

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4489-01  
Bill No.: Perfected HB 1719  
Subject: Professional Registration and Licensing  
Type: Original  
Date: March 13, 2018

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
General Revenue Fund	(\$150,824)	(\$180,683)	(\$181,244)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$150,824)</b>	<b>(\$180,683)</b>	<b>(\$181,244)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Technology Trust Fund	(\$74,800)	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$74,800)</b>	<b>\$0</b>	<b>\$0</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Federal Funds*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* One-time income and expenses less than \$50,000 in FY 19 net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
General Revenue Fund	4 FTE	4 FTE	4 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>4 FTE</b>	<b>4 FTE</b>	<b>4 FTE</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Local Government	\$0	\$0	\$0

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue**, the **Department of Labor and Industrial Relations**, the **Office of Administration**, the **Department of Elementary and Secondary Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Services** and the **Department of Natural Resources**, the **Department of Social Services**, the **Department of Public Safety - Division of Fire Safety** and the **Department of Agriculture** each assume 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.

### House Amendment 1

**Oversight** assumes this amendment will have no fiscal impact on state or local government.

### House Amendment 2

In response to a similar proposal from this year, HB 2295, officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** stated this legislation revises chapter 632 by adding definitions for psychiatric assistant physician and psychiatric physician assistant under chapter 334.

This legislation only adds definitions to chapter 632, but does not change MO HealthNet reimbursement under Chapter 208, RSMo, or impact MO HealthNet health care plans regulated under Chapter 376, RSMo.

Therefore, MHD assumes there would be no fiscal impact for Managed Care or Fee-for-Service with regard to utilization of services. However, there would be an estimated negative impact of \$67,000 for adding a new specialty. The total cost includes updating rules, prior authorization processing, and updates to the ad hoc reporting tool. This impact would be in FY19, and would be a 50/50 split among State and Federal.

ASSUMPTION (continued)

MHD assumes services provided by psychiatric physician assistant and psychiatric assistant physician will be paid from DMH budget, therefore MHD defers to DMH for costs associated.

In response to a similar proposal from this year, HB 2295, officials from the **Department of Mental Health (DMH)**, the **Department of Public Safety - Missouri Highway Patrol**, **Missouri Consolidated Health Care Plan** and **Missouri Department of Conservation** each assumed the proposal will have no fiscal impact on their respective organizations.

House Amendment 3

In response to a similar proposal from this year, HB 1656, officials from the **Office of the Secretary of State (SOS)** assumed the following:

Section 285.715 requires registration with the SOS. Under this section several required mandates are not traditionally maintained in current entity creation filings with Business Services. These changes would require procedural changes as well as software changes for the business process for Business Services.

Specifically, 285.715 2. (5) requires "a statement of ownership along with evidence of the business experience of any person that..." current entity creation documents do not require disclosure of ownership information. While SOS does require officers and directors to be reported on some entity types, their experience level or information is never collected. 285.715 2. (7) requires financial data (statements) be submitted. Business Services does not collect this information for any type of entity.

Section 285.715.10, states that "All records, reports, and other information obtained from a Professional Employer Organization (PEO) under sections 285.700 to 285.750, except to the extent necessary for the proper administration of sections 285.700 to 285.750 by the secretary of state, shall be confidential and shall not be considered a "public record" as that term is defined in section 610.010." Currently all information filed with the Business Services Corporations division is public record.

SOS assumes the proposal would require a new program and a new unit for the Business Services Division. If located in Business Services Division, additional office space will be required. SOS also assumes this proposal will require 4 additional FTE: Examiner/processor Tech II (\$25,000 annually), Enforcement Specialist (\$35,000 annually), Supervisor (\$40,000 annually), and an Investigator I (\$37,500 annually).

ASSUMPTION (continued)

In summary, SOS assumes a cost of \$195,824 in FY 2019, \$223,683 in FY 2020, and \$225,494 in FY 2021 to provide for the implementation of the changes in this proposal.

SOS notes the U.S. Bureau of Labor Statistics does not track PEOs. A website, Staffmarket.com, states that 64 PEOs are currently operating in the state of Missouri (12/12/2017). Department of Labor and Industrial Relations in a 2015 fiscal note (HB 757) stated that 853 non-Missouri based PEO units operating in Missouri. If foreign PEOs are required to register it is estimated that 10% of current PEOs would participate. SOS estimates an 8% growth rate of new creations of this type of business with a decline of 6% in renewal registration the following years for various reasons. It is estimated 5% of registered entities will be reviewed for compliance and investigated. Of those investigated it is likely that few will have violations.

SOS assumes that the initial registration fee will be \$500, the renewal fee \$250, and a penalty fee of \$1,000. SOS estimates there will be a revenue of \$78,500 (\$500 x 149 PEO new registration fees) and \$4,000 in penalty fees in FY 2019, \$6,000 (\$500 x 12 PEO new registration fees), \$35,000 (\$250 x 140 renewal fees), and \$2,000 in penalty fees for a total of \$43,000 for FY 2020, \$6,500 (\$500 x 13 new registration fees), \$35,750 (\$250 x 143 renewal fees), and \$2,000 in penalties for a total of \$44,250 for FY 2021.

SOS also assumes programming expenses of \$74,800 to the Technology Trust Fund in FY 2019.

**Oversight** assumes subsection 285.720.1 states the initial registration fee should not exceed \$500, Subsection 285.720.2 states that the renewal fee should not exceed \$250, and Subdivision 285.750.3(3) states that the penalty fee should not exceed \$1,000. Since SOS is projecting the maximum fees not covering their cost, Oversight will reflect the fee revenue as estimated by SOS.

In response to a similar proposal from this year, HB 2075, officials from the **Attorney General's Office (AGO)** assumed that any potential costs arising from this proposal can be absorbed with existing resources. However, if the SOS were to designate the AGO under section 285.700 to enforce section 285.750, the AGO may need to request additional funding.

In response to a similar proposal from this year, HB 2075, officials from the **Missouri Department of Conservation, Department of Social Services** and the **Department of Economic Development** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Revenue - SOS (\$285.700) (HA 3)</u>			
Penalty Fees	\$4,000	\$2,000	\$2,000
Initial and Renewal Registration Fees	<u>\$74,500</u>	<u>\$41,000</u>	<u>\$42,250</u>
<u>Total Revenue - SOS</u>	\$78,500	\$43,000	\$44,250
<u>Cost - SOS (\$285.700) (HA 3)</u>			
Salaries	(\$114,583)	(\$138,875)	(\$140,264)
Fringe Benefits	(\$69,991)	(\$84,398)	(\$84,810)
Equipment and Expense	<u>(\$11,250)</u>	<u>(\$410)</u>	<u>(\$420)</u>
<u>Total Cost - SOS</u>	<u>(\$195,824)</u>	<u>(\$223,683)</u>	<u>(\$225,494)</u>
FTE Change - SOS	4 FTE	4 FTE	4 FTE
<u>Cost - DSS (\$632.005) (HA 2)</u>			
System Changes	<u>(\$33,500)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$150,824)</u></b>	<b><u>(\$180,683)</u></b>	<b><u>(\$181,244)</u></b>
Estimated Net FTE Change on the General Revenue Fund	4 FTE	4 FTE	4 FTE
<b>TECHNOLOGY TRUST FUND</b>			
<u>Cost - SOS (HA 3)</u>			
Equipment and Expense	<u>(\$74,800)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE TECHNOLOGY TRUST FUND</b>	<b><u>(\$74,800)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
(continued)	(10 Mo.)		

**FEDERAL FUNDS**

<u>Income</u> - DSS (§632.005)	\$33,500	\$0	\$0
Increase in reimbursement for system changes			

<u>Costs</u> - DSS (§632.005)      (HA 2)	<u>(\$33,500)</u>	<u>\$0</u>	<u>\$0</u>
System changes			

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2019	FY 2020	FY 2021
	(10 Mo.)		
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal may positively impact small business physicians offices that might provide psychiatric treatment using physician assistants or assistant physicians. Also, small businesses would now potentially be required to pay a fee as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits any state board, department, or agency that issues professional licenses from denying a license based on age, to any person 18 years old or older. An exception can be made for licenses associated with gaming.

This bill also adds psychiatric physician assistants and psychiatric assistant physicians to the definition of mental health professionals for the purposes of Chapter 631, RSMo. The bill defines a psychiatric assistant physician as a licensed assistant physician under Chapter 334 who has had at least two years of experience as an assistant physician in providing psychiatric treatment to individuals suffering from mental health disorders and a psychiatric physician assistant as a licensed physician assistant under

FISCAL DESCRIPTION (continued)

Chapter 334 and who has had at least two years of experience as a physician assistant in providing psychiatric treatment to individuals suffering from mental health disorders or a graduate of a postgraduate residency or fellowship for physician assistants in psychiatry or is currently in a postgraduate physician assistant residency or fellowship in psychiatry.

Also, this proposal establishes regulations and registration requirements for professional employer organizations (PEOs). The bill requires all professional employer organizations to be registered with the Department of Insurance, Financial Institutions, and Professional Registration. PEO's may register individually or as a group. At the time of registration, and every year thereafter, the PEO or PEO group must file with the department an audit performed by an independent certified public accountant. A PEO may be eligible for limited registration if it meets certain requirements.

The Department of Insurance shall maintain a list of PEOs registered in this state. PEOs shall pay an initial registration fee not to exceed \$500 with an annual renewal fee not to exceed \$250. PEOs seeking limited registration shall pay an initial and annual registration fee not to exceed \$250. However, no fee shall exceed the amount reasonably necessary for the administration of the act.

Each PEO or PEO group shall maintain either positive working capital or provide a bond, irrevocable letter of credit, or securities with a minimum market value equaling the deficiency plus \$100,000 to the department. PEOs seeking limited registration are not required to meet these requirements.

The proposal establishes the conditions under which a client and a PEO may enter into a professional employment agreement as well as the rights and responsibilities of each party. Persons may be sanctioned by the department for providing professional employer services without registering with the department, or for providing false or fraudulent information to the department in conjunction with any registration, renewal, or report required by this act. Such sanctions may include revocation of license or the imposition of an administrative penalty of not more than \$1,000, among other potential penalties.

This proposal provides that a client shall be entitled to the benefit of any tax credit, economic incentive, or other benefit arising as the result of the employment of covered employees of such client. The client's status or certification as a minority-owned or woman-owned business enterprise shall not be affected because such client has entered into an agreement with a PEO or uses the services of a PEO.




FISCAL DESCRIPTION (continued)

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 Revenue  
Department of Public Safety  
    Division of Fire Safety  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Health and Senior Services  
Department of Social Services  
Department of Mental Health  
Department of Agriculture  
Department of Natural Resources  
Office of Administration  
Department of Transportation  
Department of Labor and Industrial Relations  
Department of Elementary and Secondary Education  
Department of Economic Development  
Missouri Department of Conservation  
Office of the Secretary of State  
Attorney General's Office

Ross Strope



Acting Director  
March 13, 2018