**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.*

Sections 5-7: The department will adopt rules in chapter 246-809 WAC (Licensure for Mental Health Counselors, Marriage and Family Therapists, and Social Workers) and chapter 246-811 WAC (Substance use Disorder Professional and Substance use Disorder Professional Trainees) as necessary to implement this bill.