

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4462-04
Bill No.: SS for SCS for HB 1816
Subject: Physicians; Professional Registration and Licensing; Physical Therapists; Compacts; Nurses; Optometry; Pharmacy; Insurance - Health; Department of Mental Health; Department of Health and Senior Services; Department of Insurance, Financial Institutions and Professional Registration
Type: Original
Date: May 10, 2016

Bill Summary: This proposal establishes the physical therapists compact and nursing compact and modifies various provisions of law regarding certificates of need, prescriptions, physician licensure, use of restraint in a mental health facility, optometry students, and health care professional boards analyzing workforce data.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | | |
|--|--------------------------|--------------------------|--------------------------|---------------------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 | Fully Implemented (FY 2020) |
| General Revenue | \$0 or (\$66,130) | \$0 or (\$72,189) | \$0 or (\$72,963) | \$0 or (Greater than \$72,963) |
| Total Estimated Net Effect on General Revenue | \$0 or (\$66,130) | \$0 or (\$72,189) | \$0 or (\$72,963) | \$0 or (Greater than \$72,963) |

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 13 pages.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | | |
|---|-------------------------|-------------------------|-------------------------|---------------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 | Fully Implemented (FY 2020) |
| Professional Registration Funds | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| Board of Registration for the Healing Arts | \$0 | \$0 | \$0 | \$0 or (Greater than \$116,543) |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | | |
|---|------------|------------|------------|-----------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 | Fully Implemented (FY 2020) |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | | |
|---|---------------|---------------|---------------|-----------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 | Fully Implemented (FY 2020) |
| Board of Registration for the Healing Arts Fund | 0 | 0 | 0 | 0 or 2 |
| General Revenue | 0 or 1 | 0 or 1 | 0 or 1 | 0 or 1 |
| Total Estimated Net Effect on FTE | 0 or 1 | 0 or 1 | 0 or 1 | 0 to 3 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | | |
|--|----------------|----------------|----------------|------------------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 | Fully Implemented (FY 2020) |
| Local Government | \$0 | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Bill as a Whole

Officials from the **Department of Economic Development** assume the current proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to Department of Transportation for fiscal impact.

Section 324.001

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** stated this legislation would have an unknown cost to various Professional Registration funds until contracts are established for the purpose of data collection.

The boards would incur minimal costs to collect the data. If the board(s) entered into a third party contract to analyze the data, the cost of the contract(s) would be based on the Request For Proposal (RFP).

Oversight assumes the language of the proposal is permissive since it states in 324.001.14(1) that the state boards “may individually or collectively enter into a contractual agreement with the department of health and senior services, a public institution of higher education, or a nonprofit entity...” (emphasis added). Therefore, the DIFP’s Professional Registration boards may or may not need additional resources to collect and analyze workforce data. As a result, Oversight will range DIFP’s various Professional Registration board costs from \$0 to unknown.

ASSUMPTION (continued)

In response to a similar proposal, HCS for HB 1850, Oversight received the following responses:

Officials from the **Department of Health and Senior Services (DHSS)** stated the proposed legislation duplicates an existing program. The Missouri Healthcare Workforce Registry and Exchange (MoHWoRx) is an information system developed by DHSS to help health professionals meet state registration requirements and to provide comprehensive and timely information on health care access statewide. MoHWoRx currently supports the Missouri Health Professionals Registry and the Bureau of Narcotics and Dangerous Drugs (BNDD) online registration. The Missouri Health Professionals Registry is a voluntary registration tool that provides the foundation for a comprehensive Missouri health care workforce information system and the Division of Professional Registration provides data to MoHWoRx to provide a more complete registry of health care professionals in Missouri. A data warehouse for MoHWoRx has been built to facilitate data quality assurance and analytics.

Currently reports are being written to provide information on health care shortage areas and demographic, geographic and practice characteristics.

Section 324.001 of the proposal allows state boards to collaborate with the DHSS to collect and analyze workforce data to assess the availability of qualified health providers.

It is assumed that the MoHWoRx platform for the collection of information on the healthcare workforce will continue to be utilized and that additional resources will be added to ensure data quality, identify data gaps and provide the advanced analytics necessary to provide the information on the workforce to the various boards.

The Division of Community and Public Health (DCPH) will assist with data collection, data quality, reporting and identification of application issues and enhancements. In addition, since the information is self-reported, it is critical that data collected is systematically and routinely reviewed to assure quality and accuracy of the data reported -- particularly in regards to practice locations (satellite sites) and hours of operation. With the proposed legislation, it is anticipated the number of professionals registered and their practice information will increase substantially. DCPH will require additional FTE to assure technical support/assistance to the health care professionals as well as assure data quality and analysis. To perform these additional duties, DCPH will need one FTE Research Analyst III (\$40,380 annually).

Total costs to the General Revenue Fund are estimated to be \$69,484 for FY 2017; \$76,315 for FY 2018; and \$77,192 for FY 2019.

Oversight assumes the DHSS does not need rental space for one FTE.

ASSUMPTION (continued)

In addition, **Oversight** assumes the language of the proposal is permissive since it states in 324.001.14(1) that the state boards “may individually or collectively enter into a contractual agreement with the department of health and senior services...” (emphasis added). Therefore, the DHSS may or may not need additional resources to collect and analyze workforce data. As a result, Oversight will range DHSS costs from \$0 to the amount provided by DHSS less rental space costs.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** states many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and 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 office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Higher Education** and the **University of Missouri** each assume the proposal would not fiscally impact their respective agencies.

Sections 334.1200 - 334.1233

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this compact will be effective when it is enacted into law in the tenth member state. Currently, no states have enacted the compact and only three states have legislation pending to enact the compact. It is not anticipate the compact would be enacted during FY17, FY18, or FY19 and as a result no fiscal impact to the Division during these fiscal years.

Once the compact is enacted the Division would have 1 FTE for a Licensing Technician I, 1 FTE
LO:LR:OD

ASSUMPTION (continued)

for Legal Counsel, \$6,000 annual fee to participate in the compact, and revenue of \$50 for each licensee fee with a compact privilege. It is anticipated 200 individuals will apply for a license with compact privilege.

In response to a similar proposal, HB 2328, Oversight received the following responses:

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the State Courts Administrator** assume the current proposal would not fiscally impact their agency.

Oversight notes that the provisions of this section will not be effective until 10 states become members of the compact and there is no way to determine when that might occur. However, at the present time, the DIFP states the salary for a Processing Technician I is \$23,880 annually and the salary for 1 FTE Legal Counsel is approximately \$55,000 annually plus fringe benefits.

If the compact were to become effective today, the fiscal impact would be approximately \$78,880 in personal service costs plus \$41,663 in fringe benefits (total \$120,543) plus \$6,000 annual participation fee less \$10,000 in license fee revenue for a net cost to Board of Registration for the Healing Arts Fund of approximately \$116,543 annually. Equipment and expense costs have not been included by are assumed to be minimal.

Section 335.203

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal would have an unknown impact to the State Board of Nursing contingent on potential future appropriations made by the General Assembly to fund the Nursing Education Incentive Program.

In response to a similar proposal, SB 835, Oversight received the following responses:

Officials from the **Department of Higher Education (DHE)** assumed the proposal would not fiscally impact their agency. All staff that are currently processing the nursing education incentive program also process the other state aid programs.

DHE notes that the Nursing Education Incentive Program spanned three years, FY 2012, FY 2013, and FY 2014. DHE noted that the last year's nursing education grant recipients were:

ASSUMPTION (continued)

| | |
|----------------------------------|------------------|
| Avila University | \$150,000 |
| Maryville University | \$150,000 |
| St. Charles Community College | \$142,260 |
| Truman State University | \$150,000 |
| University of Missouri-Columbia | \$150,000 |
| University of Missouri-St. Louis | \$139,276 |
| William Jewell College | <u>\$118,464</u> |
| TOTAL | \$1,000,000 |

Expenditures for this program were:

| | |
|---------|-------------|
| FY 2012 | \$982,810 |
| FY 2013 | \$997,525 |
| FY 2014 | \$1,000,000 |

Oversight assumes the changes in the proposal will not create a fiscal impact to the state. Oversight also assumes if the program is given an appropriation in the future, the State Board of Nursing will be able to administer the program with existing resources.

Sections 335.360 - 335.415

In response to a similar proposal, SB 985, officials from the **Office of Attorney General** assumed any potential costs arising from this proposal can be absorbed with existing resources.

In response to a similar proposal, SB 985, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and 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 office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Section 336.020

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the current proposal would not fiscally impact their agency.

In response to a similar proposal, SCS for SB 836, Oversight received the following responses:

Officials from the **Department of Higher Education** and the **Department of Health and Senior Services** each assumed the proposal would not fiscally impact their respective agencies.

Officials from the **Northwest Missouri State University**, the **Missouri Western State University**, the **State Technical College of Missouri**, and the **University of Missouri** each assumed the proposal would not fiscally impact their respective colleges and universities.

Section 338.202

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the current proposal would not fiscally impact their agency.

In response to a similar proposal, HCS for SCS for SB 973, Oversight received the following responses:

Officials from the **Department of Health and Senior Services**, the **Department of Social Services, MO HealthNet Division** and **Division of Legal Services**, the **Missouri Consolidated Health Care Plan** and the **Missouri Department of Conservation** each assume the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from the **Department of Mental Health** and the **Missouri Department of Transportation** each assumed the proposal would not fiscally impact their respective agencies.

Section 376.1237

Officials from the Department of Insurance, Financial Institutions and Professional Registration assume the current proposal would not fiscally impact their agency.

In response to a similar proposal, HB 1852, Oversight received the following responses:

Officials from the **Missouri Consolidated Health Care Plan** and the **Department of Health and Senior Services** each assumed the proposal would not fiscally impact their respective

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ASSUMPTION (continued)

agencies.

| <u>FISCAL IMPACT -</u> <u>State Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 | Fully Implemented (FY 2020) |
|---|--------------------------|--------------------------|--------------------------|---|
| (\$324.001) | | | | |
| <u>Costs - DHSS</u> | \$0 or... | \$0 or... | \$0 or... | \$0 or (Greater than...) |
| Personal service | (\$33,650) | (\$40,784) | (\$41,192) | (\$41,192) |
| Fringe benefits | (\$17,603) | (\$21,234) | (\$21,346) | (\$21,346) |
| Equipment and expense | <u>(\$14,877)</u> | <u>(\$10,171)</u> | <u>(\$10,425)</u> | <u>(\$10,425)</u> |
| Total <u>Cost - DHSS</u> | <u>\$0 or (\$66,130)</u> | <u>\$0 or (\$72,189)</u> | <u>\$0 or (\$72,963)</u> | <u>\$0 or (Greater than \$72,963)</u> |
| FTE Change - DHSS | 0 or 1 FTE |

**ESTIMATED NET
EFFECT ON
GENERAL
REVENUE
FUND**

| | | | | |
|--|---------------------------------|---------------------------------|---------------------------------|--|
| | <u>\$0 or (\$66,130)</u> | <u>\$0 or (\$72,189)</u> | <u>\$0 or (\$72,963)</u> | <u>\$0 or (Greater than \$72,963)</u> |
|--|---------------------------------|---------------------------------|---------------------------------|--|

Estimated Net FTE
Change on the
General Revenue
Fund

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | <u>0 or 1 FTE</u> |
|--|-------------------|-------------------|-------------------|-------------------|

**PROFESSIONAL
REGISTRATION
FUNDS**

Costs - DIFP

| | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>Data collection costs (\$324.001)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|

**ESTIMATED NET
EFFECT ON
PROFESSIONAL
REGISTRATION
FUNDS**

| | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|

| <u>FISCAL IMPACT -</u> <u>State Government</u> <u>(continued)</u> | <u>FY 2017</u> <u>(10 Mo.)</u> | <u>FY 2018</u> | <u>FY 2019</u> | <u>Fully</u> <u>Implemented</u> <u>(FY 2020)</u> |
|---|-----------------------------------|----------------|----------------|--|
| BOARD OF REGISTRATION FOR THE HEALING ARTS FUND <u>(§§334.1200 to 334.1233)</u> | | | | |
| <u>Income - DIFP</u> | | | | <u>\$0 or ...</u> |
| Licensing fees | \$0 | \$0 | \$0 | <u>\$10,000</u> |
| <u>Costs - DIFP</u> | | | | <u>\$0 or ...</u> |
| Personal service | \$0 | \$0 | \$0 | (\$78,880) |
| Fringe benefits | \$0 | \$0 | \$0 | (\$41,663) |
| Equipment and expense | \$0 | \$0 | \$0 | (Unknown) |
| Compact participation fee | \$0 | \$0 | \$0 | (\$6,000) |
| <u>Total Costs - DIFP</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$126,543)</u> |
| FTE Change - DIFP | <u>0 FTE</u> | <u>0 FTE</u> | <u>0 FTE</u> | <u>0 or 2 FTE</u> |
| <u>ESTIMATED NET EFFECT ON THE BOARD OF REGISTRATION FOR THE HEALING ARTS FUND</u> | | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0 or (Greater than \$116,543)</u> |
| <u>FISCAL IMPACT -</u> <u>Local Government</u> | | | | |
| | <u>FY 2017</u> <u>(10 Mo.)</u> | <u>FY 2018</u> | <u>FY 2019</u> | <u>Fully</u> <u>Implemented</u> <u>(FY 2020)</u> |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

This legislation restricts the Missouri Health Facilities Review Committee from approving any certificate of need for any new facilities licensed under Chapter 198, RSMo. This may result in the loss of construction and employment opportunities for small businesses throughout the state.

FISCAL DESCRIPTION

This act modifies provisions relating to health care professionals, the certificate of need program, and prescription refills.

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

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Attorney General's Office
Office of the State Courts Administrator
Department of Higher Education
University of Missouri
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Health and Senior Services
Northwest Missouri State University
Missouri Western University
State Technical College of Missouri
Department of Mental Health
Department of Transportation
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Office of the Governor
Missouri House of Representatives
Missouri Senate



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