

Multiple Agency Fiscal Note Summary

Bill Number: 1507 HB	Title: Health care nondisclosure
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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
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Health	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Rayanna Evans, OFM	Phone: (360) 902-0553	Date Published: Final 2/11/2025
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Individual State Agency Fiscal Note

Bill Number: 1507 HB	Title: Health care nondisclosure	Agency: 100-Office of Attorney General
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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: John Burzynski	Phone: 360-786-7133	Date: 02/03/2025
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 02/06/2025
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 02/06/2025
OFM Review: Rayanna Evans	Phone: (360) 902-0553	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.

1. The Attorney General's Office (AGO) Agriculture & Health Division (AHD) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Department of Health (DOH). DOH may require some legal advice on the impact of this bill's provisions on its regulatory authority over health care providers. New legal services are nominal, and costs are not included in this request.

2. The AGO University of Washington Division (UOW) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the University of Washington (UW). UW clinicians in the UW practice plan and School of Medicine faculty who see patients do not bill patients or have an available mechanism to enter a financial arrangement with their patients. Should a clinician violate the new law, if enacted, they would not be acting within the scope of their professional duties and UOW does not represent UW clinicians in their individual capacity. If such a violation occurred, it is possible UOW would be contacted and need to explain its role and that it cannot represent or indemnify them. New legal services are nominal, and costs are not included in this request.

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.

Individual State Agency Fiscal Note

Bill Number: 1507 HB	Title: Health care nondisclosure	Agency: 303-Department of Health
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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: John Burzynski	Phone: 360-786-7133	Date: 02/03/2025
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 02/04/2025
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 02/04/2025
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/04/2025

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.

This Bill amends RCW 4.24 (Special Rights of Action and Special Immunities) to prohibit health care providers from including or enforcing nondisclosure or nondisparagement agreements that prevent patients from speaking about any act, error, or omission by a health care provider related to medical malpractice, a tort, or a crime. Providers must also retroactively notify patients of any past agreements with the now prohibited provisions, agreements will now be void and unenforceable. The department of health estimates that there will be minimal complaints regarding this new violation, therefore no fiscal impact.

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.

Individual State Agency Fiscal Note

Bill Number: 1507 HB	Title: Health care nondisclosure	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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: John Burzynski	Phone: 360-786-7133	Date: 02/03/2025
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 02/06/2025
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 02/06/2025
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/11/2025

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.

House Bill 1507 limits the use of nondisclosure and nondisparagement agreements between patients and providers in health care settings. It specifies the types of nondisclosure and nondisparagement agreements that are prohibited and voids prohibited agreements that are currently in effect. It also clarifies what types of agreements are allowed, sets allowable penalties for violations of the measure, and requires health care providers to notify patients if provisions of current agreements are no longer enforceable.

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.

HB 1507 will have an indeterminate, but likely significant fiscal impact on the University of Washington (UW). Nondisclosure and nondisparagement agreements often aid in the early resolution of health care related litigation. These agreements, which must be approved by both the patient and individual provider, can bring closure and create finality in many cases. Without this incentive to reach settlement, cases will likely take longer to resolve and go to trial more often. This delays resolution for the parties and creates additional fiscal impacts associated with attorney's fees and unanticipated trial outcomes.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1507 HB

Title: Health care nondisclosure

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts: Public Hospital Districts (PHD)
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: The one-time cost for health care providers to give written notice to patients who previously entered into agreements that contain prohibited provisions.
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The potential increase in malpractice suits and legal expenditures

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Brandon Rountree	Phone: (360) 999-7103	Date: 02/10/2025
Leg. Committee Contact: John Burzynski	Phone: 360-786-7133	Date: 02/03/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/10/2025
OFM Review: Rayanna Evans	Phone: (360) 902-0553	Date: 02/11/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

Overview: This bill would prohibit certain nondisclosure and nondisparagement agreements that limit the disclosure of acts, errors, or omissions by a health care provider that a patient reasonably believes to constitute medical malpractice, or a tort or crime. Applies restrictions retroactively to invalidate prohibited provisions in agreements entered into before the bill's effective date. Provides a civil cause of action against health care providers for violations.

Sec. 1 (Adds New Section to RCW 4.24)

Subsection (1) (a) would make any agreement between a healthcare provider and a patient that prevents disclosing or discussing acts, errors, or omissions that may constitute medical malpractice, or the existence of a settlement related to it, is void and unenforceable under Washington state law. This includes any provision that limits the patient's ability to address potential torts or crimes.

Subsection (1) (b) would prohibit any nondisclosure and nondisparagement provisions that prevent discussing any act, error, or omission by a healthcare provider during care, regardless of whether it happens on or off the provider's premises.

Subsection (1) (c) would prohibit any nondisclosure and nondisparagement provisions that block discussion of any healthcare provider's act, error, or omission during care, whether on or off their premises.

Subsection (2) would ensure this section would not prohibit the enforcement of a provision in any agreement that prohibits the disclosure of the amount of paid in settlement of a legal claim.

Subsection (3) establishes that health care providers would be in violation of this section if they ask a patient to agree to or enter into an agreement containing prohibited agreement provisions.

Subsection (4) establishes that health care providers would be in violation of this section if they try to enforce a prohibited agreement provision, whether through a lawsuit, threats, or other attempts to influence compliance.

Subsection (5) would not prevent a healthcare provider and patient from agreeing to protect confidential information that is unrelated to allegations of medical malpractice, torts, or crimes.

Subsection (6) would establish that a healthcare provider who violates this section is liable for civil damages of at least \$10,000, plus reasonable attorneys' fees and costs.

Subsection (7) would establish that a nondisclosure and nondisparagement provision in any agreement between a patient who is a Washington resident and their health care provider is governed by Washington law.

Subsection (8) would establish that the provision under this section are to be liberally construed to fulfill its remedial purpose.

Subsection (9) would require within one year of this section's effective date, healthcare providers must notify patients, their legal counsel, and others bound by the agreement about the act and identify any provisions that are no longer enforceable.

Subsection (10) would make this section retroactive to invalidate nondisclosure or nondisparagement provisions in agreements made before its effective date, allowing for the recovery of damages to prevent enforcement, but not for damages based on the existence of such provisions.

Subsection (11) would outline the definitions that apply throughout this section.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would have an indeterminate impact on public hospital district (PHD) expenditures.

The expenditure impact of this bill is indeterminate because the two major expenditure impacts are unknown:

- the potential increase in malpractice suits and legal expenditures; and
- the one-time cost for health care providers to give written notice to patients who previously entered into agreements that contain prohibited provisions.

The University of Washington (UW) Fiscal Note on this bill reported that the expenditure impact would have an indeterminate, likely significant fiscal impact on their health care providers. The UW note projects the impact of this bill to make reaching a settlement between the patient and individual provider more difficult. The UW often uses nondisclosure and nondisparagement agreements to aid in the early resolution of health care related litigation. However, UW believes that his bill would likely cause cases to take longer to resolve and go to trial more often, which could delay resolution between the parties and increase legal expenditures related to attorney fees and unanticipated trial outcomes.

The analysis of this bill is based on the House Bill Report for HB 1507 and the UW Fiscal Note for HB 1507. The Local Government Fiscal Note Program assumes that other entities could experience similar impacts to those identifies in the UW note. This assumption of other entities experiencing similar impacts to UW does not yet include input from the Washington State Hospital Association (WSHA), but it is important to note that the UW currently operates Valley Medical Center, which is a part of King County Public Hospital District No. 1.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would have no impact on public hospital district revenue.

SOURCES:

House Bill Report, HB 1507, Civil Rights & Judiciary Committee
University of Washington Fiscal Note, HB 1507 (2025)