

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1917-01  
Bill No.: SB 524  
Subject: Boards, Commissions, Committees, Councils; Economic Development Dept.;  
 Licenses - Professional; Health Care; Physicians; Health Care Professionals  
Type: Original  
Date: April 8, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Board for the Registration of Healing Arts	\$0	\$67,156	(\$48,740)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$67,156</b>	<b>(\$48,740)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of State Public Defender** and **Missouri Senate** assume the proposal would have no fiscal impact on their organizations.

Officials from the **Office of Prosecution Services** state the proposal will not have a significant direct fiscal impact on county prosecutors.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate the proposal will not significantly alter its caseload. However, if other similar proposals also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Office of Secretary of State (SOS)** state the proposal establishes criteria for licensure as a naturopathic physician. The proposal will result in the Division of Professional Registration promulgating rules to implement the legislation. These rules will be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Division of Professional Registration could require as many as 12 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code

**ASSUMPTION** (continued)

of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, and withdrawn. The SOS estimates the cost of the proposal to be \$738 [(12 pgs. X \$27) + (18 pgs. X \$23)] for FY 06.

**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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Economic Development (DED) - Division of Professional Registration (PR)** state based on an average licensee count for the 13 states in the nation that have licensure for the practice of naturopathic medicine, it is estimated that there will be approximately 171 licensees. DED-PR assumes a fee of \$750 will be paid for licensure with biennial renewal. DED-PR estimates a 3% growth rate and assumes licensure begins in FY 2007, resulting in revenue to the Board of Registration for Healing Arts Fund of \$128,250 in FY 2007 and \$1,875 in FY 2008.

DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Board of Registration for Healing Arts Fund.

DED-PR assumes implementation of the proposal will require utilizing an additional 0.75 FTE in FY 2007, as follows: 0.5 Licensure Technician II (0.5 FTE at \$26,292) to process applications for licensure, assist with commission meetings as well as respond to any inquiries related to the licensure law or rules & regulations; and 0.25 Investigator (0.25 FTE at \$39,288) to assist in conducting investigations. In addition, it has been estimated that, at a minimum, the commission will pay 0.50% of the current principal assistant's annual salary (\$63,396). This estimate is based on an existing licensing group within the division will a similar structure and low number of licensees. DED-PR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$2,078. DED-PR assumes equipment cost for the additional FTE will be \$7,995 in FY 2007.

DED-PR assumes the six (6) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. DED-PR notes the Principal Assistant, an Attorney General representative and a staff person will also attend the meeting. DED-PR assumes there would be four (4) meetings, beginning in FY 2007, and each board member will receive a \$50 per diem. DED-PR assumes per diem, mileage, lodging, and meal expenses (for six board members and three staff) to cost approximately \$9,235 annually.

ASSUMPTION (continued)

DED-PR assumes three (3) complaints (2% of licensees) would be received each year. DED-PR estimates 100% of these complaints (3) will require field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the investigations are estimated at \$765 annually. DED-PR assumes complaints and investigations would start in FY 2008.

DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). DED-PR estimates 25% of investigations (1) would be forwarded to the AGO for further action. Assuming \$5,400 cost per case, DED-PR estimates \$5,400 annually beginning in FY 2008. DED-PR also estimates the AGO would provide approximately 60 hours of assistance with rules, opinions and meetings per year. Assuming an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly beginning in FY 2007.

DED-PR assumes printing and postage costs will be incurred in the first year for statute and rule mailings and for startup printing of rules, applications, letterhead and envelopes. DED-PR estimates printing and postage costs at \$6.25 per licensee in the first year, for a total cost of \$1,069. Subsequent years' printing and postage costs are expected to continue at this amount.

DED-PR assumes existing staff would design, program and implement a computer licensure program. However, if costs are higher than anticipated further monies will be required. DED-PR assumes a national examination will be utilized for examinations.

**Oversight** provides the following assumptions used to calculate the fiscal impact of this proposal:

- (1) Adjusted DED-PR's licensure fee from \$750 to \$650, which should cover the operations of the Board;
- (2) Assumed additional rental space would not be required and no additional furniture or equipment should be required since requested FTE are all part-time positions;
- (3) Adjusted DED-PR's travel expense related to board meeting meal allowances by \$840 as a result of Office of Administration (OA) travel guidelines which do not allow meals for state employees when they are in their official domicile;
- (4) Changed the starting salary for the Licensure Technician II and Investigator II to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research, and

ASSUMPTION (continued)

(5) Used DED-PR's estimates unless otherwise noted.

Officials from the **Office of Attorney General (AGO)** state the proposal creates an additional division and an additional category of licensees within the Board of Healing Arts. The AGO assumes it would need 0.5 FTE Assistant Attorney General I to represent the new division of the board in administrative hearings. The AGO estimates additional costs of \$27,890 in FY 06; \$33,569 in FY 07; and \$34,458 in FY 08.

**Oversight** assumes costs incurred by the AGO's office will be reimbursed by the Board of Registration for the Healing Arts Fund.

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 offenses(s) outlined in this proposal. An increase in commitment depends on the 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 either incarceration (FY 04 average of \$38.37 per inmate per day or an annual cost of \$14,005 per inmate) or through supervision provided by the Board of Probation and Parole (FY 03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender per year).

DOC assumes the narrow scope of the crime will not encompass a large number of offenders. The low felony status of the crime enhances the possibility of plea-bargaining or the imposition of a probation sentence. The probability also exists that offenders would be charged with a similar but more serious offence of that sentences may run concurrent to one another.

Supervision by the DOC through probation or incarceration 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 **Office of the Governor (GOV)** did not respond to our request for a statement of fiscal impact. However, in response to identical legislation from the current session, the GOV assumed the proposal would have no fiscal impact on their organization.

**This proposal will result in an increase in total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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**BOARD FOR THE REGISTRATION  
 OF HEALING ARTS FUND**

Income - DED-PR

Revenue from Licensure Fees	\$0	\$111,150	\$1,667
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Costs - DED-PR

Board Member Per Diem (6)	\$0	(\$2,400)	(\$2,400)
Personal Service Costs (0.75 FTE)	\$0	(\$20,622)	(\$21,137)
Fringe Benefits	\$0	(\$8,797)	(\$9,017)
Equipment and Expenses	\$0	(\$8,523)	(\$8,801)
AGO Costs	<u>\$0</u>	<u>(\$3,652)</u>	<u>(\$9,052)</u>
Total <u>Costs - DED-PR</u>	<u>\$0</u>	<u>(\$43,994)</u>	<u>(\$50,407)</u>

**ESTIMATED NET EFFECT ON  
 BOARD FOR THE REGISTRATION  
 OF HEALING ARTS FUND**

	<u>\$0</u>	<u>\$67,156</u>	<u>(\$48,740)</u>
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FISCAL IMPACT - Local Government

	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

As a result of this proposal, naturopathic physicians would have to become licensed. This would involve paying a licensure fee, required continuing education and likely, an increase in paperwork.

DESCRIPTION

This proposal regulates the licensing of naturopathic physicians.

Definitions are created relating to naturopathic medicine and required education. The proposal establishes requirements and procedures for the initial licensure of naturopaths.

The Advisory Commission for Naturopathic Medicine is established for the purpose of advising the state board of healing arts on the licensure and supervision of all naturopathic physicians.

DESCRIPTION (continued)

The Commission shall consist of six members, one of which must be a public member, who will be appointed by the Governor. Each member shall serve a four year term, except for the members first appointed.

The State Board of Registration for the Healing Arts has the authority to adopt rules for licensing, enforce the provisions of this proposal, set the amount of fees, and deposit moneys in the Board's fund. The Board may prescribe continuing education requirements.

Naturopaths must display a license or certificate in a conspicuous location that is accessible to the public. Any person seeking to practice as a naturopathic physician must take and pass required examinations. Persons licensed in other states that authorize the practice of naturopathy to the same extent and the same manner as Missouri shall be licensed without examination. The Board is authorized to enter into reciprocal agreements with other states.

The proposal creates a list of persons who are exempt from the licensure requirements. The proposal creates a "grandfathering" provision to allow for the licensure of naturopathic physicians who do not satisfy certain education requirements, provided such physicians meet other requirements relating to the active practice of naturopathic medicine. Such persons must apply for licensure by July 1, 2007.

Any person violating the provisions of this act shall be guilty of a Class A misdemeanor.

A naturopathic physician must meet the Board's minimum requirements for continuing education in order to renew a certificate of registration. Every licensed naturopathic physician must renew their certificate of registration on or before the renewal date. A blank application form for registration will be mailed to the last known office or residence address. The failure to receive the application form does not mitigate the duty to register or exempt from penalties. Registration fees must be paid to the Director of the Department and must accompany the application for registration.

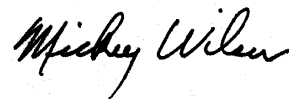
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

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Office of Attorney General  
Office of Administration -  
    Administrative Hearing Commission  
Office of State Courts Administrator  
Department of Economic Development -  
    Division of Professional Registration  
Department of Corrections  
Office of Prosecution Services  
Missouri Senate  
Office of Secretary of State  
Office of State Public Defender

**NOT RESPONDING: Office of the Governor**



Mickey Wilson, CPA  
Director  
April 8, 2005