

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0299-04  
Bill No.: HCS for SB 125  
Subject: Professional Registration and Licensing; Department of Insurance, Financial Institutions and Professional Registration; Boards, Committees and Councils; Administrative Law; Health Care; Health Care Professionals; Dentists  
Type: Original  
Date: May 2, 2017

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

**FISCAL SUMMARY**

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

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 16 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented
Various Professional Registration Funds	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
State Board of Accountancy Fund	(Up to \$17,550)	(Up to \$17,550)	(Up to \$17,550)	(Up to \$17,550)
Cosmetology and Barber Examiners Fund	\$0	\$37,500	\$1,125	\$1,125
Professional Registration Administration Fund*	\$0	\$0	\$0	\$0
State Committee of Psychologist Fund	\$0	\$0	\$0	\$0 or Less than \$47,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

\*Revenue and Expenses Net to Zero.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented
Federal*	\$0	\$0	\$0	\$0
<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 expenditures exceed \$2.8 million annually beginning in FY022.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented
<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>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented
<b>Local Government</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Bill as a whole**

Officials from the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Office of the State Courts Administrator**, the **Office of Prosecution Services**, the **Department of Revenue**, the **Department of Corrections** and the **Department of Higher Education** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the Governor**, the **Office of the State Public Defender**, the **Office of Administration** and the **Department of Health and Senior Services** each assumed the proposal will have no fiscal impact on their respective organizations.

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

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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.

ASSUMPTION (continued)

Sections 191.1100 - 191.1116

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the department has no way to estimate the number of volunteers that would register under the provisions of Section 119.1114 and the amount of additional work to each licensing board. The revenue and costs to the various licensing boards impacted are unknown. In addition, the department would need to develop a process and tracking mechanism for crediting the volunteer work as continuing education credit(s) per the requirements of Section 191.1116, as current continuing education requirements are handled differently by each board.

Therefore, the fiscal impact of this legislation to the department is unknown.

Sections 324.001 and 621.280

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** state that it is unknown what professions may be affected by this legislation in the future. Therefore, the fiscal impact to their department is unknown.

**Oversight** assumes this proposal establishes guidelines for the regulation of future professions. The fiscal impact for specific professional regulations will be reflected in the enabling legislation.

Section 326.256 - 326.325

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume due to the provisions of this bill, a decrease in up to 195 out-of-state CPA firm permits may occur. At a \$90 permit fee, the loss of revenue to the board annually is up to \$17,550.

Additionally, lowering the age requirement for CPA licensure from 21 to 18 is not expected to have a significant fiscal impact on the board, as many 18 year olds do not meet the requirements of licensure found under Section 326.280.1 RSMo.

ASSUMPTION (continued)

Sections 192.500, 328.025, and 329.033

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the department 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.

Sections 328.080 - 329.032 & 329.040 - 326.275

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this legislation requires hair-braiders in the state of Missouri to register with the Board of Cosmetology and Barber Examiners for a fee of not more than \$25 to cover the board's costs for keeping this registration list. The board must also provide a brochure to each person who registers. The board shall develop and prepare a brochure containing infection control technique information appropriate for hair-braiding. This brochure must contain a self test and it must be kept at the location where the person is engaging in the practice of hair-braiding.

Brochures can be anywhere from \$0.20 to over \$1.00, depending on color and quantity. State Printing has charged the division \$111.62 for 100 brochures and \$464.61 for 2,020 brochures. For purposes of this fiscal note, we estimate \$1.00 printing charge per brochure. We also estimate we would need to order 1,500 brochures to start, and 45 brochures each year after for a 3% growth.

Representatives of the board may visit any facility or premises in which hair-braiding is performed to determine if the brochure and self test are available at the facility or premises. The Board of Cosmetology and Barber Examiners will need to develop and prepare a brochure containing infection control technique information appropriate for hair-braiding. If the board is expected to ensure these brochures are available at all hair-braiding facilities and premises, it will require them to obtain two inspectors (\$29,580 each, annually) and an office support assistant (\$23,628 annually) to cover the increased workload.

Based on information the Board obtained through research and information its inspectors obtained, the DIFP estimates the 1,500 individuals in the state of Missouri will be required to be registered. In addition, a 3% growth rate has been estimated.

It is assumed 1,500 inspections will be conducted annually. Based on an average of 60 miles traveled per inspection and fuel costs of \$0.37 per mile, total inspection costs are estimated to be \$33,300 (1,500 inspections X 60 miles X \$0.37 per mile).

ASSUMPTION (continued)

Provisions of the proposal provide a maximum registration fee of \$25. The DIFP assumes a one-time registration fee. Total revenue of \$37,500 is estimated for FY 18, with a 3% growth rate for subsequent years. Fees will be deposited into the Cosmetology and Barber Examiners Fund.

**Oversight** notes the provisions of the proposal only require hair braiders to register with the DIFP. Representatives of the Board of Cosmetology and Barber Examiners **may** visit any facility in which hair braiding is performed to determine if the brochure and completed self-test are available, but it is not required. Due to the limited number of individuals who may be required to register as hair braiders, **Oversight** assumes the DIFP can perform the requirements of this proposal with existing staff. Registration fees will be sufficient to cover preparation, printing and mailing costs of the brochure.

Sections 337.100 - 337.165

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the compact will be effective when it is enacted into law in the seventh member state. Currently, one state has enacted the compact and only two states (including Missouri) have legislation pending to enact the compact. It is not anticipated the compact would be enacted during FY18, FY19, or FY20 and, as a result, will have no fiscal impact to the DIFP during these fiscal years.

Once the compact is enacted, the DIFP, Division of Professional Registration would have the following fiscal impact: \$3,000 to \$6,000 annual fee to participate in the compact and revenue of \$200 for each Interjurisdictional Practice Certificate.

**Oversight** assumes the earliest the proposal could be enacted would be FY21. However, since the compact will only become effective when the seventh state becomes a member, revenues and costs will be ranged as \$0 or... since it is unknown when the seventh state will become a member.

**Oversight** notes, based on discussions with DIFP officials, that the original compact fee would be paid from the Professional Registration Administration Fund (#0689) and then the fund would be reimbursed from the State Committee of Psychologists Fund (#0580). It would take 250 Interjurisdictional Practice Certificates to be issued to psychologists from compact member states for the potential income to reach \$50,000 (250 X \$200/certificate). Oversight assumes potential revenues will be less than \$50,000 annually if the compact is adopted by 7 member states and at least some are states that border Missouri.

ASSUMPTION (continued)

In response to a similar proposal from this year (SB 462), officials from the **Office of Attorney General (AGO)** assumed any potential costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in referrals.

Section 332.081

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state this legislation revises Chapter 197, RSMo, by adding section 197.750 with terminology to employ licensed oral health care providers or dentists under chapter 332, RSMo, to provide services for oral health treatment in hospitals.

MHD assumes 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.

Officials from the **Cass Regional Medical Center** state the proposal will have no fiscal impact



ASSUMPTION (continued)

to their organization unless they actually employ a dentist or other oral health care provider.

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

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Excelsior Springs Hospital, Golden Valley Memorial Hospital, Hermann Area District Hospital, Samaritan Hospital, Putnam County Memorial Hospital, the University of Missouri Health System and Washington County Memorial Hospital did not respond to **Oversight's** request for a statement of fiscal impact.

**Oversight** notes there are 30 hospitals in the state of Missouri that are owned by local political subdivisions. This legislation will impact those hospitals if they choose to employ a dentist or other oral health care provider. For fiscal note purposes, **Oversight** assumes if at least one hospital employs an oral health care provider, the fiscal impact will be greater than \$100,000 annually for local political subdivisions. Reimbursement will not begin to be received until FY22 and will not provide reimbursement for the total costs incurred.

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 -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented
<b>GENERAL REVENUE FUND</b>				
<u>Costs - DSS</u> (§332.081)				
Increase in state share of program reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Less than \$1,642,084)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>(Less than \$1,642,084)</b></u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented
<b>VARIOUS PROFESSIONAL REGISTRATION FUNDS</b>				
<u>Revenue - DIFP</u> (§119.1100 - 191.1116) Registration Fees	Unknown	Unknown	Unknown	Unknown
<u>Cost - DIFP</u> (§119.110 - 191.1116) Equipment and Expense	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE PROFESSIONAL REGISTRATION FUNDS</b>	<b>Unknown to <u>(Unknown)</u></b>	<b>Unknown to <u>(Unknown)</u></b>	<b>Unknown to <u>(Unknown)</u></b>	<b>Unknown to <u>(Unknown)</u></b>
<b>STATE BOARD OF ACCOUNTANCY FUND</b>				
<u>Loss - DIFP</u> (§326.256 - 326.325) Decrease in out-of- state permits	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>
<b>ESTIMATED NET EFFECT ON THE STATE BOARD OF ACCOUNTANCY FUND</b>	<b><u>(Up to \$17,550)</u></b>	<b><u>(Up to \$17,550)</u></b>	<b><u>(Up to \$17,550)</u></b>	<b><u>(Up to \$17,550)</u></b>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented
<b>COSMETOLOGY AND BARBER EXAMINERS FUND</b>				
<u>Revenue - DIFP</u>				
Registration Fees	<u>\$0</u>	<u>\$37,500</u>	<u>\$1,125</u>	<u>\$1,125</u>
<b>ESTIMATED NET EFFECT ON THE COSMETOLOGY AND BARBER EXAMINERS FUND</b>	<b><u>\$0</u></b>	<b><u>\$37,500</u></b>	<b><u>\$1,125</u></b>	<b><u>\$1,125</u></b>
<b>PROFESSIONAL REGISTRATION ADMINISTRATIO N FUND</b>				
<u>Transfer-in - from</u> State Committee of Psychologists Fund (#580)(§337.100- 337.165)	\$0	\$0	\$0	\$0 or \$3,000 to \$6,000
<u>Costs - DIFP</u>				
Interstate compact fee (§337.100- 337.165)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0 or \$3,000 to <u>\$6,000</u>
<b>ESTIMATED NET EFFECT ON THE PROFESSIONAL REGISTRATION ADMINISTRATIO N FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented
<b>STATE COMMITTEE OF PSYCHOLOGISTS FUND</b>				
<u>Income - DIFP</u> (§§337.100 - 337.165)				
Practice certificates issued to compact state practitioners	\$0	\$0	\$0	\$0 or Less than \$50,000
<u>Transfer-out - to</u> Professional Registration Administration Fund (#0689)				
Interstate compact fee	\$0	\$0	\$0	\$0 or (\$3,000 to <u>\$6,000</u> )
<b>ESTIMATED NET EFFECT ON THE STATE COMMITTEE OF PSYCHOLOGISTS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b>\$0 or Less than <u>\$47,000</u></b>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented
<b>FEDERAL FUNDS</b>				
<u>Income</u> - DSS (\$332.081)				
Increase in program reimbursements	\$0	\$0	\$0	Less than \$2,823,499
<u>Costs</u> - DSS (\$332.081)				
Increase in program expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Less than \$2,823,499)</u>
<b>ESTIMATED NET EFFECT ON 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 -</u> <u>Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>LOCAL GOVERNMENTS - HOSPITALS</b>				
<u>Income - Hospitals</u> (\$332.081)				
Increase in reimbursements	\$0	\$0	\$0	\$0 to Unknown greater than \$100,000
<u>Costs - Hospitals</u> (\$332.081)				
Increase in personnel costs for oral health care providers	<u>\$0 to (Unknown</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to (Unknown</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to (Unknown</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to (Unknown</u> <u>greater than</u> <u>\$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - HOSPITALS</b>	<u><u>\$0 to (Unknown</u></u> <u><u>greater than</u></u> <u><u>\$100,000)</u></u>	<u><u>\$0 to (Unknown</u></u> <u><u>greater than</u></u> <u><u>\$100,000)</u></u>	<u><u>\$0 to (Unknown</u></u> <u><u>greater than</u></u> <u><u>\$100,000)</u></u>	<u><u>\$0 to (Unknown</u></u> <u><u>greater than</u></u> <u><u>\$100,000)</u></u>

#### FISCAL IMPACT - Small Business

This proposal may impact small business dentists or other oral health care providers if dentists, oral and maxillofacial surgeons or maxillofacial prosthodontists choose to become employed by a hospital and are no longer available to provide services to the community.

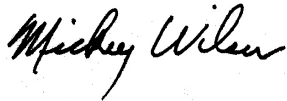
#### FISCAL DESCRIPTION

This proposal modifies and creates 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 Mental Health  
Department of Social Services  
Joint Committee on Administrative Rules  
Office of Administration  
Office of the State Courts Administrator  
Office of the Secretary of State  
Office of Prosecution Services  
Office of the State Public Defender  
Department of Higher Education  
Attorney General's Office  
Department of Corrections  
Office of the Governor  
Department of Labor and Industrial Relations  
Department of Revenue



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