

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5205-04
Bill No.: SCS for HB 2226, HB 1824, HB 1832, and HB 1990
Subject: Boards, Commissions, Committees, Councils; Dentists; Employees-Employers;
 Funerals and Funeral Directors; Health Care Professionals; Licenses -
 Professional; Mental Health; Nurses; Pharmacy; Physical Therapists
Type: Original
Date: April 29, 2010

Bill Summary: Modifies the laws regarding the regulation of certain professions and the regulation of hospitals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Dental Board	\$0	\$61,710	\$1,851
Pharmacy	\$0	(\$11,250)	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$50,460	\$1,851

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture, Office of State Courts Administrator, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education, Department of Mental Health, Department of Natural Resources, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Revenue, Missouri Department of Transportation, Department of Public Safety (DPS), Office of the Governor, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Missouri State Employee Retirement System, Office of State Auditor, Missouri Senate, Office of State Treasurer, State Tax Commission, St. Louis County, Linn State Technical College, Metropolitan Community College, Missouri State University, Northwest Missouri State University, Missouri Western State University, University of Central Missouri, Parkway School District, County Employees' Retirement Fund, Missouri Local Government Employees Retirement System, Prosecutors and Circuit Attorneys Retirement System, Public School and Education Employee Retirement Systems of Missouri, Kansas City Police Employees' Retirement System and City of Centralia** assume the proposal will have no fiscal impact on their organizations.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Office of Administration (COA) - Division of Budget and Planning (BAP)** state there should be no added cost to the COA-BAB as a result of this bill. However, this bill contains one provision, authorization of expanded function dental assistants, which will increase total state revenue.

The Department of Insurance, Financial Institutions, and Professional Registration should provide an estimate of possible increased costs and revenues to the state as a result of authorizing permit fees for expanded function dental assistants.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY 09 average of \$3.71 per offender, per day, or an annual cost of \$1,354 per offender). The DOC assumes the narrow scope of the crime will not encompass a large number of offenders and the low felony status enhances the possibility of plea-bargaining or imposition of a probation sentence. The probability also exists that offenders would be charged with a similar, but more serious offense, or that sentences may run concurrent to one another. Therefore, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Department of Social Services (DOS)** state the original bill provides for the issuance of a provisional license for a marital and family therapist. It also prohibits any official, employee, board, commission, or agency of the state of Missouri, any county, municipality, school district, or other political subdivision of this state from discriminating between licensed marital and family therapists when promulgating rules or when requiring or recommending services provided by marital and family therapists.

This provision has no fiscal impact on the DOS.

Provisions of the proposal add advanced practice registered nurses to the list of approved health care providers for purposes of referring patients to physical therapists.

The ability of an advanced practice nurse to write a prescription for physical therapy has no impact on who is eligible for therapy or the medical necessity of the therapy. It does not change the number of MO HealthNet eligibles or services; therefore, these provisions have no fiscal impact to the MO HealthNet Division (MHD).

The proposal requires that prior to hiring a registered nurse, licensed practical nurse, or advanced practice nurse, an employer shall verify that the applicant has a current valid license to practice nursing. Employers must have a system in place to verify the licensure of these practitioners coinciding with the license renewal.

Most physicians' offices and clinics already have verification and tracking systems. If they do not, they may see an increase in their administrative costs, but it is not anticipated to be significant.

ASSUMPTION (continued)

Most institutions, hospitals and nursing facilities have these types of verification and tracking systems in place and already meet these requirements. However, if these facilities did incur a cost, those costs would not be reflected in the Medicaid per diem rates until the cost report that captures the costs is used for a rate base. Currently, rates are based on 1995 cost reports and the MHD does not have any plans to rebase on a more current rate base.

The MHD bases other hospital reimbursement (i.e., add-on payments) for a given year on the fourth prior year cost report. Since the legislation would probably be effective in August, 2010, the costs would begin to be reflected in 2011 cost reports. The MHD would use 2011 cost reports to establish reimbursement for State Fiscal Year 2015. Therefore, there would not be a fiscal impact for facilities that would be passed on to the MHD for FY 11, FY 12, and FY 13, but starting FY 15, there could be an impact, but the impact is unknown.

Section 383.130.1 adds “home health agency, nursing home or any nursing facility or any entity that employs or contracts with licensed health care professionals to provide healthcare services to individuals” to the definition of disciplinary action.

Section 383.133.1. adds the above as well to the lists of instituting agencies that must report to the appropriate licensing authority.

This provision has no fiscal impact on the MHD as no changes in services, rates or eligibility are being made to the MO HealthNet program.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state the legislation will give the Missouri Dental Board the authority to issue permits to dental assistants and dental hygienists authorizing them to perform expanded function dental procedures. There are no mechanisms in place which enable the board to determine the number of dental assistants currently working in Missouri. The estimates provided are assumptions based on the number of dentists practicing in Missouri. Private entity fees are set at an amount to cover the total actual cost incurred by the office, which includes personal service, expense and equipment and transfers.

There are currently 3,300 licensed dentists in Missouri. Assuming each dentist has two dental assistants/dental hygienist, there are 6,600 potential expanded function dental assistants/hygienists. Assuming a licensure fee of \$10, with renewal every five (5) years, the anticipated revenue is \$66,000 (6,600 X \$10) every five years. A three percent (3%) annual growth rate is assumed.

ASSUMPTION (continued)

Printing and postage expenses for the first year include printing notification, applications, letterhead and envelopes, as well as costs associated with mailings associated with initial registration. Subsequent year's printing and postage is based on a board of similar size. The DIFP estimates FY 12 printing and postage costs of \$4,290 and FY 13 costs of \$129 ($6,600 \times 3\% = 198 \times \0.65).

During the first year of implementation, costs are calculated for the design, program and implementation of the licensure program for new boards. The DIFP estimates \$540 in licensure system costs.

The DIFP also states the Board of Pharmacy estimates that approximately 25 of the 1,168 wholesale drug distributors in this state are out-of-state wholesale drug distributors who will not have to renew their license as they only deal with medical devices and not drug distribution. Wholesale drug distributors renew in October of every odd numbered year. The DIFP estimates an \$11,250 reduction in wholesale drug distributor renewal fees biennially, beginning in FY 12 ($\$450$ renewal fee \times 25 drug distributors).

Oversight assumes the Dental Board can absorb the design and implementation costs to set up the new licensure program in FY 11.

In response to an earlier version of this proposal, officials from the **Office of Administration - Administrative Hearing Commission** anticipated the legislation will not significantly alter its caseload. However, if similar bills also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

In response to an earlier version of this proposal, officials from the **Office of Attorney General** assumed any potential costs arising from this proposal can be absorbed with existing resources.

In response to the previous version of this proposal, officials from the **Joint Committee on Administrative Rules, Office of Lieutenant Governor, Missouri Lottery Commission, Office of State Public Defender, Joint Committee on Public Employee Retirement, MoDOT & Patrol Employees' Retirement System, Missouri Sheriffs' Retirement System, Police Retirement System of St. Louis, University of Missouri, Francis Howell School District, Little Blue Valley Sewer District and Jefferson City Police Department** assumed the proposal would have no fiscal impact on their organizations.

Officials from the **Missouri House of Representatives** and **Office of Prosecution Services** did not respond to our request for a statement of fiscal impact.

ASSUMPTION (continued)

No other officials from **Community Colleges/Universities, Schools, Hospitals, Cities, or Counties** responded to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
DENTAL BOARD FUND			
<u>Income - DIFP</u>			
Dental assistant/hygienist licensing fees	\$0	\$66,000	\$1,980
<u>Costs - DIFP</u>			
Equipment and expenses	<u>\$0</u>	<u>(\$4,290)</u>	<u>(\$129)</u>
ESTIMATED NET EFFECT ON DENTAL BOARD FUND	<u>\$0</u>	<u>\$61,710</u>	<u>\$1,851</u>
PHARMACY FUND			
<u>Loss - DIFP</u>			
Reduction in renewal fees	<u>\$0</u>	<u>(\$11,250)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PHARMACY FUND	<u>\$0</u>	<u>(\$11,250)</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires all dental assistants and dental hygienists to obtain a permit from the Missouri Dental Board in the Division of Professional Registration within the Department of Insurance, Financial Institutions and Professional Registration in order to perform expanded-functions duties. "Expanded-functions duties" are defined as reversible acts that would be considered the practice of dentistry that the board specifies by rule may be delegated to a dental assistant or dental hygienist who possesses an expanded-functions permit.

Nothing in the proposal will be construed as making it unlawful for a licensed dentist to perform any dental services that would be considered expanded-functions duties or dental assistants, certified dental assistants, or expanded-functions dental assistants to polish teeth. The board is prohibited from establishing any rule allowing the delegation of acts to a dental assistant which would conflict with the practice of dental hygiene. Expanded-functions permits must be renewed every five years, and the board is authorized to establish rules regarding the issuance and renewal of the permits.

If wholesale drug distributors who distribute drug-related devices in Missouri meet certain conditions, this proposal exempts them from having to obtain a license from the board of pharmacy for out-of-state distribution sites. A Missouri wholesale drug distributor who receives shipments from these out-of-state sites is responsible for all shipments received.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Agriculture
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections

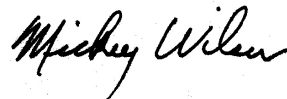
FISCAL DESCRIPTION (continued)

Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Revenue
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Division of Alcohol and Tobacco Control
 Division of Fire Safety
 Missouri State Water Patrol
 State Emergency Management Agency
 Missouri Veterans Commission
Office of the Governor
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Missouri Lottery Commission
Missouri Department of Conservation
Missouri Ethics Commission
Office of Lieutenant Governor
Missouri State Employee Retirement System
Office of State Auditor
Missouri Senate
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
Missouri Tax Commission
St. Louis County
Jefferson City Police Department
Joint Committee on Public Employee Retirement
Missouri Sheriffs' Retirement System
MoDOT & Patrol Employees' Retirement System
Police Retirement System of St. Louis
County Employees' Retirement Fund
Missouri Local Government Employees Retirement System
Prosecutors and Circuit Attorneys Retirement System
Public School and Education Employee Retirement Systems
Kansas City Police Employees' Retirement Systems
Linn State Technical College

SOURCES OF INFORMATION (continued)

Metropolitan Community College
University of Central Missouri
Missouri State University
Northwest Missouri State University
Missouri Western State University
University of Missouri
Francis Howell School District
Parkway School District
City of Centralia
Little Blue Valley Sewer District

**NOT RESPONDING: Missouri House of Representatives, Office of Prosecution Services,
and Various Local Governments**



Mickey Wilson, CPA
Director
April 29, 2010