

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4489-05
Bill No.: CCS for SS for SCS for HB 1719
Subject: Professional Registration and Licensing; Chiropractors; Dentists; Compacts;
Psychologists; Health Care; Health Care Professionals; Counseling; Athletics;
Mental Health
Type: Original
Date: May 17, 2018

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

FISCAL SUMMARY

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Technology Trust Fund	(\$74,800)	\$0	\$0
Cosmetology & Barber Examiners Fund	(\$10,000)	\$30,000	\$900
Various DIFP Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Professional Registration Administration Fund*	\$0	\$0	\$0
State Committee of Psychologist Fund	\$0	\$0	\$0 or Less than \$47,000
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$84,800)	\$30,000 or (Unknown)	\$900 or Less than \$47,000

* Transfer-in and Cost net to zero

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Section 285.715

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

This section 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

This section 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.

ASSUMPTION (continued)

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).

In summary, SOS assumed 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 noted 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 assumed 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 assumed 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.

ASSUMPTION (continued)

Application Fees - Various Sections

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the following:

Each board's licensing process will be negatively impacted which will impact the licensee and their employer. Each board receives and reviews initial licensure applications on a regular basis that end up not being approved for failure to meet the board's statutory requirements. Board offices also receive applications which are not approved due to failure (on the part of the applicant) to submit all of the required documentation. These applications are held in a pending process for a determinate amount of time awaiting the necessary documentation. These applications are processed but are never submitted to the Board for review since they are considered incomplete.

Boards must justify the amount charged based on the actual time it takes them to do the work. When the boards determine a fee for an application, the boards break down each process and figure out the actual cost and that is how we arrive at the application fee. This change in operational procedure may result in additional FTE, postage, printing, paper, digital enhancements to our licensure system, etc. An increase in inquiries regarding application status and complaints are assumed too. As such, each board may have to increase their fees to correlate with increased processing time and effort.

Professional Registration is uncertain how this procedural change will affect our compact boards. Our Board of Nursing believes this will jeopardize the compact because Missouri can currently license automatically on day of the passed exam so that nurses can begin working right away.

Professional Registration is uncertain how this procedural change might apply to license applications for renewal.

Section 324.047

It is unknown what professions may be affected by this legislation in the future.

ASSUMPTION (continued)

Section 324.047.7

This section requires a report from the DIFP to the legislature each time a bill is filed proposing a new regulation of a profession or occupation. Each report would require the DIFP to research other states' laws, Missouri industry statistics, and national industry standards for occupations and professions that the DIFP has had no previous involvement with. Section 324.047.6 would require regulatory entities to submit similar and additional information the DIFP upon the filing of a bill proposing additional regulation of a profession or occupation, which the DIFP would then make available to the legislature. Depending upon the number of reports necessary, the DIFP may need to request additional funding and/or FTE through the budget process to complete such reports.

At this time, the impact of the legislation and the reporting requirement is unknown.

Sections 328.025 and 329.033

The DIFP believes it 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 DIFP may have to request additional appropriations through the budget process.

Sections 328.080 - 329.275

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 \$20 to cover the board's costs for keeping this registration list. The Board of Cosmetology and Barber Examiners will need to develop and prepare a instructional video for hair-braiding.

An instructional video will be made and posted to the website at a cost of \$10,000.

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)

Staffing:

1 Office Support Assistant (\$23,628/annually) - Keyboarding needed to provide administrative support and assist with complaints and investigations

2 Inspectors (\$29,580/annually) needed to conduct inspections of facilities or premises. In order to be consistent with other duties of the board, it is anticipated the board will inspect each of the facilities or premises of the hair-braiding registrants once a year to ensure they are complying with the provisions of this statute, should this bill pass.

Revenue:

Provisions of the proposal provide a maximum registration fee of \$20. The DIFP assumes a one-time registration fee. Total revenue of \$30,000 is estimated for FY 20, 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 the cost of developing the instructional video.

Oversight assumes this proposal does not require any additional licenses or permits for a barber licensed under chapter 328 or cosmetologist licensed under chapter 328 practicing within a licensed barber shop or licensed cosmetology shop. (which includes business licenses and or operating licenses). **Oversight** will reflect a potential unknown loss of income to Local Political Subdivisions.

Section 337.100-337.167 - Psychology Interjurisdictional Compact

The compact will be effective when it is enacted into law in the seventh member state. Currently, two states have enacted the compact and 7 other states (including Missouri) have introduced legislation to enact the compact. It is uncertain if the compact would be enacted in FY19, FY20 or FY21. Once the compact is enacted the Division would have the following fiscal impact: \$3,000 to \$6,000 annual fee to participate in the compact.

ASSUMPTION (continued)

Oversight notes that 3 states (AZ, NV, and UT) have enacted the compact and one state (IL) has pending legislation besides Missouri. Oversight assumes the earliest the proposal could be enacted would be FY21 since two states enacted the compact in 2017. 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.

Sections 338.315 - 338.040

In response to a similar proposal from this year (SB 1082), officials from the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Health and Senior Services**, the **Department of Social Services** and the **Department of Mental Health** each assumed the proposal will have no fiscal impact on their respective organizations.

Sections 632.005

In response to a previous version, 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.

Bill as a whole:

Officials from the **Department of Transportation**, the **Department of Agriculture**, the **Office of the State Auditor**, **Office of Administration - Administrative Hearing Commission** and the **Department of Labor and Industrial Relations** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Department of Revenue**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Economic Development**, the **Missouri Department of Conservation**, the **Department of Public Safety - Division of Fire Safety**, **Department of Public Safety - Missouri Highway Patrol** and the **Department of Agriculture** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, from the **Joint Committee on Administrative Rules** stated this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, from the **Attorney General's Office (AGO)** assumed any potential cost arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Revenue - SOS (\$285.700)</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)</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)</u>	<u>(\$33,500)</u>	<u>\$0</u>	<u>\$0</u>
System Changes			
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$150,824)</u>	<u>(\$180,683)</u>	<u>(\$181,244)</u>
Estimated Net FTE Change on the General Revenue Fund	4 FTE	4 FTE	4 FTE
TECHNOLOGY TRUST FUND			
<u>Cost - SOS (\$285.700)</u>	<u>(\$74,800)</u>	<u>\$0</u>	<u>\$0</u>
Equipment and Expense			
ESTIMATED NET EFFECT ON THE TECHNOLOGY TRUST FUND	<u>(\$74,800)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
COSMETOLOGY AND BARBER EXAMINERS FUND			
<u>Revenue</u> - DIFP	\$0	\$30,000	\$900
Registration Fees (§§ 328.080 - 329.275)			
<u>Cost</u> - DIFP	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
brochure printing and instructional video development (§§ 328.080 - 329.275)			
ESTIMATED NET EFFECT ON THE COSMETOLOGY AND BARBER EXAMINERS FUND	<u>(\$10,000)</u>	<u>\$30,000</u>	<u>\$900</u>
VARIOUS DIFP FUNDS			
<u>Cost</u> - DIFP	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
Research required for proposed regulated professions - (§324.047)			
ESTIMATED NET EFFECT TO VARIOUS DIFP FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
PROFESSIONAL REGISTRATION ADMINISTRATION FUND (#689)			
<u>Transfer-in</u> - from State Committee of Psychologists Fund (#580) (§§337.100 - 337.167)	\$0	\$0	\$0 or \$3,000 - \$6,000
<u>Costs</u> - DIFP (§§337.100 - 337.167)	<u>\$0</u>	<u>\$0</u>	\$0 or \$3,000 - <u>\$6,000</u>
Interstate compact fee			
ESTIMATED NET EFFECT ON THE PROFESSIONAL REGISTRATION ADMINISTRATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
STATE COMMITTEE OF PSYCHOLOGISTS FUND (#580)			
<u>Income</u> - DIFP (§§337.100 - 337.167)			
Practice certificates issued to compact state practitioners	\$0	\$0	\$0 or Less than \$50,000
<u>Transfer-out</u> - to Professional Registration Administration Fund (#689)(§§337.100 - 337.167)	<u>\$0</u>	<u>\$0</u>	\$0 or (\$3,000 - <u>\$6,000</u>)
Interstate compact fee			
ESTIMATED NET EFFECT ON THE STATE COMMITTEE OF PSYCHOLOGISTS FUND	<u>\$0</u>	<u>\$0</u>	\$0 or Less than <u>\$47,000</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL FUNDS			
<u>Income</u> - DSS (\$632.005) Increase in reimbursement for system changes	\$33,500	\$0	\$0
<u>Costs</u> - DSS (\$632.005) System changes	<u>(\$33,500)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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 proposal modifies provisions relating to professional 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

Department of Revenue
Department of Public Safety
 Division of Fire Safety
 Missouri Highway Patrol
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
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 Strobe



Acting Director
May 17, 2018