

Multiple Agency Fiscal Note Summary

Bill Number: 5241 E SB	Title: Relating to material changes to the operations and governance structure of participants in the health care marketplace
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	2,422,000	0	0	9,972,000	0	0	11,240,000
Office of Attorney General	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	2,422,000	0	0	9,972,000	0	0	11,240,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of the Secretary of State	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	7.6	1,068,000	1,068,000	3,490,000	21.6	0	0	9,972,000	25.9	0	0	11,240,000
Office of Attorney General	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	7.6	1,068,000	1,068,000	3,490,000	21.6	0	0	9,972,000	25.9	0	0	11,240,000

Estimated Capital Budget Expenditures

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

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3073	Date Published: Final 2/22/2024
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Individual State Agency Fiscal Note

Bill Number: 5241 E SB	Title: Relating to material changes to the operations and governance structure of participants in the health care marketplace	Agency: 085-Office of the Secretary of State
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sam Brown	Phone: 786-7470	Date: 02/09/2024
Agency Preparation: Mike Woods	Phone: (360) 704-5215	Date: 02/12/2024
Agency Approval: Mike Woods	Phone: (360) 704-5215	Date: 02/12/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/12/2024

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.

Changes in ESB 5241 compared to the previous version (SB 5241, 2023 Session).

Changes include adding the definition of “affiliate” in Section 3, and providing the Attorney General explicit rule-making authority (Section 21). The changes do not modify the impact to the Office of the Secretary of State (OSOS).

Summary of ESB 5241

Section 15 of the bill prohibits OSOS from accepting “any forms or documents in connection with any material change transaction if the attorney general...disapproved the material change transaction or the parties...have not agreed to any conditions or modifications imposed by the attorney general...”

Forms and documents pertaining the “material change transactions” as defined in Section 4(2) of this bill cannot be filed online, do not have standard forms provided by the Office of the Secretary of State, and are manually reviewed in-house by OSOS staff. The bill would require a change in the review procedures and checklist used by OSOS staff in reviewing such documents but would not otherwise necessitate any changes to our filing system or forms.

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.

There are no costs to OSOS associated with implementing this bill.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5241 E SB	Title: Relating to material changes to the operations and governance structure of participants in the health care marketplace	Agency: 100-Office of Attorney General
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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-Private/Local 001-7		2,422,000	2,422,000	9,972,000	11,240,000
Total \$		2,422,000	2,422,000	9,972,000	11,240,000

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	15.1	7.6	21.6	25.9
Account					
General Fund-State 001-1	0	1,068,000	1,068,000	0	0
General Fund-Private/Local 001-7	0	2,422,000	2,422,000	9,972,000	11,240,000
Total \$	0	3,490,000	3,490,000	9,972,000	11,240,000

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: Sam Brown	Phone: 786-7470	Date: 02/09/2024
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 02/17/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/17/2024
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/22/2024

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 1 - New section. Findings and intent. Ensures existence of accessible and affordable healthcare with full range of coverage.

Section 2 - Amends RCW 19.390.010. Adds clause requiring material change transactions result in affected communities have the same or greater access to quality affordable health care. Gives the Attorney General's Office (AGO) authority to conduct an investigation under RCW 19.86.

Section 3 - Amends RCW 19.390.020. Definitions. Adds definition for affiliate, gender affirming care, reproductive health care, and successor persons.

Section 4 - Amends RCW 19.390.030. Makes changes requirement for material change transactions including increasing the notice period to 120 days, up from 60 days.

Section 5 - Amends RCW 19.390.040. Changes what must be included in material change notices, sets forth what policies must exist and apply to material change notices, and requires descriptions of measured to mitigate and/or eliminate adverse effects of changes for specified types of parties. Requires AGO to charge an applicant fee to cover cost of implementing this chapter and the right to request additional information in implementing goals of the Chapter.

Section 6 - Amends RCW 19.390.050. Investigations can be done under RCW 19.86 or Federal Anti-Trust law.

Section 7 - New section. AGO will determine if notices required are complete and sets for notification requirements for complete and incomplete notices.

Section 8 - Amends RCW 19.390.080. Imposes civil penalties with AGO having the discretion to impose.

Section 9 - New section. Material change transactions must result in the communities having the same or greater access to qualify affordable care. Sets out list of required results for material changes transactions. Also sets requirements for the AGO when reviewing material changes transactions.

Section 10 - New section. Sets out requirements for AGO to review transactions under Section 9. If review determines that Section 9 requirements are fulfilled, then a comprehensive review pursuant to Sections 11, 13, and 14 must be completed. Does not impact authority under RCW 19.86.

Section 11 - New section. Comprehensive review of material change transactions to be done within 120 days. Sets out what AGO must do within those 120 days of receiving notice. Options include approving the change, imposing conditions or modifications, or disapprove of the change. Sets out appeal rights. Does not impact authority under chapter RCW 19.86.

Section 12 - New section. Requires AGO to conduct public hearings. Provides rules and requirements for these hearings including notice requirements. Does not impact authority under chapter RCW 19.86.

Section 13 - New section. Gives AGO discretion to hire an independent contractor to prepare a health equity assessment. Sets out requirements for assessment including timelines.

Section 14 - New section. Gives AGO discretion to appoint a review board to conduct a review and make recommendations on certain material change transactions. Set out who can sit on the board.

Section 15 - New section. Office of the Secretary of State (OSOS) cannot accept document in conjunction with a material change if the AGO disapproves of the change and the conditions or modification imposed have not been met. Allows AGO to seek an injunction to prevent this.

Section 16 - New section. Requirements for material change transactions included under RCW 19.390.040(3). Includes AGO monitoring and reporting for 10 years. Also allows for written public comments. AGO may investigate if it believes material change transaction no longer meets Section 9 of the act. Allows AGO to give time for compliance, seek reimbursement for investigative costs, and impose fines.

Section 17 - New section. AGO to develop form that will be submitted yearly.

Section 18 - New section. AGO has authority to ensure compliance and take legal action to enforce chapter.

Section 19 - Amends RCW 19.390.070. What documents are deemed public records for purposes of the Public Records Act (PRA).

Section 20 - New section. No provision of this chapter derogates from the common law or statutory authority of the AGO.

Section 21 - New section. Permits AGO to make rules and enter contract with parties as needed.

Section 22 - New section. Concurrent review with RCW 70.38 and 70.45.

Section 23 - New section. Every four years AGO shall commission a study of the impact of these material changes.

Section 24 - New section. By January 2026, AGO shall complete a study on impact of health care mergers and acquisitions and what the study must include.

Section 25 - New section. Entitles act as the keep our care act.

Section 26 - New section. Sections 7, 9 through 18, and 20 through 25 are added to RCW 19.390.

Section 27 - Effective date January 1, 2025.

Section 28 - Severability clause.

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.

Attorney General's Office (AGO) Agency Assumptions:

Services associated with the enactment of this bill will begin on January 1, 2025 (FY 2025), although we will need to start hiring and train staff before the effective date.

AGO will create the Health Care Unit (HCU) located in King County.

The estimated cash receipts are indeterminate but will be from an application review fee and for the ongoing compliance review assumptions to meet the ongoing requirements of the bill.

AGO assumes six months of General Fund State (GF-S) will be provided to get the program up and running and then AGO will bill the Health Care entities for preliminary and comprehensive review fees and all associated compliance review costs of the HCU.

AGO assumptions are 70 application reviews will be completed each year of that 57 will be preliminary and 13 will be comprehensive. It is assumed the comprehensive reviews are more complex in nature. The estimated expenditures for the year is divided by the number of each type of review, times the complexity model of 10 percent towards preliminary and 90 percent for comprehensive.

Fees:

Preliminary Reviews - \$7,500 in FY 2025 and each FY thereafter

Comprehensive Reviews - \$296,000 in FY 2025 and each FY thereafter

Compliance:

FY 2025: \$353,000 for 0.5 Assistant Attorney General FTE (AAG), 0.3 Paralegal 1 FTE (PL1), and 1.0 Paralegal 2 FTE (PL2)

FY 2026: \$569,000 for 1.0 AAG, 0.5 PL1, and 2.0 PL2

FY 2027: \$853,000 for 1.5 AAG, 0.8 PL1, and 3.0 PL2

FY 2028: \$1,137,000 for 2.0 AAG, 1.0 PL1, and 4.0 PL2

FY 2029: \$1,553,000 for 2.5 AAG, 1.3 PL1, 5.0 PL2, and 1.0 Paralegal 3 FTE (PL3)

FY 2030 through FY 2034 continues to increase in funding and FTE until FY 2034 at which point costs should plateau at \$3,407,000 for 5.0 AAG, 1.0 Managing AAG FTE (MAAG), 3.0 PL1, 10.0 PL2, and 2.0 PL3

Preliminary and Comprehensive Reviews:

FY 2025: \$3,137,000 for 1.8 AAG, 0.8 MAAG, 1.7 PL1, 1.3 PL2, 0.8 Economist FTE (Econ), 3.3 Policy Analyst FTE (PA), 0.2 Contract Specialist 2 FTE (CS), and 0.5 Financial Analyst 3 FTE (FA3), which includes direct costs of \$1,362,000

FY 2026 and in each FY thereafter: \$4,275,000 for 2.5 AAG, 1.0 MAAG, 2.3 PL1, 2.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

Total GF-S Start up and rule making impact:

FY 2025: 1,068,000 for 0.7 AAG, 0.3 MAAG, 0.6 PL1, 0.6 PL2, 0.3 Econ, and 1.3 PA, which includes direct costs of \$454,000

GF-Local Compliance workload impact:

FY 2025: \$284,000 for 0.5 AAG, 0.3 PL1, and 1.0 PL2

FY 2026: \$569,000 for 1.0 AAG, 0.5 PL1, and 2.0 PL2

FY 2027: \$853,000 for 1.5 AAG, 0.8 PL1, and 3.0 PL2

FY 2028: \$1,137,000 for 2.0 AAG, 1.0 PL1, and 4.0 PL2

FY 2029: \$1,553,000 for 2.5 AAG, 1.3 PL1, 5.0 PL2, and 1.0 Paralegal 3 FTE (PL3)

FY 2030 through FY 2034 continues to increase in funding and FTE at which point costs should plateau in FY 2034 at \$3,407,000 for 5.0 AAG, 1.0 Managing AAG FTE (MAAG), 3.0 PL1, 10.0 PL2, and 2.0 PL3

GF-Local Preliminary and Compliance workload impact:

FY 2025: \$2,138,000 for 1.3 AAG, 0.5 MAAG, 1.2 PL1, 1.0 PL2, 0.5 Econ, 2.0 PA, 0.2 CS, and 0.5 FA3, which includes direct costs of \$908,000

FY 2026 and in each FY thereafter: \$4,275,000 for 2.5 AAG, 1.0 MAAG, 2.3 PL1, 2.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

AGO: Total non-King County and King County workload impact:

FY 2025: \$3,490,000 for 2.5 AAG, 0.8 MAAG, 2.1 PL1, 2.6 PL2, 0.8 Econ, 2.3 PA, 0.2 CS, and 0.5 FA3, which includes direct costs of \$1,362,000

FY 2026: \$4,844,000 for 3.5 AAG, 1.0 MAAG, 2.8 PL1, 4.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

FY 2027: \$5,128,000 for 4.0 AAG, 1.0 MAAG, 3.1 PL1, 5.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes

direct costs of \$1,816,000

FY 2028: \$5,412,000 for 4.5 AAG, 1.0 MAAG, 3.3 PL1, 6.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

FY 2029: \$5,828,000 for 5.0 AAG, 1.0 MAAG, 3.6 PL1, 7.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

FY 2030 through FY 2034 continues to increase in funding and FTE at which point costs should plateau in FY 2034 at \$7,683,000 for 7.5 AAG, 2.0 MAAG, 5.3 PL1, 12.0 PL2, 2.0 PL3, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

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.

Attorney General's Office (AGO) Agency Assumptions:

Enactment of this bill will begin on January 1, 2025 (FY 2025), although the AGO will need to start hiring before the effective date for rulemaking and ensure the AGO can implement the bill on January 1, 2025.

The expenditures are indeterminate but are estimated to meet the ongoing requirements of the bill.

AGO will create the Health Care Unit (HCU) in King County.

AGO assumes six months of General Fund State (GF-S) will be provided to get the program up and running and then AGO will bill the entities for preliminary and comprehensive application review fees and all associated compliance review costs.

Location of total staffing is assumed to be in non-King County and King County office buildings.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO HCU services for Health Care entities:

The AGO will bill Health Care entities for all services based on the enactment of this bill.

HCU will review and analyze submissions, conduct public hearings, retain and work with expert and other contractors, draft findings and agreements, conduct compliance reviews, and take legal action to ensure compliance, and develop annual reports.

The AGO assumes the following in developing and estimating the impacts of this bill:

- a) Will conduct 60-80 application reviews a year. For purposes of the fiscal note, the AGO used 70. Assume 10-15 of the reviews will be comprehensive reviews. For purposes of the fiscal note, the AGO used 13. The remaining 57 reviews are estimated to be preliminary reviews.
- b) Will need to defend two to five decisions on comprehensive reviews a year.
- c) Charge a \$7,500 fee for preliminary reviews and a fee of \$296,000 for comprehensive reviews. Fees will be established through rulemaking.
- d) Will recoup compliance costs from applicants through direct billing.
- e) All reviews, including preliminary reviews, will require at least one in person public hearing.

f) Must conduct annual compliance reviews for ten years.

Managing AAG (MAAG) and AAGs: Review and analyze submissions, conduct public hearings, retain and work with experts and contractors, draft findings and agreements, conduct compliance reviews, recommend legal action when necessary to ensure compliance, assist with development of reports, defend decisions, conduct rulemaking, and communicate with counsel for applicants.

Economist (Econ): Work closely with attorneys and policy analysts to provide support in analyzing the impact of mergers, acquisitions, and contract affiliations. This position will analyze data and other materials provided during the course of equity reviews and work closely with outside consultants involved in the review process.

Senior Policy Analyst (PA): Analyze materials provided by the parties, work on information requests, coordinate, organize, and attend public hearings, meet with the parties and community members, review compliance reports and related materials, and work closely with AAG and outside consultants involved in the health equity assessment.

Paralegal 2 (PL2): Analyze materials provided by the parties, work on information requests, coordinate, organize, and attend public hearings, meet with the parties and community members, review compliance reports and related materials, and work closely with AAG and outside consultants involved in the health equity assessment.

In addition to staffing costs the HCU assumes the following direct costs:

FY 2025 – Estimated costs for the following: Health equity assessment (\$750,000); miscellaneous expert costs, such as solvency and industry experts (\$100,000); e-document management (\$200,000); expert costs for preparing study required by Section 24 (\$500,000); translations, interpretation and American Sign Language (ASL) accommodations, facilities rentals, staff travel to in person hearings, and notice costs, assuming 40 notices (\$133,220).

FY 2026 and in each FY thereafter - Estimated costs for the following: Health equity assessment (\$750,000); miscellaneous expert costs, such as solvency and industry experts (\$100,000); e-document management (\$200,000); costs for translations, interpretation and ASL accommodations, facilities rentals, staff travel to in person hearings, and notice costs, assume 80 notices of material transactions (\$266,440).

AGO assumptions are 70 application reviews will be completed each year of that 57 will be preliminary and 13 will be comprehensive. It is assumed the comprehensive reviews are more complex in nature. The estimated expenditures for the year is divided by the number of each type of review, times the complexity model of 10 percent towards preliminary and 90 percent for comprehensive.

Application Fees:

Preliminary Reviews - \$7,500 beginning in FY 2025 and each FY thereafter

Comprehensive Reviews - \$296,000 beginning in FY 2025 and each FY thereafter

Ongoing compliance reviews:

FY 2025: \$284,000 for 0.5 AAG, 0.3 PL1, and 1.0 PL2

FY 2026: \$569,000 for 1.0 AAG, 0.5 PL1, and 2.0 PL2

FY 2027: \$853,000 for 1.5 AAG, 0.8 PL1, and 3.0 PL2

FY 2028: \$1,137,000 for 2.0 AAG, 1.0 PL1, and 4.0 PL2

FY 2029: \$1,553,000 for 2.5 AAG, 1.3 PL1, 5.0 PL2, and 1.0 Paralegal 3 FTE (PL3)

FY 2030 through FY 2034 continues to increase in funding and FTE at which point costs should plateau in FY 2034 at \$3,407,000 for 5.0 AAG, 1.0 MAAG, 3.0 PL1, 10.0 PL2, and 2.0 PL3

Preliminary and Comprehensive Reviews:

FY 2025: \$3,137,000 for 1.8 AAG, 0.8 MAAG, 1.7 PL1, 1.3 PL2, 0.8 Econ, 3.3 PA, 0.2 Contract Specialist 2 FTE (CS),

and 0.5 Financial Analyst 3 FTE (FA3), which includes direct costs of \$1,362,000
FY 2026 and in each FY thereafter: \$4,275,000 for 2.5 AAG, 1.0 MAAG, 2.3 PL1, 2.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

GF-S Start up and rule making impact:

FY 2025: \$1,068,000 for 0.7 AAG, 0.3 MAAG, 0.6 PL1, 0.6 PL2, 0.3 Econ, and 1.3 PA, which includes direct costs of \$454,000

GF-Local Compliance workload impact:

FY 2025: \$284,000 for 0.5 AAG, 0.3 PL1, and 1.0 PL2

FY 2026: \$569,000 for 1.0 AAG, 0.5 PL1, and 2.0 PL2

FY 2027: \$853,000 for 1.5 AAG, 0.8 PL1, and 3.0 PL2

FY 2028: \$1,137,000 for 2.0 AAG, 1.0 PL1, and 4.0 PL2

FY 2029: \$1,553,000 for 2.5 AAG, 1.3 PL1, 5.0 PL2, and 1.0 Paralegal 3 FTE (PL3)

FY 2030 through FY 2034 continues to increase in funding and FTE at which point costs should plateau in FY 2034 at \$3,407,000 for 5.0 AAG, 1.0 MAAG, 3.0 PL1, 10.0 PL2, and 2.0 PL3

GF-Local Preliminary and Compliance workload impact:

FY 2025: \$2,138,000 for 1.3 AAG, 0.5 MAAG, 1.2 PL1, 1.0 PL2, 0.5 Econ, 2.0 PA, 0.2 CS, and 0.5 FA3, which includes direct costs of \$908,000

FY 2026 and in each FY thereafter: \$4,275,000 for 2.5 AAG, 1.0 MAAG, 2.3 PL1, 2.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, and 1.0 FA3, which includes direct costs of \$1,816,000

AGO: Total King County workload impact:

FY 2025: \$3,411,000 for 2.5 AAG, 0.8 MAAG, 2.1 PL1, 2.6 PL2, 0.8 Econ, and 2.3 PA, which includes direct costs of \$1,362,000

FY 2026: \$4,686,000 for 3.5 AAG, 1.0 MAAG, 2.8 PL1, 4.0 PL2, 1.0 Econ, and 4.0 PA, which includes direct costs of \$1,816,000

FY 2027: \$4,970,000 for 4.0 AAG, 1.0 MAAG, 3.1 PL1, 5.0 PL2, 1.0 Econ, and 4.0 PA, which includes direct costs of \$1,816,000

FY 2028: \$5,254,000 for 4.5 AAG, 1.0 MAAG, 3.3 PL1, 6.0 PL2, 1.0 Econ, and 4.0 PA, which includes direct costs of \$1,816,000

FY 2029: \$5,670,000 for 5.0 AAG, 1.0 MAAG, 3.6 PL1, 7.0 PL2, 1.0 Econ, and 4.0 PA which includes direct costs of \$1,816,000

FY 2030 through FY 2034 continues to increase in funding and FTE at which point costs should plateau in FY 2034 at \$7,524,000 for 7.5 AAG, 2.0 MAAG, 5.3 PL1, 12.0 PL2, 2.0 PL3, 1.0 Econ, and 4.0 PA, which includes direct costs of \$1,816,000

2. Assumptions for the AGO Finance Division (FIS):

FIS assumes receipt of preliminary and compliance fees, account reconciliation. Includes competitive contracting process and contract monitoring

FIS: Total non-King County workload impact:

FY 2025: \$79,000 for 0.5 FA3, and 0.3 CS

FY 2026 and in each FY thereafter: \$158,000 for 1.0 FA3, and 0.3 CS

3. The AGO Social and Health-Olympia Division (SHO) has reviewed this bill and determined it will not increase or decrease the division's workload in representing the Health Care Authority (HCA). While HCA is a player in the health care marketplace, it appears that HCA will not have a direct role in implementing this bill. Therefore, no costs are included in this request.

4. The AGO Information Services Division (ISD) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

5. The AGO Agriculture and Health Division (AHD) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Department of Health (DOH). Section 13 of the bill would require an independent contractor to consult with DOH on the preparation of a health equity assessment for material change transactions governed by the bill. DOH would not require legal services for this work. Therefore, no costs are included in this request.

6. The AGO Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Office of the Insurance Commissioner (OIC). This bill would require the parties to a material change transaction provide 120 days advance written notice containing certain information to the AGO. A material change transaction would include health entity mergers, acquisitions, or contracting affiliations involving a carrier or insurance holding system. We assume the AGO would seek information from the OIC to implement the provisions of this bill. However, the OIC would not have any formal role in carrying out the provisions of this bill, so we do not anticipate any increase in legal services as a result. New legal services are nominal and costs are not included in this request.

7. The AGO Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Office of the Secretary of State (OSOS). Section 15 of this bill would prohibit the OSOS from accepting any forms or documents in connection with any material change transaction if the AGO disapproved of the material change transaction or if the parties to the transaction have not agreed to any conditions or modifications imposed by the AGO. Although this requirement would require the OSOS to create a process to check with the AGO upon receipt of any forms or documents relating to a material change, we do not anticipate this would result in any increase in legal services to this client. New legal services are nominal and costs are not included in this request.

AGO: Total non-King County and King County workload impact:

FY 2025: \$3,490,000 for 2.5 AAG, 0.8 MAAG, 2.1 PL1, 2.6 PL2, 0.8 Econ, 2.3 PA, 0.2 CS, 0.5 FA3, which includes direct costs of \$1,362,000

FY 2026: \$4,844,000 for 3.5 AAG, 1.0 MAAG, 2.8 PL1, 4.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, 1.0 FA3, which includes direct costs of \$1,816,000

FY 2027: \$5,128,000 for 4.0 AAG, 1.0 MAAG, 3.1 PL1, 5.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, 1.0 FA3, which includes direct costs of \$1,816,000

FY 2028: \$5,412,000 for 4.5 AAG, 1.0 MAAG, 3.3 PL1, 6.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, 1.0 FA3, which includes direct costs of \$1,816,000

FY 2029: \$5,828,000 for 5.0 AAG, 1.0 MAAG, 3.6 PL1, 7.0 PL2, 1.0 Econ, 4.0 PA, 0.3 CS, 1.0 FA3, which includes direct costs of \$1,816,000

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	1,068,000	1,068,000	0	0
001-7	General Fund	Private/Local	0	2,422,000	2,422,000	9,972,000	11,240,000
Total \$			0	3,490,000	3,490,000	9,972,000	11,240,000

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		15.1	7.6	21.6	25.9
A-Salaries and Wages		1,448,000	1,448,000	4,300,000	5,140,000
B-Employee Benefits		447,000	447,000	1,332,000	1,600,000
C-Professional Service Contracts		1,362,000	1,362,000	3,632,000	3,632,000
E-Goods and Other Services		222,000	222,000	672,000	823,000
G-Travel		11,000	11,000	36,000	45,000
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	3,490,000	3,490,000	9,972,000	11,240,000

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

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 Attorney General-Seattle			2.5	1.3	3.8	4.8
Contract Specialist 2			0.2	0.1	0.3	0.3
Economic Analyst 2			0.8	0.4	1.0	1.0
Fiscal Analyst 3			0.5	0.3	1.0	1.0
Management Analyst 5			2.3	1.2	3.1	3.4
Managing Asst Attorney			0.8	0.4	1.0	1.0
Paralegal 1-Seattle			2.1	1.1	3.0	3.5
Paralegal 2-Seattle			2.6	1.3	4.5	6.5
Paralegal 3						0.5
Policy Analyst - ADM			3.3	1.7	4.0	4.0
Total FTEs			15.1	7.6	21.6	25.9

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Financial Services (FIS)		79,000	79,000	316,000	316,000
Healthcare Unit (HCU)		3,411,000	3,411,000	9,656,000	10,924,000
Total \$		3,490,000	3,490,000	9,972,000	11,240,000

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.

New rules will be needed to establish application fees for preliminary and comprehensive material change applications per Sections 5 through 15.

Individual State Agency Fiscal Note

Bill Number: 5241 E SB	Title: Relating to material changes to the operations and governance structure of participants in the health care marketplace	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sam Brown	Phone: 786-7470	Date: 02/09/2024
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 02/14/2024
Agency Approval: Madina Cavendish	Phone: 360-725-0902	Date: 02/14/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/15/2024

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

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

HCA Fiscal Note

Bill Number: **5241 ESB**

HCA Request #: 24-151

Title: **Health Care Marketplace**

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

HCA Fiscal Note

Bill Number: **5241 ESB**

HCA Request #: 24-151

Title: **Health Care Marketplace**

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 bill seeks to revise RCW 19.390 (Health Care Market Participants) to require parties to a material change transaction, to submit additional information to the attorney general (AG) about their services and impacts on those services, including any impacts the transactions could have on reproductive health care services, end-of-life health care services and gender affirming health care services.

A "material change transaction" includes a merger, acquisition, or contracting affiliation:

(a) Between two or more of the following entities:

- (i) Hospitals;
- (ii) Hospital systems; or
- (iii) Provider organizations; or

(b) Between the following entities:

- (i) An entity described in (a) above and a carrier or an insurance holding company system, or
- (ii) An entity described in (a) above and any other person or entity that has as its primary function the provision of health care services or that is a parent organization of, has control over, or governance of, an entity that has as its primary function the provision of health care services.

This bill is cited as the "Keep Our Care Act" and is set to take effect January 1, 2025.

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.

NONE

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.

No fiscal impact.

The proposed legislation does not have a direct impact on the Health Care Authority (HCA) but does have an impact on HCA stakeholders. There are some indirect impacts in that hospitals, health care systems or provider organizations that participate in mergers, acquisitions, or contracting affiliations would have to provide additional robust information to the AG.

The proposed definition of "material change transaction" to include a merger/acquisition/contracting affiliation between hospitals, hospital systems, or provider organizations and a carrier; "carrier" would include Kaiser NW, Kaiser WA, Kaiser WA Options and Premera in their capacity as a fully insured carrier for the Public Employee Benefits (PEBB) and School Employees Benefits (SEBB) plans. This change should not cause any impacts to

HCA Fiscal Note

Bill Number: **5241 ESB**

HCA Request #: 24-151

Title: **Health Care Marketplace**

Employee and Retiree Benefits (ERB) operations within the agency, as impacts will be at the carrier level. The PEBB and SEBB carrier's contracts already require them to cover services required by state and federal laws, which includes women's reproductive health (including access to abortion), gender affirming care, and end of life services.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

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

NONE

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

NONE

HCA Fiscal Note

Bill Number: **5241 ESB**

HCA Request #: 24-151

Title: **Health Care Marketplace**

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: 5241 E SB	Title: Relating to material changes to the operations and governance structure of participants in the health care marketplace	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:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Sam Brown	Phone: 786-7470	Date: 02/09/2024
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 02/13/2024
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 02/13/2024
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.

This bill is known as the “Keep Our Care Act”. It relates to review of health care mergers and acquisitions by the Office of the Attorney General (AGO).

Section 4 of the bill sets out the types of health care mergers and acquisitions that will be reviewed. They include mergers and acquisitions between hospitals, hospital systems and provider entities, as well as transactions between hospitals, hospital systems, provider organizations and a carrier, an insurance company holding system or any entity that has as its primary function the provision of health care services.

Section 26 of the bill directs the AGO to complete a study on the impact of health care mergers and acquisitions in Washington state between health carriers and health care providers. It is due to the Legislature by January 2026.

OIC may receive inquiries from the AGO with respect to specific mergers or acquisitions involving carriers or insurer holding companies, or with respect to the study directed in section 26. Such inquiries can be handled within existing resources. No fiscal impact to the OIC.

II. B - Cash receipts Impact

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

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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