Multiple Agency Fiscal Note Summary

Bill Number: 5262 SB	**Title:** Insurance statutes

Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total $	0	0	0	0	0	0	0	0	0

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	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Insurance Commissioner	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

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:** Revised 2/ 6/2025

FNPID 72523

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5262 SB	Title: Insurance statutes	Agency: 107-Washington State Health Care Authority

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

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

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 Kim	Phone: 360-786-7453	Date: 01/22/2025
Agency Preparation:	Sara Whitley	Phone: 360-725-0944	Date: 02/05/2025
Agency Approval:	Tanya Deuel	Phone: 360-725-0908	Date: 02/05/2025
OFM Review:	Marcus Ehrlander	Phone: (360) 489-4327	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.

HCA - See attached narrative.

HBE - See attached narrative.

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.

HCA - See attached narrative.

HBE - See attached narrative.

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.

HCA - See attached narrative.

HBE - See attached narrative.

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

HCA - See attached narrative.

HBE - See attached narrative.

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: **SB 5262** HCA Request #: 25-070 Title: **Insurance Statutes**

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate, but greater than $50,000.

Estimated Operating Expenditures from:

Indeterminate, but greater than $50,000.

Estimated Capital Budget Impact:

None

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

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Part II: Narrative Explanation

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

This legislation amends a variety of statues by correcting or removing erroneous references currently administered by the Office of the Insurance Commissioner (OIC). One section could result in a fiscal impact for HCA's self-insured plan offering, the Uniform Medical Plan (UMP).

Section 11 amends RCW 48.43.135 (Hearing Instruments – Coverage) and requires plans renewed on or after January 1, 2026 provide coverage for hearing instruments every 36 months, per ear with hearing loss, and not establish any lifetime or annual limit on the dollar amount of coverage; these requirements are in place whether a hearing instrument is provided in or out-of-network. Prior authorization (PA) or other utilization management (UM) protocols are permissible in approving coverage or medically necessary hearing instruments.

II. B - Cash Receipts Impact

Indeterminate cash receipts impact.

Given the fiscal analysis detailed below, and all associated assumptions, HCA estimates that this bill could result in claims increases in the state's self-insured Uniform Medical Plan (UMP), resulting in an impact to future UMP bid rates and the state's contribution toward medical benefits for employees under the PEBB and SEBB programs (Employer Medical Contribution, or EMC). Any increase in expenditures are assumed to require a parallel increase in revenue via future PEBB and SEBB funding rates. See narrative below.

II. C – Expenditures

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

Indeterminate expenditure impact.

This legislation amends a variety of statues by correcting or removing erroneous references currently administered by the Office of the Insurance Commissioner (OIC). Section 11 amends RCW 48.43.135 (Hearing Instruments – Coverage) to align with Federal requirements related to essential health benefits (EHBs) and requires coverage for hearing aids without annual or lifetime limits on the dollar amount of coverage. Coverage for hearing instruments is currently established as a benefit limit of $3,000 per ear every 36 months in the State's self-insured plan offering, the Uniform Medical Plan (UMP). HCA assumes this amendment to current coverage requirements for hearing instruments could result in an increase in claims liability for the Uniform Medical Plan (UMP), leading to downstream increases in state expenditure via the Employer Medical Contribution (EMC).

The UMP is the state's self-insured health plan, governed under RCW 41.05 (State health care authority). The UMP medical benefit, and all associated provider and facility contracting for the UMP, is administered by Regence; HCA assumes any changes to Regence's book-of-business policies for hearing aid networks and allowed amounts resulting from this bill will also apply to UMP. Prior to implementation of UMP's current $3,000 per ear benefit limits, effective 1/1/2024 (HB 1222, 2023-24 legislative session), UMP was required to provide coverage for hearing instruments every five years (SB 5179, 2017-18 legislative session). Benefit design in UMP was updated as of January 1, 2021 and an unlimited hearing instrument benefit was implemented due to

concerns regarding insufficient in-network access and UMP's third party administrator's inability to establish a specific UMP allowed amount that would attract additional in-network providers. During the 2021 plan year, UMP observed a nearly 300 percent (300%) increase in hearing instrument utilization, likely driven by pent-up demand, and observed unit cost increases ranging from approximately $6,000 per claim on average to as high as approximately $17,000 per claim; the majority of hearing aid utilization in UMP is claims for two hearing aids (both ears). This trend in high plan paid amounts continued in plan years 2022 and 2023.

Section 11 requires removal of annual or lifetime benefit limits as of January 1, 2026, but does allow for prior authorization (PA) or utilization management protocols to be in place for medical necessity determinations; UMP currently has a $3,000 per ear benefit limit for hearing instruments. It is unknown if Regence will establish an adequate network of hearing aid providers, and what the assumed allowed amount for hearing aid devices will be as of January 1, 2026. Therefore, if an allowed amount cannot be in place for the 2026 plan year, HCA assumes UMP cost liability could increase to levels previously observed following implementation of SB 5179 in January of 2021. The following impacts to UMP claims liability assume no significant changes to the number of members utilizing the hearing aid benefit, but do account for potential increases in the plan paid amounts for hearing aid hardware, as observed in prior periods (plan years 2021 – 2023):

- PEBB non-Medicare claims liability could increase by as much as approximately $7,000,000 per year.
- SEBB claims liability could increase by as much as approximately $3,500,000 per year.

As plan cost liability increases in the UMP benchmark plans (UMP Classic in PEBB and UMP Achieve 2 in SEBB), the state's contribution toward *all* employee medical premiums across all plans is also expected to increase. While the Employer Medical Contribution (EMC) is benchmarked off the UMP projected costs, it is applied to PEBB and SEBB member plan premiums across the non-Medicare portfolio resulting in an expenditure that is calculated using total population membership. Based on the assumed range of possible non-Medicare plan liability increases in UMP, it is assumed the EMC could increase by as much as approximately:

- PEBB EMC state expenditure modeled increase: $8,034,000 per year.
- SEBB EMC state expenditure modeled increase: $9,818,000 per year.

Medicare population impacts:

As drafted, HCA assumes this legislation does not impact the self-insured Uniform Medical Plan (UMP) offered to PEBB Medicare Retirees, governed under RCW 41.05 (State Health Care Authority). During the 2023 Board season, the PEB Board approved a resolution to align UMP hearing aid coverage with new state law applied to plans governed under RCW 48.43 (HB 1222, 2023-24 Legislative Session). Resolution 2023-03 (authorized June 8th, 2023) required hearing instruments in all UMP plans be covered up to $3,000 per ear with hearing loss, at least every 36 months, without member cost share. HCA assumes no change to current coverage of hearing aids in the self-insured UMP Medicare plan offering; it is unknown if UMP's third-party administrator will require additional administrative fees to operationalize a Medicare benefit limit that deviates from that in place for non-Medicare plan members. The resulting adjustment to hearing aid coverage policies following Board resolution in 2023 was a reduction in monthly UMP Medicare retiree premiums of approximately $10 per member per month (PMPM) over the 2024 and 2025 plan years. UMP Classic Medicare currently receives the full value of the Medicare explicit subsidy (the state's contribution toward retiree premiums). Any increases, or decreases, in UMP Classic Medicare plan claims liability will result in parallel increases or decreases that are fully borne by retirees.

State laws (except as it relates to initial licensing and solvency) are pre-empted by Federal laws for Medicare Advantage (MA) and Part D offerings provided by a Medicare Advantage Organization. Coverage-related State

laws are preempted under Federal statutes and CMS regulations and therefore do not apply to federally regulated plans (42 U.S.C. § 1395w-26(b)(3); 42 U.S.C. § 1395w-112(g); 42 CFR 422.402; 42 CFR 423.440). Therefore, for PEBB Medicare advantage (MA) and Medicare Advantage plus Part D (MA-PD) plans there are no assumed premium impacts.

Assumptions:

- Cost estimates use average utilization and UMP total paid for coverage years where the hearing aid benefit was unlimited (plan years 2022 and 2023), and assumes a return to similar volume should an allowed amount not be in place as of January 1, 2026.
- Given membership movement out of UMP Classic Medicare, any increase in claims liability will be spread over a smaller population. This could result in larger per member per month (PMPM) premium increases than previously observed.
- Cost estimates assume Regence is not able to establish an allowed amount for services prior to implementation of this state mandate; if Regence does establish an allowed amount, all cost estimates are no longer valid.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail:

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:

NONE

IV. D - Capital FTE Detail:

NONE

Part V: New Rule Making Required

NONE

HBE Fiscal Note

Bill Number: 5262 SB (1505 HB) HBE Request #: 25-13-01

Part II: Narrative Explanation

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

Health plans issued or renewed after January 1, 2026 shall include coverage shall provide coverage for hearing instruments with a minimum $3,000 benefit per ear every 36 months and no annual or lifetime maximums. A health carrier may require prior authorization or adopt other appropriate utilization controls in approving coverage for medically necessary hearing instruments

II. B - Cash Receipts Impact

Indeterminate. New mandated benefits typically increase premiums, but the expected premium increase amount attributable to just this new benefit is unknown at this time.

II. C - Expenditures

No fiscal impact, changes that require inclusion of this health care benefit in qualified health plans offered in the Exchange marketplace are not expected to require significant operational or Healthplanfinder system changes.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5262 SB	Title: Insurance statutes	Agency: 160-Office of Insurance Commissioner

Part I: Estimates

[X] **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:

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[ ] 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 Kim	Phone: 360-786-7453	Date: 01/22/2025
Agency Preparation:	Dory Nicpon	Phone: 360-725-7261	Date: 01/27/2025
Agency Approval:	Tom Zuvela	Phone: (800) 562-6900	Date: 01/27/2025
OFM Review:	Jason Brown	Phone: (360) 742-7277	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.

This bill corrects obsolete or erroneous references in the Office of the Insurance Commissioner's (OIC's) statutes. Any OIC efforts that result from this bill could be easily absorbed within the OIC's existing resources.

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.

NONE.

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

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.