

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1731-06
Bill No.: HCS for HB 685
Subject: Pharmacy; Drugs and Controlled Substances; Licenses - Professional
Type: Original
Date: April 19, 2013

Bill Summary: This proposal modifies provisions relating to professional licenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Up to \$2,872,240)	(Up to \$3,566,436)	(Up to \$3,820,772)
Total Estimated Net Effect on General Revenue Fund	(Up to \$2,872,240)	(Up to \$3,566,436)	(Up to \$3,820,772)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Fire Sprinkler Contractor Registration	\$25,219	(\$25,219)	\$28,100
Total Estimated Net Effect on Other State Funds	\$25,219	(\$25,219)	\$28,100

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal Funds	Minimal	Minimal	Minimal
Total Estimated Net Effect on <u>All</u> Federal Funds	Minimal	Minimal	Minimal

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Administrative Hearing Commission, Department of Insurance, Financial Institutions and Professional Registration** each assume the current proposal would not fiscally impact their respective agencies.

In response to a previous version of this legislation, officials from the **Missouri Consolidated Health Care Plan, Parkway School District, Joint Committee on Administrative Rules, and Office of the State Treasurer** each assumed the proposal would not fiscally impact their respective agencies.

In response to a previous version of this proposal, officials from the **Department of Health and Senior Services (DHSS)** assumed the proposal requires the Division of Regulation and Licensure (DRL), Board of Nursing Home Administrators only to notify licensees of renewal without sending the actual renewal application. DRL anticipates changing the method of notification to either a postcard or an email to those licensees with a valid email address.

DHSS estimates that the changes allowed in this proposal would save their department printing and postage costs, either by mailing the post card or using an email notification method. There were 814 applications mailed in 2012. Costs savings if 814 licensees are notified via email is estimated to be \$351.01. Costs savings if 814 licensees are notified via postcard is estimated to be \$144.25. Since the breakdown of notifications between email and postcard is unknown, the amount of savings would be unknown between \$144.25 and \$351.01. Currently the costs associated with licensee notification are paid out of federal funds.

Oversight will reflect this potential savings as minimal to Federal Funds.

Section 196.298

In response to an earlier version of this proposal, officials from the **Shelby County Health Department** stated the fiscal impact for this proposal is unknown, but could be substantial, if there was a food-borne illness outbreak from items sold from establishments that weren't under the guidance of the local health department.

Oversight assumes the potential for an outbreak of food-borne illness to be speculative and is not presenting these costs for fiscal note purposes.

ASSUMPTIONS (continued)

In response to a similar proposal, HB 440, officials from the **Office of 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 within its 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.

In response to a similar proposal, HB 440, officials from the **Joint Committee on Administrative Rules (JCAR)** stated that the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

In response to a similar proposal, HB 440, officials from the **Department of Agriculture**, the **Department of Health and Senior Services** and the **Harrison County Health Department** each assumed the proposal would not fiscally impact their respective agencies.

No other local public health agencies responded to **Oversight's** request for a statement of fiscal impact.

Sections 320.400 - 320.416

In response to a similar proposal, HB 384, officials from the **Department of Public Safety - Division of Fire Safety (DFS)** stated they could potentially incur a fiscal impact due to the passing of this bill. This legislation would create a new program within DFS, with a new fund to administer, the Fire Sprinkler Contractor Registration Fund (which is to be swept biennially). The language in this bill is somewhat problematic, in that it does not mandate contractors to register, but instead allows them to if they so wish. It is hard to determine exactly how many would choose to register. There are approximately 100 Fire Sprinkler Contractors in the State of Missouri, and another 40 out of state who may seek licensure in Missouri. Based on those numbers, the Division would request a 1,000 hour clerical position to administer this program. Costs, including \$10,000 of salary and \$8,448 of expenses, total \$16,781 annually. Registration fees would be set at \$300 per contractor, generating \$42,000 in the first year. Fees would generate a positive net effect over a two-year span, at which time contractors would renew.

ASSUMPTIONS (continued)

In response to a similar proposal, HB 384, officials from the **Office of the Secretary of State** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office 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.

Section 320.408.8 specifies that “any money remaining in the fund at the end of the biennium shall revert to the credit of the General Revenue Fund.” Therefore, **Oversight** will reflect a transfer from the new Fire Sprinkler Contractor Registration Fund to the General Revenue Fund in FY 2015 of the net balance of the fund from FY 2014 and FY 2015.

Oversight also assumes Subsections 320.402.2 and 320.402.3 allow local political subdivisions to continue to require contractors to obtain local permits. Therefore, Oversight assumes the proposal will not fiscally impact municipalities, counties or other local governments.

This proposal could increase Total State Revenues.

Section 337.503

In response to a similar proposal, HB 337, officials from the **Department of Social Services - MO HealthNet Division (MHD)** stated that currently, this section allows reimbursement for the provision of psychology and counseling services to children by psychologists, provisionally licensed psychologists, licensed or provisionally licensed professional counselors, licensed or provisionally licensed clinical social workers, licensed psychiatrists and psychiatric clinical nurse specialists.

MHD states reimbursement is allowed for adults receiving psychology and counseling services provided by a licensed psychiatrist, licensed psychiatric clinical nurse specialist and licensed psychologist as well as licensed or provisionally licensed clinical social workers who are members of Federally Qualified Health Care centers (FQHC) or Rural Health Centers (RHC). However, reimbursement is not allowed for these services provided to adults by a licensed or

ASSUMPTIONS (continued)

provisionally licensed professional counselor.

MHD assumes in order to estimate the possible expenditure for allowing reimbursement to Licensed Professional Counselors (LPC) for services provided to adults, a proxy was found by reviewing the expenditures for services provided to children and adults by psychologists. The expenditures for adults were about 63.97% of the expenditure for children. Therefore, the same percentage was applied to expenditures for LPCs for children to estimate the possible expenditure for adults. The amount expended in FY09 for LPCs for children was \$11,668,745. Therefore, the annual amount estimated for adults in 2009 is \$7,464,496 ($11,668,745 \times 63.97\% = \$7,464,496$). A 3.9% medical inflation was applied for FY10 - FY16, with the cost for FY14 being only 10 months.

FY14: \$7,531,769 total (\$2,872,240 GR; \$4,659,529 Federal);
FY15: \$9,390,609 total (\$3,581,109 GR; \$5,809,500 Federal);
FY16: \$9,756,843 total (\$3,720,772 GR; \$6,036,071 Federal).

Oversight assumes there would be some redistribution of services from recipients moving between MO HealthNet mental health providers. Oversight assumes MHD's estimates to be the maximum potential increase in costs and therefore will present the costs as "Up to" the amounts provided by MHD.

Officials from the **Department of Mental Health (DMH)** assume this proposal modifies language in section 337.503 related to licensed psychologists, professional counselors and social workers. The current language prohibits entities of government from discriminating between persons who are licensed under chapter 337 RSMo.

DMH assumes this proposal would include other mental health professionals as defined in section 632.005. These professionals would include, psychiatrist, resident in psychiatry, psychologist, psychiatric nurse, licensed professional counselor (LPC), or psychiatric social worker.

DMH states this proposal may require the department to revise existing position descriptions and applicable pay scales for positions that require a particular degree.

DMH states this proposal could create a conflict with the requirements for hospitals under the standards set by the Joint Commission and the Center for Medicare and Medicaid Services (CMS). DMH would adhere to the requirements of hospital accreditation. The fiscal impact of this proposal is an unknown cost less than \$100,000, however the proposal may have a positive

LO:LR:OD

ASSUMPTIONS (continued)

fiscal impact on MO HealthNet.

Oversight assumes the potential costs to DMH may be speculative. Therefore, **Oversight** assumes no direct impact for fiscal note purposes. However, if DMH were to experience a significant impact as a result from this proposal, they may request additional funding through the normal appropriation process.

In response to a similar proposal, HB 337, officials from the **Office of the Secretary of State (SOS)** state 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 at the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Elementary and Secondary Education, Department of Social Services Children's Division, State Treasurer's Office, City of Columbia, City of Kansas City, and St. Louis County** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Transfer In</u> - from the Fire Sprinkler Contractor Registration Fund - any monies in the new Fire Sprinkler Contractor Registration Fund at the end of the biennium shall revert to General Revenue (§320.408.8)			
	\$0	\$14,673	\$0
Cost - DSS - MHD §337.503 - Increase in Medicaid program expenditures	<u>(Up to \$2,872,240)</u>	<u>(Up to \$3,581,109)</u>	<u>(Up to \$3,720,772)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Up to \$2,872,240)</u>	<u>(Up to \$3,566,436)</u>	<u>(Up to \$3,820,772)</u>

<u>FISCAL IMPACT - State Government</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
	<u>(10 Mo.)</u>		
FIRE SPRINKLER CONTRACTOR REGISTRATION FUND			
<u>Income</u> - Division of Fire Safety (DFS)			
Registration Fee - authorized in §320.406 set at a level to produce revenue not to exceed the cost and expenses of administering the program (estimated to be \$300) x 140 applicants	\$42,000	\$3,000	\$42,000
<u>Expense</u> - Division of Fire Safety			
1,000 hour clerical support	(\$8,333)	(\$10,250)	(\$10,506)
equipment and expense	(\$8,448)	(\$3,296)	(\$3,394)
Total Expense - DFS	(\$16,781)	(\$13,546)	(\$13,900)
<u>Transfer Out</u> - to General Revenue Fund fund balance reverts to the credit of GR biennially			
	\$0	(\$14,673)	\$0
ESTIMATED NET EFFECT TO THE FIRE SPRINKLER CONTRACTOR REGISTRATION FUND			
	<u>\$25,219</u>	<u>(\$25,219)</u>	<u>\$28,100</u>
FEDERAL FUNDS			
<u>Income</u> - DSS - MHD			
§ 337.503 - Program reimbursements	Up to \$4,659,529	Up to \$5,809,500	Up to \$6,036,071
<u>Cost</u> - DSS - MHD			
§ 337.503 - Program expenditures	(Up to \$4,659,529)	(Up to \$5,809,500)	(Up to \$6,036,071)
<u>Savings</u> - Printing and Postage by DHSS			
Notification method to change from mailed full application to mailing	<u>Minimal</u>	<u>Minimal</u>	<u>Minimal</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>Minimal</u>	<u>Minimal</u>	<u>Minimal</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2014</u> <u>(10 Mo.)</u>	<u>FY 2015</u>	<u>FY 2016</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses which are licensed by the state could be affected as a result of this proposal.

FISCAL DESCRIPTION

This proposal prohibits an official or employee of the state, a school district, or any other political subdivision from discriminating between psychologists, professional counselors, and social workers licensed under Sections 337.500 to 337.540, RSMo, and other mental health professionals licensed under Chapter 337 or as defined in Section 632.005 when establishing regulations or when requiring or recommending services that can be legally performed by persons licensed under Sections 337.500 to 337.540.

This proposal also allows any contractor who engages in the installation or service of fire sprinkler systems to register with the State Fire Marshal. In its main provisions, the bill:

- (1) Allows a municipality, county, or any other local governmental body or jurisdiction to require a contractor to obtain a permit and pay a fee for the installation of a fire sprinkler system and the installation to be in conformance with its building code or other construction requirements;
- (2) Authorizes the Office of the State Fire Marshal within the Department of Public Safety to establish rules and regulations regarding the application content and the procedures for filing an application for a certificate of registration or a renewal of certification, all applicable fees, and establishing procedures for granting reciprocity with other states;
- (3) Establishes requirements which a contractor must meet in order to obtain a certificate of registration, including demonstrating his or her own knowledge or the employment of a person with specified training or certification in the area of fire sprinkler installation and service;
- (4) Specifies the procedure for the certification renewal process;
- (5) Requires the certificate of registration to be displayed conspicuously in the contractor's place of business;
- (6) Creates the Fire Sprinkler Contractor Registration Fund for the deposit of fees collected for

FISCAL DESCRIPTION (continued)

the administration of the provisions of the bill;

(7) Requires the fire marshal to send a written notice at least 30 days prior to the expiration of a certificate;

(8) Requires an applicant to provide evidence of liability insurance in the amount of at least \$1 million for all occurrences per policy year;

(9) Authorizes the fire marshal to file a complaint with the Administrative Hearing Commission against certified contractors for specific violations. If grounds for discipline are found, the fire marshal is authorized to censure or place a contractor on probation for up to five years or suspend for up to three years or revoke the contractor's certificate of registration; and

(10) Authorizes the fire marshal to seek an injunction, restraining order, or other order, if appropriate, to prevent a person or organization from holding himself, herself, or itself out as a certified fire sprinkler contractor.

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 Mental Health
Department of Public Safety
Department of Insurance, Financial Institutions and Professional Registration
Joint Committee on Administrative Rules
Office of the State Treasurer
Department of Elementary and Secondary Education
Department of Social Services
Office of the Secretary of State
Department of Agriculture
Department of Health and Senior Services
Office of the Secretary of State
City of Columbia
City of Kansas City
County of St. Louis
Parkway School District



Ross Strope
Acting Director
April 19, 2013