Multiple Agency Fiscal Note Summary

Bill Number: 1535 HB	**Title:** Dental insurance practices

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	26.0	0	0	6,966,600	25.4	0	0	6,768,438	25.4	0	0	6,768,438
Total $	**26.0**	**0**	**0**	**6,966,600**	**25.4**	**0**	**0**	**6,768,438**	**25.4**	**0**	**0**	**6,768,438**

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	**Phone:** (360) 742-7277	**Date Published:** Final 2/ 6/2025

FNPID 72457

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1535 HB	Title: Dental insurance practices	Agency: 107-Washington State Health Care Authority

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:	Jim Morishima	Phone: 360-786-7191	Date: 01/24/2025
Agency Preparation:	Kodi Campbell	Phone: 360-725-0000	Date: 01/28/2025
Agency Approval:	Tanya Deuel	Phone: 360-725-0908	Date: 01/28/2025
OFM Review:	Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/28/2025

Part II: Narrative Explanation

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

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

Section 2 of this bill would permit a treating dentist, in consultation with the covered person, to make all decisions on dental services provided to the covered person rather than making such decisions through contracts or agreements between the dentist and the limited health care service contractor. The limited health care service contractor may not deny coverage for services or procedures and may not modify the reimbursement rates paid to a contracting dentist during the term of the contract.

Section 6 of this bill would require an employee benefit plan or health insurance policy must provide that payment or reimbursement for a non-contracting provider dentist is no less than the payment for reimbursement for a contracting provider dentist.

Section 7 of this bill would add a new section to chapter 48.43 RCW (Insurance Reform) to require health carriers offering dental only plans to submit information required by the insurance commissioner to include current and projected dental loss ratio for dental only plans and the components of projected administrative expenses.

Section 8 (5)(a) states that if the annual dental loss ratio for a dental only plan is less than 85 percent, the carrier shall refund the excess premium to its covered individuals and covered groups.

Section 9 of this bill removes the existing formula for computing the dental loss ratio (by dividing the total amount of dental payments by the total amount of dental revenues) and instead should be calculated by dividing the total dental payments by the total revenue for the plan.

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.

The PEBB and SEBB dental programs would need to add two new sections to 48.43 RCW as well as modify a third section. This can be done during our existing rules and communications processes.

HCA Fiscal Note

Bill Number: **HB 1535** HCA Request #: 25-057 Title: **Dental Insurance Practices**

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.

Part II: Narrative Explanation

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

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

Section 2 of this bill would permit a treating dentist, in consultation with the covered person, to make all decisions on dental services provided to the covered person rather than making such decisions through contracts or agreements between the dentist and the limited health care service contractor. The limited health care service contractor may not deny coverage for services or procedures and may not modify the reimbursement rates paid to a contracting dentist during the term of the contract.

Section 6 of this bill would require an employee benefit plan or health insurance policy must provide that payment or reimbursement for a non-contracting provider dentist is no less than the payment for reimbursement for a contracting provider dentist.

Section 7 of this bill would add a new section to chapter 48.43 RCW (Insurance Reform) to require health carriers offering dental only plans to submit information required by the insurance commissioner to include current and projected dental loss ratio for dental only plans and the components of projected administrative expenses.

Section 8 (5)(a) states that if the annual dental loss ratio for a dental only plan is less than 85 percent, the carrier shall refund the excess premium to its covered individuals and covered groups.

Section 9 of this bill removes the existing formula for computing the dental loss ratio (by dividing the total amount of dental payments by the total amount of dental revenues) and instead should be calculated by dividing the total dental payments by the total revenue for the plan.

'**********'

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

Dental premiums are 100 percent employer paid for active employees in both the PEBB and SEBB Programs. All increases to premiums will be fully borne by the state and SEBB Program employers. Employer Groups (Political Subdivisions), subscribers enrolled in COBRA, early retirees, and Medicare enrollees who select a dental plan do

not receive a state contribution toward dental premiums; therefore, any change to dental premiums would impact the self-pay premium contributions paid by these members.

Section 2 of this bill would permit a treating dentist to make all decisions on dental services provided to the covered person instead of going through the health care service contractor for approval. This financial impact is **indeterminate** as there is no way to identify what additional, currently non-contracted, services or treatments a dentist may order or require. This section of the bill could have a significant impact on dental premiums.

Section 6 of this bill would require an employee benefit plan or health insurance policy to reimburse a noncontracting provider at a rate no less than a contracted provider. This is assumed to have a significant impact on dental claims and premiums, because there would be less incentive for providers to maintain or enter into network provider contracts. Contracted providers are limited to additional payments from a patient that equal the difference between the contracted allowed amount and what the plan pays. Under the bill, an out-of-network provider could charge their higher usual and customary rates for services, collect a payment from the plan as if they were a contracted provider, and then pursue additional payment from the patient up to their usual and customary billed charges.

Section 8 and 9 of this bill establishes new requirements and standards for dental loss ratio (DLR) establishing a DLR of 85 percent (85%), requiring carriers to refund the excess premium and defines what can be determined administrative fees. Current PEBB and SEBB monthly dental premiums range from $40 to $52. Because dental plan premiums are relatively low compared to the high fixed costs (infrastructure, supply costs, etc.), it is assumed that dental carriers will need to significantly raise their payment rates for services to be able to comply with an 85 percent DLR. The financial impact is **indeterminate** as we cannot measure the number of future claims and dental loss ratio per plan.

Delta Dental of Washington (the third-party administrator for the self-insured Uniform Dental Plan (UDP) and fully insured carrier for the separate DeltaCare plan offering) and fully insured carrier, Willamette Dental, offer dental plans in the PEBB and SEBB programs. Both carriers note significant impacts to internal operations and claims expenses could result in increased costs for the plan. While they are unable to quantify the potential impacts it's assumed to increase costs.

As drafted, the bill is not assumed to impact requirements on the self-insured Uniform Dental Plan (UDP) established and governed by RCW 41.05 (Health care authority), which is offered in both the PEBB and SEBB programs. However, given Delta Dental of Washington's feedback related to provider fee schedules, it is assumed that any changes to the provider fee schedule for Delta's book-of-business could result in an impact to claims liability in the UDP, thereby impacting the plan's premium. Furthermore, any changes in the underlying administration of the plan which result in impacts to administrative costs that could further impact potential future UDP premiums.

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)

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.

The PEBB and SEBB dental programs would need to add two new sections to 48.43 RCW as well as modify a third section. Additionally, we would need to request additional millions of dollars in allocation for dental coverage to account for the increase in dental fees for the employer contribution rate. The addition of new sections and modifications of existing sections of RCW 48.43 can be done during our existing rules and communications processes.

Individual State Agency Fiscal Note

Bill Number: 1535 HB	Title: Dental insurance practices	Agency: 160-Office of Insurance Commissioner

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	26.5	25.4	26.0	25.4	25.4
Account					
Insurance Commissioners Regulatory Account-State 138-1	3,582,381	3,384,219	6,966,600	6,768,438	6,768,438
Total $	3,582,381	3,384,219	6,966,600	6,768,438	6,768,438

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:	Jim Morishima	Phone: 360-786-7191	Date: 01/24/2025
Agency Preparation:	Sydney Rogalla	Phone: 360-725-7042	Date: 02/03/2025
Agency Approval:	Joyce Brake	Phone: 360-725-7041	Date: 02/03/2025
OFM Review:	Jason Brown	Phone: (360) 742-7277	Date: 02/06/2025

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 5 grants the Insurance Commissioner rulemaking authority to implement the bill.

Section 7 requires health carriers offering dental only plans to submit to the Office of the Insurance Commissioner (OIC) current and projected dental loss ratio for dental only plans.
Health carriers must file their dental-only plan rates and any changes to group rating factors that will be effective January 1st of the following year by a date determined by OIC.

Section 8 grants the Insurance Commissioner authority to disapprove any proposed plan rates that are excessive, inadequate, or unreasonable in relation to the benefits charged and any change to group rating factors that are discriminatory or not actuarially sound. If a rate or group rating factor is disapproved, the Insurance Commissioner must notify the carrier no later than 45 days before the proposed effective date of the rate or group rating factor. If its rates were disapproved, a carrier may request a hearing within 10 days of receiving the notice of disapproval.

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.

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. Distinguished between one time and ongoing functions.

Section 5 grants the Insurance Commissioner rulemaking authority to implement the bill.

Section 7 requires health carriers offering dental only plans to submit to the OIC current and projected dental loss ratio for dental only plans.
Health carriers must file their dental-only plan rates and any changes to group rating factors that will be effective January 1st of the following year by a date determined by OIC.

Section 8 grants the Insurance Commissioner authority to disapprove any proposed plan rates that are excessive, inadequate, or unreasonable in relation to the benefits charged and any change to group rating factors that are discriminatory or not actuarially sound. If a rate or group rating factor is disapproved, the Insurance Commissioner must notify the carrier no later than 45 days before the proposed effective date of the rate or group rating factor. If its rates were disapproved, a carrier may request a hearing within 10 days of receiving the notice of disapproval.

Consumer contacts related to provisions of this bill are expected to increase by 4%. The OIC assumes that average call handling will take 5.01 minutes, and inquiring as well as complaint handling will take 12 minutes per case. It is estimated that this amounts to 44.9 hours (1,246 complaints * 4% * 0.9 hours) of complaint handling, 10.9 hours [(3,251 calls * 4% * 5.01 minutes) / 60] of call handling, and 8.1 hours [(1,008 written inquiries * 4% * 12 minutes) / 60] of inquiry handling annually. Therefore, the OIC will require 63.9 hours of a Functional Program Analyst 3 starting in the year of implementation, FY2026, and thereafter.

This bill will create issues for consumers on individual dental plans with finding in-network dental providers and it is expected to create a moderate 30% increase in dental insurance related calls, written inquiries, and complaints in the first

year of implementation while consumers adjust to the new market and provider landscape. Additionally, the OIC received 171 confirmed complaints involving dental coverage in 2024. It is estimated that this amounts to 153.9 hours (171 complaints * 30% * 3 hours) of complaint handling, 81.4 hours [(3,251 calls * 30% * 5.01 minutes) / 60] of call handling, and 60.5 hours [(1,008 written inquiries * 30% * 12 minutes) / 60] of inquiry handling annually. Therefore, the OIC will require one-time costs, in FY2026, for 295.8 hours of a Functional Program Analyst 3.

The OIC expects this bill to increase its enforcement cases in the first year of implementation by 3 and then by 2 for each year thereafter. Additionally, the OIC expects this bill to increase its hearing cases in the first year of implementation by 1. The OIC assumes that the enforcement action will require an average of 40 hours per case and an average of 50 hours for a hearing. Therefore, the OIC will require one-time costs, in FY2026, for 30 hours of a Paralegal 2 as well as 100 hours of an Insurance Attorney. The OIC also requires one-time costs, in FY2026, for 20 hours of an Insurance Attorney to provide support for legal advice requests. For FY2027 and thereafter, the OIC will require 20 hours of a Paralegal 2 as well as 60 hours of an Insurance Attorney.

In 2024, 1,852 large group dental only filings were filed with the OIC. Review of each rate filing would require at least 10 hours of review time by an Actuary 3 to comply with the requirements in this bill. Additionally, it is expected to take an Actuary 3 at least 40 hours to prepare, hold, and conclude each hearing with the carrier under Section 8(4)(a)(ii) as well as the public under Section 8(4)(b)(i). Therefore, the OIC will require 41,116 hours of an Actuary 3 in FY2026 and thereafter.

This bill will require complex rulemaking in FY2026 to incorporate by reference into the OIC's annual dental only plan filing instructions to carriers.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
138-1	Insurance Commissioners Regulatory Account	State	3,582,381	3,384,219	6,966,600	6,768,438	6,768,438
		Total $	3,582,381	3,384,219	6,966,600	6,768,438	6,768,438

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	26.5	25.4	26.0	25.4	25.4
A-Salaries and Wages	2,118,048	1,996,049	4,114,097	3,992,098	3,992,098
B-Employee Benefits	747,857	711,326	1,459,183	1,422,652	1,422,652
C-Professional Service Contracts					
E-Goods and Other Services	716,476	676,844	1,393,320	1,353,688	1,353,688
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	3,582,381	3,384,219	6,966,600	6,768,438	6,768,438

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 2026	FY 2027	2025-27	2027-29	2029-31
Functional Program Analyst 3	78,468	25.6	25.4	25.5	25.4	25.4
Functional Program Analyst 4	86,712	0.2		0.1		
Insurance Attorney	95,652	0.1	0.0	0.1	0.0	0.0
Paralegal 2	78,468	0.0	0.0	0.0	0.0	0.0
Senior Policy Analyst	131,328	0.7		0.3		
Total FTEs		26.5	25.4	26.0	25.4	25.4

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

NONE.

Part V: New Rule Making Required

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

Section 5 provides OIC with rulemaking authority to implement this legislation. This bill will require complex rulemaking in FY2026 to incorporate by reference into the OIC's annual dental only plan filing instructions to carriers.