



Certified Counselor and Adviser Fee Cost Drivers

The Department of Health 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 certified counselors and advisers ([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 financial forecast, the program requires a fee increase to bring revenue into alignment with the cost of licensing and regulating certified counselors and advisers.

The program ended fiscal year (FY) 2021 with a fund balance of negative \$1.55 million. The program's revenue is forecasted to cover expenditures but will fail to produce a positive fund balance and build the required reserves within the next six years. This document summarizes data on revenue, expenditures, fund reserve, cost drivers, financial forecast, and the proposed fees.

Agency Affiliated Counselor Program
Health Systems Quality Assurance
Washington State Department of Health

Revenue

As of July 2022, the department licensed 383 active counselors and advisers in Washington state ([chapter 18.19 RCW](#)). This profession is becoming obsolete in Washington state and currently does not receive enough new applicants to replace licensees leaving the profession. Over the past three years, the program has declined at an annual rate of 4.2 percent. The program received 98 new applicants in 2022 and 362 renewals, leading to a three percent decline in licensees from the prior year. The program has a licensee annual renewal rate around 79 percent.

Annual certification fees charged at initial application and renewal generate revenue for this program ([WAC 246-810-990](#)). The last fee change occurred in November 2020, increasing the certified counselor application fee from \$255 to \$345 and annual renewal fee from \$225 to \$305. It increased the certified adviser registration fee from \$210 to \$285 and the annual renewal fee from \$185 to \$250. This 2020 fee increase was intended to raise the program’s revenue to the level necessary to cover operating costs. It was not intended to recover the program’s negative fund balance. The history for certified counselor and adviser fees is as follows:

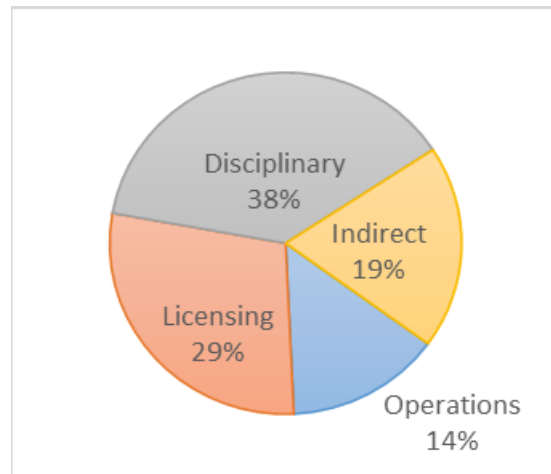
Fees: Rate Change History				
License Type	Title of Fee	Effective 07/01/14	Effective 04/01/18	Effective 11/01/20
Certified counselor	Application and initial license	\$160	\$255	\$345
	Certification renewal	\$140	\$225	\$305
	Late renewal penalty	\$50	\$115	\$155
Certified adviser	Application and initial license	\$130	\$210	\$285
	Certification renewal	\$115	\$185	\$250
	Late renewal penalty	\$50	\$50	\$125

In the year following the 2018 fee increase, fee revenue increased 25 percent from \$101,000 to \$126,000. Revenue declined to \$118,000 in FY 2020 and then increased in FY 2021 to \$120,000 due to the November 2020 fee change. In FY 2022, revenue grew 15 percent, totaling \$138,600. This revenue growth occurred despite declining licensees.

Expenditures

Costs for the program are classified into four primary categories: operations (14 percent), licensing (29 percent), discipline (38 percent), and indirect costs (19 percent). The percentages reflect the distribution of these costs in FY 2021.

Operational costs account for 14 percent of total program spending and includes personnel to manage the program. This includes administrative oversight and program management, communication and outreach, development and implementation of legislation and rules, relations with interested parties, and the operation of the profession's advisory committee.



Licensing activities account for 29 percent of total program spending and include the following services: credentialing, renewals, call center; online licensing (OLIC); background checks and revenue processing.

Discipline costs are the largest category of spending (38 percent) and 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 (19 percent) 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).

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	29,808	26,233	35,156	21,962	14,144	14,573
Licensing	33,349	33,051	31,418	32,749	28,316	29,206
Discipline	47,994	50,679	42,625	45,655	35,521	38,799
Indirect	27,021	28,491	28,338	26,022	20,413	19,643
Subtotal	138,173	138,453	137,538	126,388	98,394	102,222
HELMS Assessment					952	6,208
Total	138,173	138,453	137,538	126,388	99,346	108,430

Cost Drivers

The cost to license and regulate certified counselors and advisers has decreased an average of five percent each year since FY 2016. As the license base shrinks, the amount of time needed to manage and regulate the program decreases as well, leading to less licensing and operation costs.

Additionally, the number of disciplinary cases received by the program since 2016 has dropped from 34 to 17, leading to less investigations opened and less billable hours as those cases make their way through the disciplinary process.

Licensee Decline

The program has consistently lost licensees over the last seven years. In 2016, the program licensed five certified advisers and 579 certified counselors. The program has experienced an 8 percent average annual decline since 2016, with licensees dropping 15 percent in 2020. This decline in licensees leads to diminishing revenue.

Program Deficit

When the certified counselor and adviser professions were created out of the registered counselor profession in fiscal year 2010, the program inherited a portion of the money owed by the parent program. The registered counselor profession was terminated, and the fiscal obligation of that profession was distributed based on the prorated share of registered counselors transferring to each of the new professions. Six percent of the money owed was transferred to certified counselors and advisers, costing the new program \$60,568.

Prior to the recent series of fee increases, the program ran an ongoing operating deficit that created a negative fund balance. Costs exceeded revenues by an average of \$280,000 annually from FY 2011 through FY 2015, and \$43,000 annually from 2016 through 2019. As a result, the program accumulated a negative fund balance of \$1.57 million.

Fund Reserve

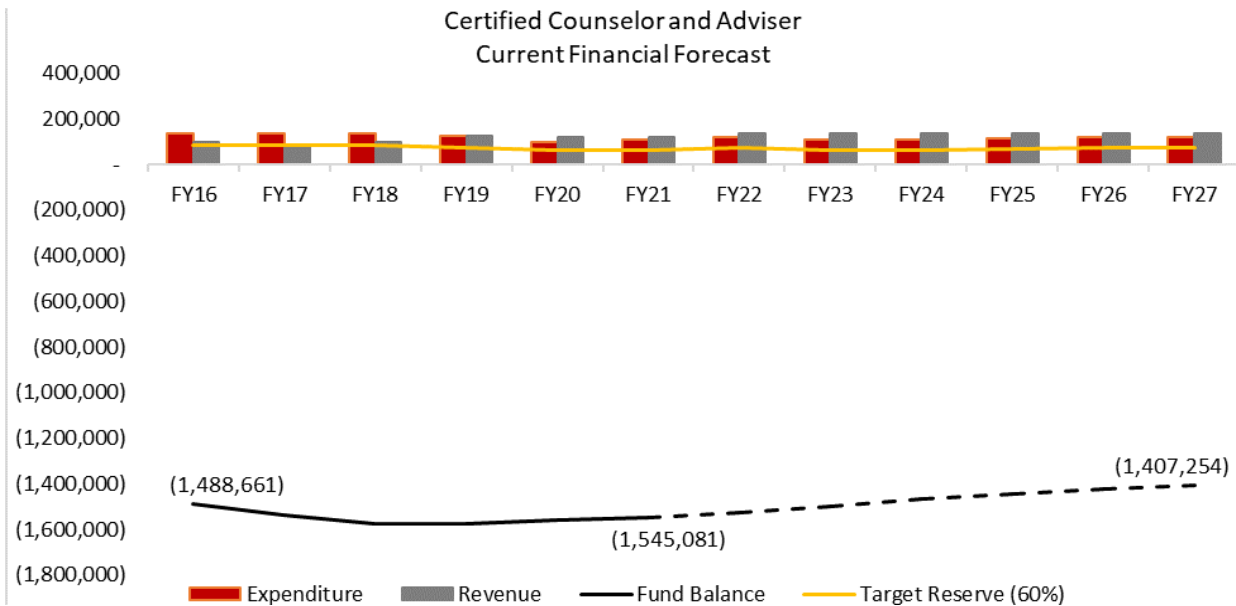
The Office of Financial Management (OFM) requires agencies to maintain a reasonable working capital reserve in state accounts to cover fluctuations in cash flow. The cash reserve should be enough to protect against financial volatility as a result of significant disciplinary activity or unforeseen changes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

Due to the size and trajectory of this program, expenditures are prone to significant impacts resulting from enforcement costs and the occurrence of other unforeseen events. In addition, as the licensee base declines, incoming revenue becomes less reliable. Based on these factors, the department recommends the program build a reserve of 60 percent, currently around \$65,000 or approximately seven months of annual expenditures.

Financial Forecast

The certified counselor and adviser program is currently operating with a positive cashflow. The fee increases in FY 2018 and 2020 provided enough revenue to cover operating expenses but not enough to fully recover the program’s negative fund balance. The program ended FY 2021 with a fund balance of negative \$1,545,081. The program is expected to be short \$1.48 million in revenue to cover costs and reserves by FY 2027.

The department expects new application rates to maintain at current levels with no growth. Routine costs for the program are expected to increase by approximately six percent in biennium (BI) 2021-23, then less than one percent each biennium thereafter. This expected increase in BI 2021-23 is due to statewide compensation adjustments, as well as an increase in disciplinary costs as the department processes two cases with heightened staff activity and billable hours.

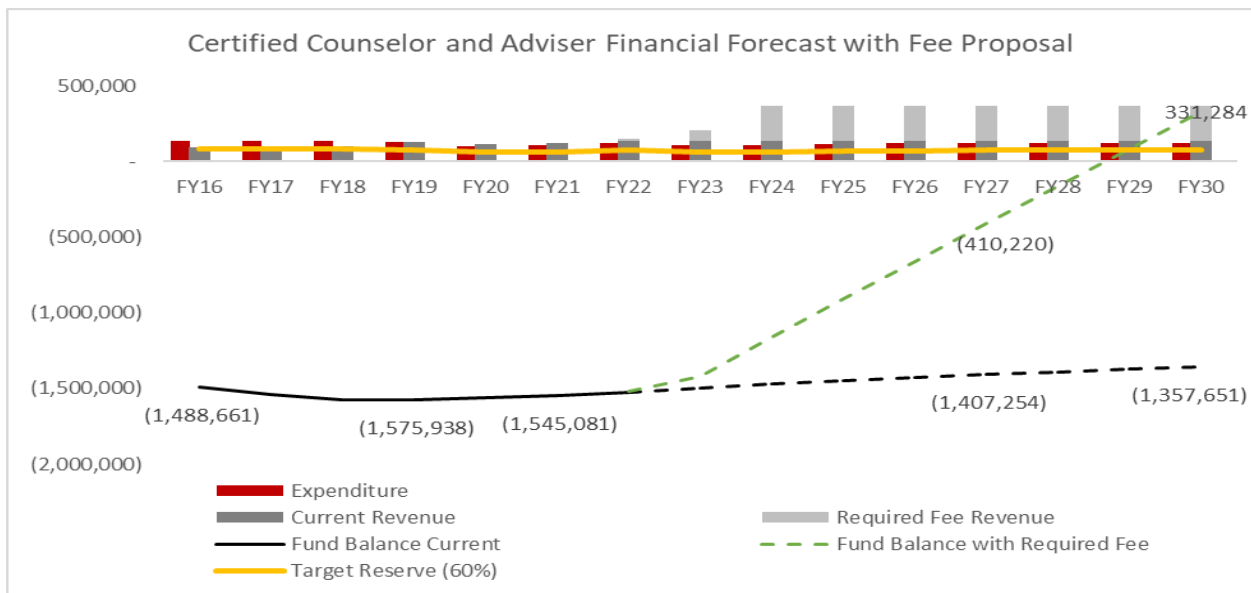


Current and projected revenue is insufficient to cover the cost of licensing and regulating the program while maintaining adequate reserves. The fund balance will continue to decline as the shortfall between revenue and expenditures continues. Therefore, the department concludes that current fees are not enough to sustain the cost of operating the program and meet the [statutory requirements](#).

Fee Proposal

To address the historic funding deficit of the certified counselor and adviser program, the department would need to raise application fees by \$335 per year and renewal fees by \$495 per year, effective June 1, 2023. Late renewal penalties will also increase alongside the renewal fee in accordance with standard departmental policy. The proposed fees are what the department has determined are necessary to fund program operations and align the fund balance with requirements.

Current and Proposed Certified Counselor and Adviser Fees			
Profession	Title of Fee	Current Fee	Proposed Fee
Certified Counselor	Application and License	\$345	\$680
	Certification Renewal	\$305	\$800
	Late Renewal Penalty	\$155	\$300
Certified Adviser	Application and License	\$285	\$620
	Certification Renewal	\$250	\$745
	Late Renewal Penalty	\$125	\$300



The department recognizes that the proposed fees, while necessary to bring the program into compliance with statutory requirements, might create a barrier to licensure and potentially reduce access to care. This fee change might lead to a further reduction in licensed practitioners and revenue. However, the department has determined that it must take the necessary steps to bring this program into compliance with statutory requirements. The department will continue to monitor the financial health of the program and propose fee adjustments as needed to comply with state law, [RCW 43.70.250](#).

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