
HOUSE BILL 2449

State of Washington

68th Legislature

2024 Regular Session

By Representatives Hutchins, Corry, and Schmick

1 AN ACT Relating to increasing access to health care by dedicating
2 a percentage of the cannabis tax revenue to medicaid rate increases
3 for professional health care services; amending RCW 69.50.540;
4 reenacting and amending RCW 43.84.092, 43.84.092, and 43.84.092;
5 adding a new chapter to Title 74 RCW; providing effective dates; and
6 providing expiration dates.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** The definitions in this section apply
9 throughout this chapter unless the context clearly requires
10 otherwise.

11 (1) "Inflation factor" means an index published in the federal
12 register used in the calculation of changes to determine allowed
13 charges for physician services that is known as the medicare economic
14 index.

15 (2) "Medicaid managed care organization" means a managed health
16 care system under contract with the state of Washington to provide
17 services to medicaid enrollees under RCW 74.09.522.

18 NEW SECTION. **Sec. 2.** The professional health care services rate
19 enhancement account is created in the state treasury. All receipts
20 from RCW 69.50.540(3)(d) must be deposited into the account as well

1 as any amounts expended from the account that are later recouped by
2 the health care authority through audit or otherwise must be returned
3 to the account. Moneys in the account may be spent only after
4 appropriation as provided in this chapter. Expenditures from the
5 account may be used only for medicaid professional service rates in
6 accordance with this chapter as follows: To make payments to health
7 care providers and managed care organizations as specified in this
8 chapter; and to medicaid managed care organizations for funding the
9 nonfederal share of increased capitation payments.

10 NEW SECTION. **Sec. 3.** (1) The expenditures made after
11 appropriation under section 2 of this act are conditioned upon the
12 continued availability of other funds sufficient to maintain
13 professional services payment rates covered by medicaid, including
14 fee-for-service and managed care, effective January 1, 2026, but no
15 less than the corresponding medicare rates for those services on
16 October 1, 2023. Rates for subsequent years shall be annually
17 adjusted based on the inflation factor.

18 (2) The health care authority may adopt rules to determine the
19 professional services included under this chapter. Rules must be
20 adopted by July 1, 2025, and must include all covered professional
21 services that are delivered by physicians, physician assistants, and
22 advanced registered nurse practitioners.

23 NEW SECTION. **Sec. 4.** (1) Beginning on the later of January 1,
24 2026, or 30 calendar days after satisfaction of the conditions in
25 section 5 of this act and subsection (2) of this section, and for
26 each subsequent calendar year so long as none of the conditions
27 stated in section 5 of this act have occurred, the authority shall
28 make quarterly payments to medicaid managed care organizations as
29 specified in this section and in a manner consistent with federal
30 contracting requirements. The authority shall direct payments from
31 managed care organizations to health care providers.

32 (2) Before making payments under this section, the authority
33 shall modify its contracts with managed care organizations or
34 otherwise require:

35 (a) Payment of the entire amount payable to health care providers
36 as directed by the authority under subsection (3) of this section,
37 less an allowance for premium taxes the organization is required to
38 pay under Title 48 RCW and for funding the nonfederal share of

1 increased capitation payments based on their projected assessment
2 under this chapter;

3 (b) That payments to health care providers be made as part of the
4 contracted reimbursement process;

5 (c) That any delegation or attempted delegation of an
6 organization's obligations under agreements with the authority does
7 not relieve the organization of its obligations under this section
8 and related contract provisions; and

9 (d) That if funds cannot be paid to health care providers, the
10 managed care organization shall return the funds to the health care
11 authority, which shall return them to the professional health care
12 services rate enhancement account.

13 (3) If federal restrictions prevent the full amount of payments
14 under this section from being delivered to any class or classes of
15 health care provider, the health care authority, in consultation with
16 the Washington state medical association, will alter payment rates
17 for medicaid professional services.

18 (4) If a managed care organization is legally obligated to repay
19 the state or federal government amounts distributed to health care
20 providers under this section, it may recoup the amount it is
21 obligated to repay from individual health care providers under the
22 medicaid program by not more than the amount of overpayment each
23 health care provider received from that managed care organization.

24 (5) No health care provider, health carrier, or managed care
25 organization may use the payments under this section to gain
26 advantage in negotiations.

27 NEW SECTION. **Sec. 5.** The assessment, collection, and
28 disbursement of funds under this chapter shall be conditional upon:

29 (1) Final approval by the centers for medicare and medicaid
30 services in order to implement the applicable sections of this
31 chapter including, if necessary, waiver of the broad-based or
32 uniformity requirements as specified under section 1903(w)(3)(E) of
33 the federal social security act and 42 C.F.R. 433.68(e);

34 (2) To the extent necessary, amendment of contracts between the
35 authority and managed care organizations in order to implement this
36 chapter; and

37 (3) Certification by the office of financial management that
38 appropriations have been adopted that fully support the rates
39 established in this chapter for the upcoming calendar year.

1 **Sec. 6.** RCW 43.84.092 and 2023 c 435 s 13, 2023 c 431 s 9, 2023
2 c 389 s 9, 2023 c 377 s 6, 2023 c 340 s 9, 2023 c 110 s 2, 2023 c 73
3 s 9, and 2023 c 41 s 3 are each reenacted and amended to read as
4 follows:

5 (1) All earnings of investments of surplus balances in the state
6 treasury shall be deposited to the treasury income account, which
7 account is hereby established in the state treasury.

8 (2) The treasury income account shall be utilized to pay or
9 receive funds associated with federal programs as required by the
10 federal cash management improvement act of 1990. The treasury income
11 account is subject in all respects to chapter 43.88 RCW, but no
12 appropriation is required for refunds or allocations of interest
13 earnings required by the cash management improvement act. Refunds of
14 interest to the federal treasury required under the cash management
15 improvement act fall under RCW 43.88.180 and shall not require
16 appropriation. The office of financial management shall determine the
17 amounts due to or from the federal government pursuant to the cash
18 management improvement act. The office of financial management may
19 direct transfers of funds between accounts as deemed necessary to
20 implement the provisions of the cash management improvement act, and
21 this subsection. Refunds or allocations shall occur prior to the
22 distributions of earnings set forth in subsection (4) of this
23 section.

24 (3) Except for the provisions of RCW 43.84.160, the treasury
25 income account may be utilized for the payment of purchased banking
26 services on behalf of treasury funds including, but not limited to,
27 depository, safekeeping, and disbursement functions for the state
28 treasury and affected state agencies. The treasury income account is
29 subject in all respects to chapter 43.88 RCW, but no appropriation is
30 required for payments to financial institutions. Payments shall occur
31 prior to distribution of earnings set forth in subsection (4) of this
32 section.

33 (4) Monthly, the state treasurer shall distribute the earnings
34 credited to the treasury income account. The state treasurer shall
35 credit the general fund with all the earnings credited to the
36 treasury income account except:

37 (a) The following accounts and funds shall receive their
38 proportionate share of earnings based upon each account's and fund's
39 average daily balance for the period: The abandoned recreational
40 vehicle disposal account, the aeronautics account, the Alaskan Way

1 viaduct replacement project account, the ambulance transport fund,
2 the brownfield redevelopment trust fund account, the budget
3 stabilization account, the capital vessel replacement account, the
4 capitol building construction account, the Central Washington
5 University capital projects account, the charitable, educational,
6 penal and reformatory institutions account, the Chehalis basin
7 account, the Chehalis basin taxable account, the cleanup settlement
8 account, the climate active transportation account, the climate
9 transit programs account, the Columbia river basin water supply
10 development account, the Columbia river basin taxable bond water
11 supply development account, the Columbia river basin water supply
12 revenue recovery account, the common school construction fund, the
13 community forest trust account, the connecting Washington account,
14 the county arterial preservation account, the county criminal justice
15 assistance account, the covenant homeownership account, the deferred
16 compensation administrative account, the deferred compensation
17 principal account, the department of licensing services account, the
18 department of retirement systems expense account, the developmental
19 disabilities community services account, the diesel idle reduction
20 account, the opioid abatement settlement account, the drinking water
21 assistance account, the administrative subaccount of the drinking
22 water assistance account, the early learning facilities development
23 account, the early learning facilities revolving account, the Eastern
24 Washington University capital projects account, the education
25 construction fund, the education legacy trust account, the election
26 account, the electric vehicle account, the energy freedom account,
27 the energy recovery act account, the essential rail assistance
28 account, The Evergreen State College capital projects account, the
29 fair start for kids account, the ferry bond retirement fund, the
30 fish, wildlife, and conservation account, the freight mobility
31 investment account, the freight mobility multimodal account, the
32 grade crossing protective fund, the higher education retirement plan
33 supplemental benefit fund, the Washington student loan account, the
34 highway bond retirement fund, the highway infrastructure account, the
35 highway safety fund, the hospital safety net assessment fund, the
36 Interstate 5 bridge replacement project account, the Interstate 405
37 and state route number 167 express toll lanes account, the judges'
38 retirement account, the judicial retirement administrative account,
39 the judicial retirement principal account, the limited fish and
40 wildlife account, the local leasehold excise tax account, the local

1 real estate excise tax account, the local sales and use tax account,
2 the marine resources stewardship trust account, the medical aid
3 account, the money-purchase retirement savings administrative
4 account, the money-purchase retirement savings principal account, the
5 motor vehicle fund, the motorcycle safety education account, the move
6 ahead WA account, the move ahead WA flexible account, the multimodal
7 transportation account, the multiuse roadway safety account, the
8 municipal criminal justice assistance account, the oyster reserve
9 land account, the pension funding stabilization account, the
10 perpetual surveillance and maintenance account, the pilotage account,
11 the pollution liability insurance agency underground storage tank
12 revolving account, the professional health care services rate
13 enhancement account, the public employees' retirement system plan 1
14 account, the public employees' retirement system combined plan 2 and
15 plan 3 account, the public facilities construction loan revolving
16 account, the public health supplemental account, the public works
17 assistance account, the Puget Sound capital construction account, the
18 Puget Sound ferry operations account, the Puget Sound Gateway
19 facility account, the Puget Sound taxpayer accountability account,
20 the real estate appraiser commission account, the recreational
21 vehicle account, the regional mobility grant program account, the
22 reserve officers' relief and pension principal fund, the resource
23 management cost account, the rural arterial trust account, the rural
24 mobility grant program account, the rural Washington loan fund, the
25 second injury fund, the sexual assault prevention and response
26 account, the site closure account, the skilled nursing facility
27 safety net trust fund, the small city pavement and sidewalk account,
28 the special category C account, the special wildlife account, the
29 state hazard mitigation revolving loan account, the state investment
30 board expense account, the state investment board commingled trust
31 fund accounts, the state patrol highway account, the state
32 reclamation revolving account, the state route number 520 civil
33 penalties account, the state route number 520 corridor account, the
34 statewide broadband account, the statewide tourism marketing account,
35 the supplemental pension account, the Tacoma Narrows toll bridge
36 account, the teachers' retirement system plan 1 account, the
37 teachers' retirement system combined plan 2 and plan 3 account, the
38 tobacco prevention and control account, the tobacco settlement
39 account, the toll facility bond retirement account, the
40 transportation 2003 account (nickel account), the transportation

1 equipment fund, the JUDY transportation future funding program
2 account, the transportation improvement account, the transportation
3 improvement board bond retirement account, the transportation
4 infrastructure account, the transportation partnership account, the
5 traumatic brain injury account, the University of Washington bond
6 retirement fund, the University of Washington building account, the
7 voluntary cleanup account, the volunteer firefighters' relief and
8 pension principal fund, the volunteer firefighters' and reserve
9 officers' administrative fund, the vulnerable roadway user education
10 account, the Washington judicial retirement system account, the
11 Washington law enforcement officers' and firefighters' system plan 1
12 retirement account, the Washington law enforcement officers' and
13 firefighters' system plan 2 retirement account, the Washington public
14 safety employees' plan 2 retirement account, the Washington school
15 employees' retirement system combined plan 2 and 3 account, the
16 Washington state patrol retirement account, the Washington State
17 University building account, the Washington State University bond
18 retirement fund, the water pollution control revolving administration
19 account, the water pollution control revolving fund, the Western
20 Washington University capital projects account, the Yakima integrated
21 plan implementation account, the Yakima integrated plan
22 implementation revenue recovery account, and the Yakima integrated
23 plan implementation taxable bond account. Earnings derived from
24 investing balances of the agricultural permanent fund, the normal
25 school permanent fund, the permanent common school fund, the
26 scientific permanent fund, and the state university permanent fund
27 shall be allocated to their respective beneficiary accounts.

28 (b) Any state agency that has independent authority over accounts
29 or funds not statutorily required to be held in the state treasury
30 that deposits funds into a fund or account in the state treasury
31 pursuant to an agreement with the office of the state treasurer shall
32 receive its proportionate share of earnings based upon each account's
33 or fund's average daily balance for the period.

34 (5) In conformance with Article II, section 37 of the state
35 Constitution, no treasury accounts or funds shall be allocated
36 earnings without the specific affirmative directive of this section.

37 **Sec. 7.** RCW 43.84.092 and 2023 c 435 s 14, 2023 c 431 s 10, 2023
38 c 389 s 10, 2023 c 377 s 7, 2023 c 340 s 10, 2023 c 110 s 3, 2023 c

1 73 s 10, and 2023 c 41 s 4 are each reenacted and amended to read as
2 follows:

3 (1) All earnings of investments of surplus balances in the state
4 treasury shall be deposited to the treasury income account, which
5 account is hereby established in the state treasury.

6 (2) The treasury income account shall be utilized to pay or
7 receive funds associated with federal programs as required by the
8 federal cash management improvement act of 1990. The treasury income
9 account is subject in all respects to chapter 43.88 RCW, but no
10 appropriation is required for refunds or allocations of interest
11 earnings required by the cash management improvement act. Refunds of
12 interest to the federal treasury required under the cash management
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14 appropriation. The office of financial management shall determine the
15 amounts due to or from the federal government pursuant to the cash
16 management improvement act. The office of financial management may
17 direct transfers of funds between accounts as deemed necessary to
18 implement the provisions of the cash management improvement act, and
19 this subsection. Refunds or allocations shall occur prior to the
20 distributions of earnings set forth in subsection (4) of this
21 section.

22 (3) Except for the provisions of RCW 43.84.160, the treasury
23 income account may be utilized for the payment of purchased banking
24 services on behalf of treasury funds including, but not limited to,
25 depository, safekeeping, and disbursement functions for the state
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39 viaduct replacement project account, the ambulance transport fund,
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3 University capital projects account, the charitable, educational,
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26 (b) Any state agency that has independent authority over accounts
27 or funds not statutorily required to be held in the state treasury
28 that deposits funds into a fund or account in the state treasury
29 pursuant to an agreement with the office of the state treasurer shall
30 receive its proportionate share of earnings based upon each account's
31 or fund's average daily balance for the period.

32 (5) In conformance with Article II, section 37 of the state
33 Constitution, no treasury accounts or funds shall be allocated
34 earnings without the specific affirmative directive of this section.

35 **Sec. 8.** RCW 43.84.092 and 2023 c 435 s 14, 2023 c 431 s 10, 2023
36 c 389 s 10, 2023 c 377 s 7, 2023 c 340 s 10, 2023 c 110 s 3, 2023 c
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12 account, the deferred compensation principal account, the department
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19 facilities revolving account, the Eastern Washington University
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21 education legacy trust account, the election account, the electric
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24 College capital projects account, the fair start for kids account,
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26 account, the freight mobility investment account, the freight
27 mobility multimodal account, the grade crossing protective fund, the
28 higher education retirement plan supplemental benefit fund, the
29 Washington student loan account, the highway bond retirement fund,
30 the highway infrastructure account, the highway safety fund, the
31 hospital safety net assessment fund, the Interstate 5 bridge
32 replacement project account, the Interstate 405 and state route
33 number 167 express toll lanes account, the judges' retirement
34 account, the judicial retirement administrative account, the judicial
35 retirement principal account, the limited fish and wildlife account,
36 the local leasehold excise tax account, the local real estate excise
37 tax account, the local sales and use tax account, the marine
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32 earnings without the specific affirmative directive of this section.

33 **Sec. 9.** RCW 69.50.540 and 2023 c 470 s 1015 are each amended to
34 read as follows:

35 (1) For the purposes of this subsection (1), the legislature must
36 appropriate the amounts provided in this subsection:

37 (a) \$12,500,000 annually to the board for administration of this
38 chapter as appropriated in the omnibus appropriations act;

1 (b) \$11,000,000 annually to the department of health for the
2 following:

3 (i) Creation, implementation, operation, and management of a
4 cannabis, vapor product, and commercial tobacco education and public
5 health program that contains the following:

6 (A) A cannabis use public health hotline that provides referrals
7 to substance abuse treatment providers, uses evidence-based or
8 research-based public health approaches to minimizing the harms
9 associated with cannabis use, and does not solely advocate an
10 abstinence-only approach;

11 (B) Programs that support development and implementation of
12 coordinated intervention strategies for the prevention and reduction
13 of commercial tobacco, vapor product, and cannabis use by youth and
14 cannabis cessation treatment services, including grant programs to
15 local health departments or other local community agencies;

16 (C) Media-based education campaigns across television, internet,
17 radio, print, and out-of-home advertising, separately targeting youth
18 and adults, that provide medically and scientifically accurate
19 information about the health and safety risks posed by cannabis use;
20 and

21 (D) Outreach to priority populations regarding commercial
22 tobacco, vapor product, and cannabis use, prevention, and cessation;
23 and

24 (ii) The Washington poison control center;

25 (c) (i) \$3,000,000 annually to the department of commerce to fund
26 cannabis social equity grants under RCW 43.330.540; and

27 (ii) \$200,000 annually to the department of commerce to fund
28 technical assistance through a roster of mentors under RCW
29 43.330.540;

30 (d) \$200,000 annually, until June 30, 2032, to the health care
31 authority to contract with the Washington state institute for public
32 policy to conduct the cost-benefit evaluations and produce the
33 reports described in RCW 69.50.550;

34 (e) \$25,000 annually to the University of Washington alcohol and
35 drug abuse institute for the creation, maintenance, and timely
36 updating of web-based public education materials providing medically
37 and scientifically accurate information about the health and safety
38 risks posed by cannabis use;

39 (f) \$300,000 annually to the University of Washington and
40 \$175,000 annually to the Washington State University for research on

1 the short-term and long-term effects of cannabis use to include, but
2 not be limited to, formal and informal methods for estimating and
3 measuring intoxication and impairments, and for the dissemination of
4 such research;

5 (g) \$550,000 annually to the office of the superintendent of
6 public instruction to fund grants to building bridges programs under
7 chapter 28A.175 RCW;

8 (h) \$2,423,000 for fiscal year 2022 and \$2,423,000 for fiscal
9 year 2023 to the Washington state patrol for a drug enforcement task
10 force;

11 (i) \$270,000 for fiscal year 2022 and \$290,000 for fiscal year
12 2023 to the department of ecology for implementation of accreditation
13 of cannabis product testing laboratories;

14 (j) \$800,000 for each of fiscal years 2020 through 2023 to the
15 department of health for the administration of the cannabis
16 authorization database; and

17 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year
18 2023 to the department of agriculture for compliance-based laboratory
19 analysis of pesticides in cannabis.

20 (2) (~~Subsections~~ [~~Subsection~~]) Subsection (1) (a) through (g) of
21 this section must be adjusted annually based on the United States
22 bureau of labor statistics' consumer price index for the Seattle
23 area.

24 (3) After appropriation of the amounts identified in subsection
25 (1) of this section, the legislature must annually appropriate such
26 remaining amounts for the purposes listed in this subsection (3) as
27 follows:

28 (a) (~~Fifty-two~~) 52 percent to the state basic health plan trust
29 account to be administered by the Washington basic health plan
30 administrator and used as provided under chapter 70.47 RCW;

31 (b) (~~Eleven~~) 11 percent to the health care authority to:

32 (i) Design and administer the Washington state healthy youth
33 survey, analyze the collected data, and produce reports, in
34 collaboration with the office of the superintendent of public
35 instruction, department of health, department of commerce, family
36 policy council, and board. The survey must be conducted at least
37 every two years and include questions regarding, but not necessarily
38 limited to, academic achievement, age at time of substance use
39 initiation, antisocial behavior of friends, attitudes toward
40 antisocial behavior, attitudes toward substance use, laws and

1 community norms regarding antisocial behavior, family conflict,
2 family management, parental attitudes toward substance use, peer
3 rewarding of antisocial behavior, perceived risk of substance use,
4 and rebelliousness. Funds disbursed under this subsection may be used
5 to expand administration of the healthy youth survey to student
6 populations attending institutions of higher education in Washington;

7 (ii) Develop, implement, maintain, and evaluate programs and
8 practices aimed at the prevention or reduction of maladaptive
9 substance use, substance use disorder, substance abuse or substance
10 dependence, as these terms are defined in the diagnostic and
11 statistical manual of mental disorders, among middle school and high
12 school-age students, whether as an explicit goal of a given program
13 or practice or as a consistently corresponding effect of its
14 implementation, mental health services for children and youth, and
15 services for pregnant and parenting women. In deciding which programs
16 and practices to fund under this subsection (3)(b)(ii), the director
17 of the health care authority must consult, at least annually, with
18 the University of Washington's social development research group and
19 the University of Washington's alcohol and drug abuse institute; and

20 (iii) Contract with community health centers to provide primary
21 health and dental care services, migrant health services, and
22 maternity health care services as provided under RCW 41.05.220;

23 (c)(i) One and one-half percent to counties, cities, and towns
24 where licensed cannabis retailers are physically located. Each
25 jurisdiction must receive a share of the revenue distribution under
26 this subsection (3)(c)(i) based on the proportional share of the
27 total revenues generated in the individual jurisdiction from the
28 taxes collected under RCW 69.50.535, from licensed cannabis retailers
29 physically located in each jurisdiction. For purposes of this
30 subsection (3)(c), 100 percent of the proportional amount attributed
31 to a retailer physically located in a city or town must be
32 distributed to the city or town;

33 (ii) Three and one-half percent to counties, cities, and towns
34 ratably on a per capita basis. Counties must receive 60 percent of
35 the distribution based on each county's total proportional
36 population. Funds may only be distributed to jurisdictions that do
37 not prohibit the siting of any state licensed cannabis producer,
38 processor, or retailer;

39 (iii) By September 15th of each year, the board must provide the
40 state treasurer the annual distribution amount made under this

1 subsection (3)(c), if any, for each county and city as determined in
2 (c)(i) and (ii) of this subsection; and
3 (iv) Distribution amounts allocated to each county, city, and
4 town in (c)(i) and (ii) of this subsection must be distributed in
5 four installments by the last day of each fiscal quarter; and
6 (d) (~~Thirty-two~~) 32 percent must be deposited in the (~~state~~
7 ~~general fund~~) professional health care services rate enhancement
8 account.

9 NEW SECTION. Sec. 10. Sections 1 through 5 of this act
10 constitute a new chapter in Title 74 RCW.

11 NEW SECTION. Sec. 11. (1) Section 6 of this act expires July 1,
12 2024.

13 (2) Section 7 of this act expires July 1, 2028.

14 NEW SECTION. Sec. 12. (1) Section 7 of this act takes effect
15 July 1, 2024.

16 (2) Section 8 of this act takes effect July 1, 2028.

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