

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1514-04  
Bill No.: SCS for HB 815  
Subject: Boards, Committees and Councils; Dentists; Health Care Professionals; Hospitals; Department of Insurance, Financial Institutions and Professional Registration; Nurses; Nursing Homes and Long-term Care Facilities; Physicians; Professional Registration and Licensing; Psychologists; Surveyors; Veterinarians  
Type: Original  
Date: April 28, 2017

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Bill Summary: This proposal modifies provisions relating to the regulation of certain professions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
General Revenue Fund	\$0	\$0	\$0	(\$1,642,084)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,642,084)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
Dental Fund	(\$2,288)	\$2,437	(\$118)	(\$118)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$2,288)</b>	<b>\$2,437</b>	<b>(\$118)</b>	<b>(\$118)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2022)</b>
Federal Funds*				
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and Expenses of approximately \$2.8 million Net to Zero.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2022)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2022)</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Bill as a whole

Officials from the **Department of Health and Senior Services**, the **Department of Higher Education**, the **Department of Mental Health**, the **Department of Elementary and Secondary Education** and the **Office of Administration - Administrative Hearing Commission** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 388), officials from the **Joint Committee on Administrative Rules** stated this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

#### Sections 328.025 - 329.033

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume it can handle the provisions of this bill under existing appropriations. However, should the number of licensees requesting to receive a duplicate license be larger than anticipated, the department may have to request additional appropriations through the budget process.

ASSUMPTION (continued)

Section 332.081

Officials from the **Department of Social Services - Mo HealthNet Division (MHD)** assume hospitals are currently prevented from employing dentists and oral surgeons. Reimbursement for these services is currently excluded from MO HealthNet hospital reimbursement. These professional services, if provided in a hospital setting, would be billed on a separate medical claim and paid according to the fee-for-service fee schedule.

MHD further assumes this legislation is designed to allow these oral health services to be included in inpatient and outpatient hospital reimbursement. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Additional costs to employ dentists and oral surgeons would begin to be reflected in the 2018 and 2019 cost reports, assuming an effective date of August 28, 2018. MO HealthNet would use 2017 and 2018 cost reports to establish reimbursement for SFY 22 and SFY 23, respectively. Therefore, there would not be a fiscal impact to the MO HealthNet Division for SFY's 18 through 21, but starting SFY 22 MHD estimates there could be additional costs associated with this proposal. Per the Bureau of Labor Statistics, the average salary of a Dentist in Missouri in 2015 was \$158,310, and the cost of an Oral & Maxillofacial Surgeon was \$233,900. MO HealthNet estimates that of the 150 Missouri hospitals, 35% will employ a Dentist and 15% will employ an Oral & Maxillofacial Surgeon. Furthermore, MO HealthNet is prorating the increase in costs to hospitals by the draft SFY 2012 Statewide Mean Medicaid Utilization rate of 32.898%, which was calculated by MO HealthNet's Independent DSH auditors per DSH Reporting Requirements. Although this calculation is based on days, it is an estimated way to prorate this cost to Medicaid. Using this percentage, the estimated cost to Medicaid is \$4,465,583 (\$1,642,084 GR; \$2,823,499 Fed). This estimate does not include any increase in claims billed by the hospitals employing these professionals. The increase in hospital reimbursement for claims could be offset with a decrease in professional medical claims submitted.

Section 332.183

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this proposal (specifically Section 332.183) states the dental board may issue dental faculty permits to employees of an accredited dental school, college or program in Missouri. The permits shall be renewed every two years.

The following board-specific expenses are calculated to determine the additional appropriation needed by the division to support the board.

ASSUMPTION (continued)

Staffing

It is assumed existing DIFP staff will be utilized.

Printing and Postage

Printing and postage expenses for the first year include printing of rules, applications, letterhead, and envelopes, as well as costs associated with mailings associated with initial licensure. Subsequent year's printing and postage is based on a board of similar size.

FY 2018

Number of Licensees:	75
Postage and Printing Costs:	<u>\$12.50</u>
<b>Total:</b>	<b>\$938</b>

FY 2019 and FY 2020

**Total: \$188**

Licensure System

During the first year of implementation, costs are calculated for the design, programming, and implementation of the licensure program for new boards.

FY 2018

Hours for design, program, and implementation:	18
Cost per hour:	<u>\$75</u>
<b>Total Licensure System Costs:</b>	<b>\$1,350</b>

In summary, DIFP assumes a cost of \$2,288 (\$938 + \$1,350) in FY 2018 and \$188 in FY 2019 and FY 2020 to provide for the implementation of the changes in this proposal.

Revenue

The projected revenue reflects the fees listed below for an electrical contractor certificate. In addition, a 3% growth rate has been estimated.

It is estimated that the collection of initial license fees will begin in FY 2019.

ASSUMPTION (continued)

Initial License Fees

Biennial Fee: \$35.00

Funding

It is assumed that all fees collected and expenses paid would be deposited to and paid from the Dental Fund for the operation of this regulatory responsibility.

In summary, DIFP assumes a revenue of \$2,625 (\$35 (Biennial Fee) x 75 (Number of Licensees)) in FY 2019 and \$70 in FY 2020 and FY 2022 to provide for the implementation of the changes in this proposal.

**Oversight** notes the balance of the Missouri Dental Board Fund (0677) as of March 31, 2017 was \$2,776,807.

Section 345.051

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organization.

It is assumed the renewal fee will be adjusted to reflect the 3 year renewal period with no additional net cost increase to the licensee as the renewal fee will be adjusted from a biennial cycle to a triennial cycle. Current licenses renewed in January 2017 will renew in January 2019 for 3 years to reflect the triennial renewal cycle.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>GENERAL REVENUE FUND</b>				
<u>Cost - DSS</u> (\$332.081) Program Distributions for dentists and oral surgeons employed by hospitals	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,642,084)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$1,642,084)</u></b>
<b>FEDERAL FUNDS</b>				
<u>Income - DSS</u> (\$332.081) Program Reimbursements	\$0	\$0	\$0	\$2,823,499
<u>Cost - DSS</u> (\$332.081) Program Distributions	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$2,823,499)</u>
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>DENTAL FUND</b>				
<u>Income</u> - DIFP Dental Faculty Permits §332.183	\$0	\$2,625	\$70	\$70
<u>Cost</u> - DIFP Administrative Cost §332.183	<u>(\$2,288)</u>	<u>(\$188)</u>	<u>(\$188)</u>	<u>(\$188)</u>
<b>ESTIMATED NET EFFECT TO THE DENTAL FUND</b>	<b><u>(\$2,288)</u></b>	<b><u>\$2,437</u></b>	<b><u>(\$118)</u></b>	<b><u>(\$118)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

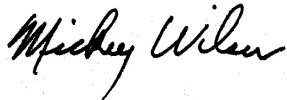
This proposal modifies provisions relating to the regulation of certain professions.

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

Department of Insurance, Financial Institutions and Professional Registration  
Department of Health and Senior Services  
Department of Social Services  
Department of Mental Health  
Department of Elementary and Secondary Education  
Department of Higher Education  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
Administrative Hearing Commission



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