

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1311-07
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SB 296
Subject: Architects; Boards, Commissions, Committees, Councils; Engineers; Licenses - Professional; Surveyors
Type: Original
Date: June 3, 2009

Bill Summary: Licenses of professions regulated by the board of architects, professional engineers, professional land surveyors, and landscape architects.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown exceeding \$71,659)	(Unknown exceeding \$9,090)	(Unknown exceeding \$43,210)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$71,659)	(Unknown exceeding \$9,090)	(Unknown exceeding \$43,210)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
State Legal Expense	\$0	\$0	\$0
Board of Registration for the Healing Arts	\$0	\$18,500	\$250
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$18,500	\$250

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	1	0.5	0.5
Total Estimated Net Effect on FTE	1	0.5	0.5

- 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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Mental Health, Department of Revenue, Department of Corrections, Office of Secretary of State (SOS) - Business Services Division, and Department of Social Services** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration (COA) - Administrative Hearing Commission** anticipate this legislation 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 Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS.

The potential fiscal impact on county prosecuting attorneys will depend on the extent to which law enforcement agencies choose to enforce this provision and/or are able to enforce the provision. If law enforcement agencies make arrests under this provision, there may be an impact based on the additional cases that may be filed.

Officials from the **SOS - Administrative Rules Division** state the fiscal impact for this proposal is less than \$2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS 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 that 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.

Officials from the **Office of Attorney General (AGO)** assume any potential costs arising from this proposal can be absorbed with existing resources. The AGO may need to request additional staff to handle the increase in workload if multiple cases arise from this proposal.

Officials from the **Department of Health and Senior Services (DOH)** provide the following assumptions for this proposal:

191.070

SB 724, passed during the 2008 legislative session, includes language allowing advanced practice registered nurses (APRN) to be delegated controlled substance prescriptive authority under a collaborative practice agreement with a physician. A new decision item for \$143,520 in consulting costs was included in the OA-ITSD FY 2010 Budget Request in order to implement

ASSUMPTION (continued)

SB 724. If the new decision item is not funded, support from ITSD will be needed to modify and maintain the existing database used by the DOH, Bureau of Narcotics and Dangerous Drugs. The modifications will include the addition of data fields to capture information about physician assistants that have controlled substance prescribing authority delegated in a collaborative practice agreement. Additional reports will also be required to meet the needs of the bureau. If the new decision item is funded, the consulting cost would not be necessary. The database improvements that would be made to implement SB 724 would help address database requirements of this legislation, and any changes needed to implement this legislation could be handled by ITSD staff.

The ITSD assumes one-time consultant costs for analysis, design development, testing, and implementation of the needed medications to collect and store the data will cost \$143,520. Since funding for consultant costs is contingent upon whether COA-ITSD's new decision is funded to implement SB 724, DOH assumes a range of cost from \$0 to \$143,520 for this component.

The COA-ITSD also assumes the project will require the need for one Computer Information Technology Specialist I to provide project management, development support, and administration maintenance of the application. This position would require one full-time staff the first year, and then reduced to half of a full-time position in subsequent years for ongoing maintenance to the application. This FTE is necessary even if the new decision item to implement SB 724 is funded, as this FTE will be needed to make additional system modifications to add physician assistants and provide support for the system. Standard expense and equipment costs are included for this FTE.

Based on additional discussions with DIFP and DOH staff, **Oversight** assumes 370 physician assistants will apply for certification to prescribe controlled substances. Therefore, DOH registration fees will be reported as \$33,300 (370 registrants X \$90 registration fee) for FY 11 and \$450 (5 registrants X \$90 registration fee) for FY 12. Since DIFP assumes certifications will not begin until FY 11, it is assumed there will be no registration fees for DOH in FY 10.

Oversight assumes the DOH would not need additional rental space for 1 FTE.

Section 334.747

Additional registration fees for physician assistants will be generated by this legislation. This amount will be received primarily in a three-year cycle due to the three-year term of the registrations issued, except for individuals beginning to practice in Missouri in intervening years. The DOH, Division of Regulation and Licensure, assumes that 10 percent of the total number of physician assistants will qualify and apply for a three-year controlled substances registration in

ASSUMPTION (continued)

each year. In 2008, there were 559 physician assistant registrations in the state of Missouri. Assuming a 10 percent participation level each year, an additional \$5,040 (56 registrants X \$90 per three-year registration) would be generated through fees for controlled substances registration and deposited into the General Revenue Fund.

Based on additional discussions with DIFP and DOH staff, **Oversight** assumes 370 physician assistants will apply for certification to prescribe controlled substances. Therefore, DOH registration fees will be reported as \$33,300 (370 registrants X \$90 registration fee) for FY 11 and \$450 (5 registrants X \$90 registration fee) for FY 12. Since the DIFP assumes certifications will not begin until FY 11, it is assumed there will be no registration fees for DOH in FY 10.

Oversight assumes the DOH would not need additional rental space for 1 FTE.

Sections 335.300 to 335.355 (Nurse Licensure Compact)

Under current law, a nurse must be licensed by the State Board of Nursing in order to practice in Missouri. At the time of licensure, an educational surcharge is collected (one dollar per year for practical nurses and five dollars per year for professional nurses) and deposited into the Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund (required under section 335.221, RSMo), which DOH uses to support nursing student loans and loan repayments. Under this legislation, nurses licensed in another compact state, especially a contiguous state, would not be required to be licensed in Missouri, thereby reducing the funds available for this program. It is unknown how many nurses would seek to engage in the compact and no longer seek licensure in Missouri. Therefore, the DOH assumes an unknown loss of revenue to the Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund.

Oversight assumes there could be an indirect effect on the Missouri Professional and Practical Nursing Student Loan and Loan Repayment Funds/Programs. However, there would not be a direct effect on any state funds.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the State Board of Registration for the Healing Arts estimates applications will begin being received in FY 11 and approximately 370 applicants will apply for certificates of controlled substance prescriptive authority at \$50 per application (370 applicants X \$50 = \$18,500). It is further assumed, five (5) applicants will apply for certificates in FY 12 for revenue of \$250 (5 applicants X \$50 fee). Licensure renewal will begin in FY 13.

ASSUMPTION (continued)

The DIFP estimates that it will incur an initial expense for the programming and implementation of this licensure category to the division's licensure system. The DIFP estimates this initial programming will occur in FY 10 and will cost approximately \$540.

The DIFP also states that having reviewed the proposed legislation and having sought the conclusion of the appropriate board(s), they are of the opinion that this fiscal note as it pertains to the Nurse Licensure Compact will not have a fiscal impact unless certain border states would become members of the compact.

The nurse would only be required to hold a license in his/her state of residence and then would be able to practice in other states that are part of the nurse license compact. There are currently 23 states in the compact. Implementation of the compact with the current states would have very little change in the number of those holding a Missouri license.

NOTE: When/if Kansas and Illinois join the nurse license compact, this could have a greater fiscal impact on revenue received for nurse licenses. Currently, there are 7,643 licensed nurses in Illinois and Kansas that have a Missouri address and 15,082 Missouri licensed nurses that have a Kansas and Illinois address. Missouri would gain 7,643 nurses and not license 15,082, for a net loss of 7,439 licensees. This breaks down to 7,054 RNs that renew in odd-numbered years, for a net loss of \$352,700 in odd-numbered years and 385 LPNs that renew in even-numbered years, for a net revenue loss of \$19,250 in even-numbered years. In addition, there is an annual nurse license compact administrator's fee of \$3,000. The revenue loss with the nurse license compact implemented was figured into the revenue projections through fiscal year 2013. Implementation of the nurse license compact will not require a license renewal fee increase assuming the revenue projections are accurate.

Oversight contacted DIFP staff regarding the status of the Nurse Licensure Compact in Illinois and Kansas. Staff told Oversight that nurse licensure compact legislation would have to go through the state legislatures of Illinois and Kansas in much the same manner as in Missouri. They did not know if legislation relating to the compact was being considered in either of those states.

Oversight assumes the State Board of Healing Arts Fund can absorb \$540 for programming and implementation of the licensure system for physician assistants to prescribe controlled substances.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal would expand the scope of the legal expense fund, so far as it applies to local school nurses practicing in summer camp. The increased call on the fund's resources for legal representation would be based upon the number of actions filed. The cost is unknown.

ASSUMPTION (continued)

Officials from the **Office of Administration (COA) - Division of General Services/Risk Management (GS/RM)** did not respond to our request for a statement of fiscal impact. However, in response to similar legislation (HB 37) for Section 105.711, COA-GS/RM officials assumed the proposed changes have the potential for some increased costs to the state legal expense fund that cannot be determined at this time.

The state self-assumes its own liability protection under the state legal expense fund. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General. COA has reflected the costs affecting the general revenue fund, as general revenue funds the state legal expense fund.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Income - DOH</u>			
Controlled substance registration fees	\$0	\$33,300	\$450
<u>Costs - DOH</u>			
Personal service costs	(\$40,500)	(\$25,029)	(\$25,780)
Fringe benefits	(\$19,695)	(\$12,172)	(\$12,537)
Equipment and expense	(\$11,464)	(\$5,189)	(\$5,343)
Consultant costs	(\$0 or \$143,520)	\$0	\$0
Total <u>Costs</u> - DOH	(\$71,659 or \$215,179)	(\$42,390)	(\$43,660)
FTE Change - DOH	1.0 FTE	0.5 FTE	0.5 FTE
<u>Transfers out – to State Legal Expense Fund</u>			
	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>(Unknown exceeding \$71,659)</u>	<u>(Unknown exceeding \$9,090)</u>	<u>(Unknown exceeding \$43,210)</u>
Estimated Net FTE Change for General Revenue Fund	1.0 FTE	0.5 FTE	0.5 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
STATE LEGAL EXPENSE FUND			
<u>Transfers in</u> – from General Revenue Fund	Unknown	Unknown	Unknown
<u>Costs – Office of Administration</u> Increased liability	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON STATE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
BOARD OF REGISTRATION FOR THE HEALING ARTS FUND			
<u>Income - DIFP</u> Licensure fees/renewals	<u>\$0</u>	<u>\$18,500</u>	<u>\$250</u>
ESTIMATED NET EFFECT ON BOARD OF REGISTRATION FOR THE HEALING ARTS FUND	<u>\$0</u>	<u>\$18,500</u>	<u>\$250</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small business architects, professional engineers, professional land surveyors and landscape architects if they are called for disciplinary hearings or have licenses denied based on revocations or denials in other states.

Small business health care providers may be negatively impacted if they pay for certification fees and controlled substance registration fees to the State and U.S. Drug Enforcement Administration for physician assistants obtaining controlled substance prescriptive authority.

FISCAL DESCRIPTION

This act modifies laws regarding the state legal expense fund, cemetery operators, physician assistants, the division of professional registration, the board for architects, professional

FISCAL DESCRIPTION (continued)

engineers, professional land surveyors, and landscape architects, dental care professionals, nurses, pharmacy, the board of cosmetology and the board of barber examiners, and mental health benefits.

STATE LEGAL EXPENSE FUND

This section expands coverage under the state legal expense fund to physicians, nurses, physician assistants, dental hygienists, or dentists who provide free services to summer camps. (Section 105.711)

PHYSICIAN ASSISTANTS PRESCRIBING CONTROLLED SUBSTANCES

These sections authorize physician assistants who meet certain requirements to prescribe Schedule III, IV, or V controlled substances. (Section 195.070, 195.100, 334.735, 334.747)

NURSE LICENSURE COMPACT

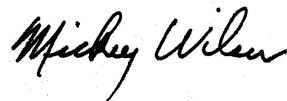
These sections create a multistate nursing licensure compact for registered nurses and licensed practical/vocational nurses. This compact allows licensed registered nurses and licensed practical/vocational nurses to practice nursing in states which participate in the nurse licensure compact. All states wishing to participate in the compact must adopt articles of authorization listed by the act. (Sections 335.300, 335.305, 335.310, 335.315, 335.320, 335.325, 335.330, 335.335, 335.340, 335.345, 335.350, 335.355)

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
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Corrections
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Office of Prosecution Services
Office of Secretary of State -
 Administrative Rules Division
 Business Services Division

NOT RESPONDING: Office of Administration - Division of General Services/Risk Management



Mickey Wilson, CPA
Director
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