

Multiple Agency Fiscal Note Summary

Bill Number: 2786 HB	Title: Patient safety practices
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Estimated Cash Receipts

Agency Name	2003-05		2005-07		2007-09	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Health	0	129,501	0	935,320	0	935,320
Total \$	0	129,501	0	935,320	0	935,320

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2003-05			2005-07			2007-09		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Administrator for the Courts	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Health	.1	0	18,000	.9	0	997,000	.8	0	986,000
Total	0.1	\$0	\$18,000	0.9	\$0	\$997,000	0.8	\$0	\$986,000

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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Prepared by: Elise Greef, OFM	Phone: 360-902-0539	Date Published: Final 1/26/2004
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Judicial Impact Fiscal Note

Bill Number: 2786 HB	Title: Patient safety practices	Agency: 055-Office of Administrator for Courts
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Part I: Estimates

No Fiscal Impact

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 01/20/2004
Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 01/21/2004
Agency Approval: Janet McLane	Phone: (360) 705-5305	Date: 01/22/2004
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 01/23/2004

Part II: Narrative Explanation

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

This bill provides for the sharing of information regarding complaints and incident reports between coordinated quality improvement committees or boards. This information would not be part of the discovery process. Any person or entity participating in a coordinated quality improvement program sharing information with another program would not be subject to an action for civil damages. This bill would have no impact on the Washington courts.

II. B - Cash Receipts Impact

II. C - Expenditures

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 2786 HB	Title: Patient safety practices	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
Fund					
Total \$					

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: Chris Blake	Phone: 360-786-7392	Date: 01/20/2004
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 01/21/2004
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 01/21/2004
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 01/21/2004

Part II: Narrative Explanation

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

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

HB 2786 creates the patient safety account. Earnings from investments will be credited to the General Fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence differing earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2003 Revenue Forecast, the net rate for estimating earnings for FY 04 is 0.70%, FY 05 is 1.05%, FY 06 is 1.80%, and FY 07 is 2.25%. Approximately \$7,000 in FY 04 and \$10,500 in FY 05 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There will be a minor impact on the Debt Service Limitation calculation. Any increase to the earnings credited to the General Fund will increase, by an equal amount, General State Revenues.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

HB 2786 creates the patient safety account. Earnings from investments will be credited to the General Fund.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2786 HB	Title: Patient safety practices	Agency: 303-Department of Health
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2004	FY 2005	2003-05	2005-07	2007-09
PATIENT SAFETY-State NEW-1		129,501	129,501	935,320	935,320
Total \$		129,501	129,501	935,320	935,320

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	0.0	0.2	0.1	0.9	0.8
Fund					
Patient Safety-State NEW-1	0	18,000	18,000	997,000	986,000
Total \$	0	18,000	18,000	997,000	986,000

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: Chris Blake	Phone: 360-786-7392	Date: 01/20/2004
Agency Preparation: Danny Howard	Phone: (360) 236-4625	Date: 01/21/2004
Agency Approval: Terry Davis	Phone: 360-236-4530	Date: 01/26/2004
OFM Review: Elise Greef	Phone: 360-902-0539	Date: 01/26/2004

Part II: Narrative Explanation

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

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

This bill requires the Department of Health (DOH) to fund patient safety strategies through grants and loans, in the state of Washington, that would help reduce medical errors and thereby potentially reducing the need for disciplinary actions against licensed health care professionals and facilities. This would be done by setting up a new Patient Safety Fund and charging an additional \$2 fee from licensed health care providers and charging an additional \$2 per bed in hospital facilities. Fees would also be generated by charging 1% of all settlements or verdicts for damages based on injuries resulting from health care injuries.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Part II, Section 203:

Requires DOH to charge an additional two-dollar fee to health care professionals and each hospital bed. For the purpose of this fiscal note, DOH is assuming the additional fee would begin in FY05.

Part II, Section 204:

Requires DOH to charge 1% of the present value of the settlement or verdict in any action for damages, based upon injuries resulting from health care, shall be deducted from the settlement as a patient safety fee and transmitted to the Secretary of the Department of Health for deposit into the new patient safety account. For fiscal note purposes, it is estimated that this revenue source will generate \$250,000 per year starting in FY06 and would continue at the same level in outgoing years.

Part II, Section 207:

Monies generated by the increased fees collected would be deposited into a new Patient Safety Account. This account would be created in the custody of the State Treasurer and would be ongoing.

Health Systems Quality Assurance (HPQA):

Revenue is based on the licensee count as of July 2003. This number may increase or decrease, but for the purpose of this fiscal note HPQA is assuming the number of licensees to remain at the July 2003 level for the ensuing biennia. It is assumed that the fees will be increased starting in January 2005, therefore HPQA only shows half of the total revenue for FY05. (See attached revenue worksheet)

Facility & Services Licensing (FSL):

Revenue is based on the hospital bed counts as of December 2003. For the purpose of this fiscal note FSL is assuming the number of hospital beds will remain at the December 2003 level for the ensuing biennia. It is assumed that the fees will be increased starting in December 2004. (See attached revenue worksheet)

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part II, Section 205:

This bill requires DOH to distribute funds using grants, loans or other arrangements to support proven strategies that reduce medical errors and enhance patient safety. DOH must also seek input from health care providers engaged in direct patient care activities, health care facilities and other interested parties. The criteria for the awards must be based primarily

on evidence-based practices that have been identified and recommended by governmental and private organizations. The awards must also meet at least two goals and recommendations of the federal institute of medicine's report, "Keeping Patients Safe: Transforming the Work Environment of Nurses". The department will require a .50 FTE for a Health Services Consultant 4 (HSC4) and a .20 FTE Secretary Administrative to support the HSC4 to develop and oversee this program. The development of this program will not start until FY06 due to availability of revenue to support the administration of the program.

Awards will be made starting in FY06 and are estimated to be \$429,600 and would continue at the same level in outgoing years.

HPQA

Part II, Sections 203-204:

For the purposes of this fiscal note the following assumptions are being made:

ONE-TIME COSTS:

There would be one-time costs in FY05 for rules and computer system changes. HPQA would do exception rules so there would be minimal costs there, other than mailings to interested parties. There would be no mass mailing to all licensee affected since this is a minimal amount of money that would be added to their current fees. Notification and explanation of the new fee would be included on the renewal notice the licensee currently receives. HPQA is estimating computer staff time would be needed to modify the rates, redo the renewal notices, and produce labels. Costs would include staff time, printing and postage. FTEs required would be .05 FTE Information Technology Systems Specialist 4 and .04 FTE Office Assistant Senior.

One-time costs in FY05 and FY06 would be for an Office Assistant Senior to manually handle renewals that send in the wrong amount (estimated at 3%), which would involve a letter and processing of the re-submittal of the correct fee. Since most licensees renew on their birthdays, this function would be for a year period, from January 2005 through December 2005. There would also be additional work required to process renewals at different rates for a short period of time during FY05. Costs include staff time, additional printing and postage. FTEs required in FY05 would be .05 FTE Information Technology Systems Specialist 4 and .10 FTE Office Assistant Senior, and for FY06 would be .10 FTE Office Assistant Senior.

FSL

Part II, Sections 203-204:

One-time costs in FY05 to would be to implement this legislation. FSL would follow the exception rule process; costs would include printing and postage for mailings to notify 99 hospitals and a few stakeholders about the fee increase.

Increased administrative workload with this legislation will require additional staff starting in FY06. The increased staff will include a .10 FTE Grants Management Analyst 2 and would be ongoing.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years		0.24	0.1	0.9	0.8
A-Salaries & Wages		10,000	10,000	81,000	78,000
B-Employee Benefits		2,000	2,000	19,000	18,000
C-Personal Serv Contr					
E-Goods and Services		6,000	6,000	35,000	28,000
G-Travel					
J-Capital Outlays					
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services				860,000	860,000
P-Debt Service					
S-Interagency Reimbursement					
T-Intra-Agency Reimbursement				2,000	2,000
Total:	\$0	\$18,000	\$18,000	\$997,000	\$986,000

III. B - 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 2004	FY 2005	2003-05	2005-07	2007-09
Grants Management Analyst 2	46,992				0.1	0.1
Health Svs Consultant 4	53,856				0.5	0.5
Info Tech Sys Specialist 4	57,252		0.1	0.1		
Office Assistant Senior	29,616		0.1	0.1	0.1	
Secretary Administrative	35,808				0.2	0.2
Total FTE's			0.2	0.1	0.9	0.8

III. C - Expenditures By Program (optional)

Program	FY 2004	FY 2005	2003-05	2005-07	2007-09
Hlth Systems Quality Assurance (060)		16,000	16,000	973,000	964,000
Administration (090)		2,000	2,000	24,000	22,000
Total \$		18,000	18,000	997,000	986,000

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

HPQA

Part II, Section 203:

Rules would need to be completed during FY05 in order to increase licensing fees by the additional \$2 fee.

FSL

Part II, Section 203:

Rules would need to be amended by the expedited process to include the additional \$2 fee on the acute care and psychiatric hospital fee schedules.

DOH PATIENT SAFETY REVENUE CALCULATIONS

HB 2786 (FN04-045)

	RENEWAL	ANNUAL # OF		FY05	FY06	FY07	FY08	FY09
HPQA PROFESSIONS	CYCLE	LICENSEES	FEE	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
ARNP	2 year	1,706	\$2	\$1,706	\$0	\$3,412	\$0	\$3,412
Chiropractors	1 year	2,320	\$2	\$2,320	\$4,640	\$4,640	\$4,640	\$4,640
Dentists	1 year	5,585	\$2	\$5,585	\$11,170	\$11,170	\$11,170	\$11,170
Midwives	1 year	97	\$2	\$97	\$194	\$194	\$194	\$194
Naturopaths	1 year	577	\$2	\$577	\$1,154	\$1,154	\$1,154	\$1,154
Nursing Home Administrators	1 year	552	\$2	\$552	\$1,104	\$1,104	\$1,104	\$1,104
Optometrists	1 year	1,436	\$2	\$1,436	\$2,872	\$2,872	\$2,872	\$2,872
Osteopathic Physicians	1 year	771	\$2	\$771	\$1,542	\$1,542	\$1,542	\$1,542
Osteopathic Physicians Assistants	1 year	42	\$2	\$42	\$84	\$84	\$84	\$84
Pharmacies	1 year	2,498	\$2	\$2,498	\$4,996	\$4,996	\$4,996	\$4,996
Pharmacists	1 year	7,016	\$2	\$7,016	\$14,032	\$14,032	\$14,032	\$14,032
Physicians	2 year	10,456	\$2	\$10,456	\$0	\$20,911	\$0	\$20,911
Physicians Assistants	2 year	803	\$2	\$803	\$0	\$1,605	\$0	\$1,605
Podiatrists	1 year	312	\$2	\$312	\$624	\$624	\$624	\$624
Psychologists	1 year	1,706	\$2	\$1,706	\$3,412	\$3,412	\$3,412	\$3,412
Registered Nurses	1 year	65,247	\$2	\$65,247	\$130,494	\$130,494	\$130,494	\$130,494
SUB TOTAL		101,123		\$101,123	\$176,318	\$202,246	\$176,318	\$202,246
FSL HOSPITALS	CYCLE	# of Beds	FEE	FY05	FY06	FY07	FY08	FY09
Acute Care Hospital	1 year	13,876	\$2	\$27,752	\$27,752	\$27,752	\$27,752	\$27,752
Psychiatric Hospital	1 year	313	\$2	\$626	\$626	\$626	\$626	\$626
SUB TOTAL		14,189		\$28,378	\$28,378	\$28,378	\$28,378	\$28,378
TOTAL REVENUE				\$129,501	\$204,696	\$230,624	\$204,696	\$230,624