



Hearing and Speech Board Fee Cost Drivers

The Department of Health (department) works to protect and improve the health of all people in Washington State. We accomplish this work, in part, through regulation of health care providers and facilities, including audiologists, hearing aid specialists, speech language pathologists and speech language pathology assistants ([Chapter 18.130 RCW](#)).

State law, [RCW 43.70.250](#) (License fees for professions, occupations, and businesses), requires fees to fully fund the work of licensing and regulating health care professions. Considering the program's financial forecast, the department recommends a fee decrease to bring the fund balance into alignment with the recommended reserve amount.

The program ended fiscal year (FY) 2021 with a fund balance of \$1.1 million. Although fee revenue is in alignment with annual operating costs, the fund balance currently exceeds the recommended reserve balance by more than \$970,000. The projected annual operating deficit is not enough to drawdown the fund balance to the recommended level by FY 2027. This document summarizes data on revenue, expenditures, fund reserve, cost drivers, financial forecast, and the proposed fees.

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Revenue

As of July 2021, the hearing and speech board actively regulates 5,682 hearing and speech practitioners in Washington state ([Chapter 18.35 RCW](#)). The licensee base has grown since FY 2016, increasing an average of five percent annually. The program received an average of 664 new applicants and had an average renewal rate of 89 percent in the three years prior to the pandemic. The number of applications and renewals dipped in fiscal year 2020 but recovered as licensees returned to pre-pandemic levels in FY 2021.

Annual fees charged at initial application and renewal generate revenue for this program ([WAC 246-828-990](#)). The last fee change occurred in July 2016, decreasing the program's fees according to the chart below:

Fees: Rate Change History			
License Type	Title of Fee	Effective 12/01/11	Effective 07/01/16
Hearing Aid Specialist	Application and Initial License	\$305	\$205
	License Renewal	\$110	\$75
	Late Renewal Penalty	\$90	\$50
Audiologist	Application and Initial License	\$305	\$205
	License Renewal	\$110	\$75
	Late Renewal Penalty	\$90	\$50
Speech Language Pathologist	Application and Initial License	\$305	\$205
	License Renewal	\$110	\$75
	Late Renewal Penalty	\$90	\$50
Speech Language Pathologist Assistant	Application and Initial License	\$125	\$85
	Credential Renewal	\$70	\$45
	Late Renewal Penalty	\$50	\$45

Following the July 2016 fee decrease, revenue declined 21 percent from \$515,000 to \$407,000. After the initial impact of the decrease, revenue grew at an average rate of 5.4 percent annually from the new baseline. Fee revenue totaled \$502,577 in FY 2021.

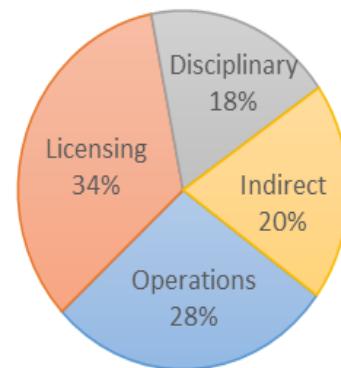
Expenditures

Costs for the program are classified into four primary categories: operations (28%), licensing (34%), discipline (18%), and indirect costs (20%). The percentages reflect the distribution of these costs in FY 2021.

Operational costs account for 28 percent of total program spending and includes personnel to manage the program.

This includes administrative oversight and program management, development and implementation of legislation and rules, communication and outreach, and relations with interested parties.

Licensing activities are the largest cost category for this program (34%) and cover the costs of the following services: credentialing, renewals, call center; online licensing (OLIC); background checks and revenue processing.



Discipline costs (18%) include the following activities: legal services; legal compliance; complaint intake; investigations; discipline case management; adjudicative services; and Attorney General costs. These costs are variable from year-to-year and are charged to the program based on number of credentials and usage rates for the various services.

Indirect costs (20%) are agency-wide, general management costs necessary for any program to exist and consist of administrative activities for the general operation of the agency. Examples of indirect costs include financial services, human resources, and information resource management. The indirect rate is a standardized method of charging individual programs for their share of indirect costs and is reviewed and approved annually by the U.S. Department of Health and Human Services.

The HELMS (Healthcare Enforcement and Licensing Management System) assessment is a temporary cost that is assessed against the fund balance of each healthcare profession and facility that will benefit from the new modernized electronic licensing system that is replacing the department's current system (ILRS). The assessment is charged annually for the duration of the project (FY 2021 through FY 2023).

Expenditures

The table below shows expenditures for each of these cost categories over the past six years.

Program Spending by Category						
Fiscal Year	2016	2017	2018	2019	2020	2021
Operations	143,953	159,952	153,908	156,415	145,183	114,233
Licensing	62,760	62,209	89,312	84,480	139,181	137,104
Discipline	94,331	57,589	84,531	88,191	92,015	74,822
Indirect	73,493	73,335	85,926	82,614	97,693	79,814
Subtotal	374,536	353,085	413,677	411,700	474,072	405,973
HELMS Assessment					10,131	78,962
Total	374,537	353,085	413,677	411,700	484,203	484,935

Cost Drivers

The cost to license and regulate the hearing and speech program increased five percent annually from FY 2016 to FY 2021. In recent years, this growth has been driven by the increase in credentialing costs and the addition of the HELMS assessment.

Credentialing

The costs to credential new applications have increased significantly across the biennia. Credentialing charges monthly operating costs to a clearing account that is then distributed to all professions based on a cost allocation methodology which includes the profession's usage during the prior two years.

For hearing and speech professions, the credentialing unit handles the program's initial licensures, recertifications, and other licensing adjustments. The number of credentialing workflows processed for these professions have increased over the last six years, raising their rate of the percentage of services used from 0.1 percent in the 2015-17 biennium (BI) to one percent in BI 2019-21.

Cost Drivers

HELMS Assessment

HELMS is a modernized electronic licensing system that the department is pursuing to replace the outdated ILRS. Funding for the HELMS project is provided by assessing each program's fund balance annually for the duration of the project (FY 2021 through FY 2023).

The HELMS project will cost the hearing and speech program around \$137,000 over the next two years. The estimated total cost to the program for the HELMS project is \$226,000 over the four years.

Fund Reserve

The Office of Financial Management (OFM) requires agencies to maintain a reasonable working capital reserve in state accounts to cover fluctuations in cash flow. The cash reserve should be enough to protect against financial volatility as a result of significant disciplinary activity or unforeseen changes in license trends.

Due to the size of this program, expenditures are less prone to significant impacts resulting from enforcement costs and the occurrence of other unforeseen events. Based on these factors, the department recommends the program build a reserve of 30 percent, currently around \$145,000 or approximately 3-4 months of annual expenditures.

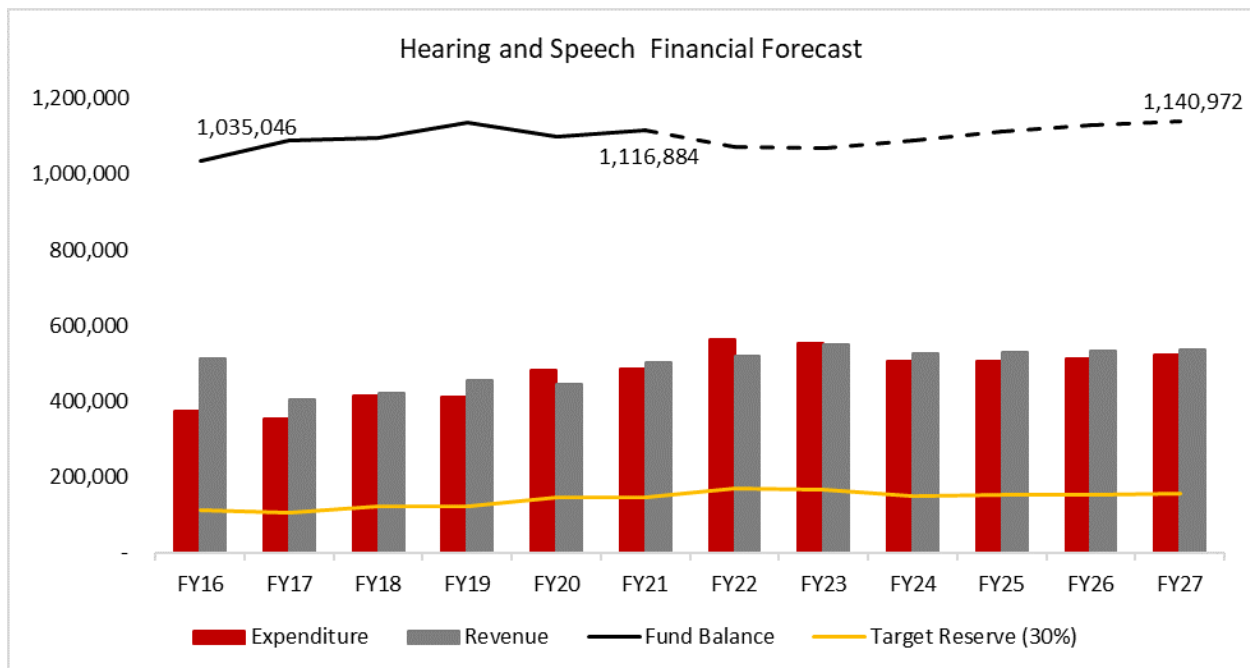
Financial Forecast

The hearing and speech program is currently operating at a surplus. The hearing and speech program ended FY 2021 with a fund balance of \$1,116,884.

The department anticipates total hearing and speech licenses to grow two percent each year. This assumes zero growth for hearing aid specialists and speech language pathologists, two percent growth for audiologists, and a six percent growth for speech language pathology assistants. These assumptions are based on historical trends and program expertise, as well as the overall occupational outlook determined by the Bureau of Labor Statistics (BLS) [occupational outlook for audiologists](#), [speech language pathologists](#), and [hearing aid specialists](#).

Costs for FY 2022 and 2023 are expected to increase by 17.8 percent, primarily due to increased disciplinary costs. Starting in FY 2024, the department anticipates costs for the program to increase by approximately two percent each year primarily due to inflation in personnel-related costs as well as general inflation of cost of goods.

The program is expected to fully cover its costs over the next six years and continue to grow reserves in excess of departmental recommendations. The chart below shows actual revenue and expenditures from FY 2016 through FY 2021, and projected revenue and expenditures from FY 2022 through FY 2027.



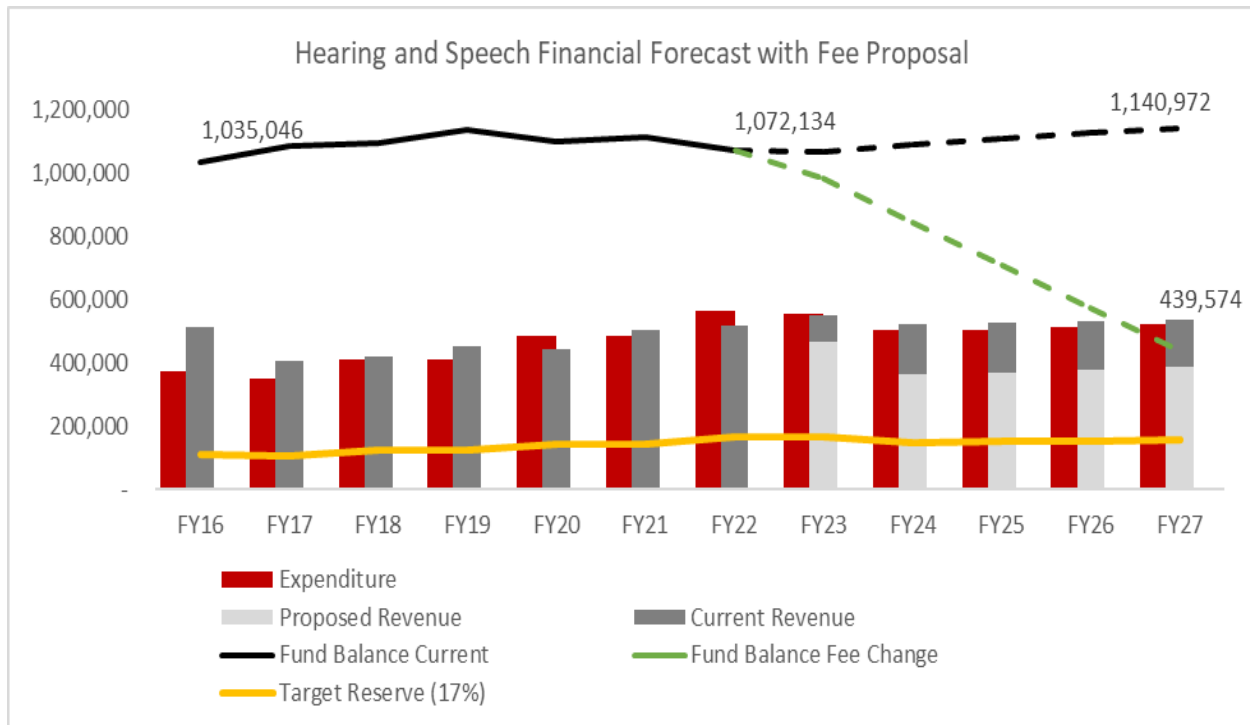
Fee Proposal

To begin bringing the hearing and speech fund balance into alignment with program requirements, the department proposes lowering application and renewal fees by \$30 per year, effective June 1, 2023. The late renewal penalty will also decrease in accordance with standard departmental policy. Under this proposal, fees will decrease for all professions under the program, as shown in the table below.

Current and Proposed Fees			
Profession	Title of Fee	Current Fee	Proposed Fee
Hearing Aid Specialist	Application and License	\$205	\$175
	License Renewal	\$75	\$45
	Late Renewal Penalty	\$50	\$45
Audiologist	Application and License	\$205	\$175
	License Renewal	\$75	\$45
	Late Renewal Penalty	\$50	\$45
Speech Language Pathologist	Application and License	\$205	\$175
	License Renewal	\$75	\$45
	Late Renewal Penalty	\$50	\$45
Speech Language Pathologist Assistant	Application and License	\$85	\$55
	Credential Renewal	\$45	\$15
	Late Renewal Penalty	\$45	\$15

Fee Proposal

This proposal allows the department to begin decreasing the program's excess fund balance at a sustainable rate. This fee proposal allows a gradual fund balance reduction that enables the program to maintain a lower fee rate until approximately FY 2030.



The department will continue to monitor the financial health of the program over a six-year outlook and propose fee adjustments as needed to comply with statutory requirements.

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