

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5082-03
Bill No.: HCS for SCS for SB 846
Subject: Counseling; Health Care Professionals; Physicians; Professional Registration and Licensing; Social Workers
Type: Original
Date: May 16, 2018

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(Could exceed \$200,526)	(Could exceed \$230,385)	(Could exceed \$230,946)
Total Estimated Net Effect on General Revenue	(Could exceed \$200,526)	(Could exceed \$230,385)	(Could exceed \$230,946)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Technology Trust Fund	(\$73,600)	\$0	\$0
Various State Funds	Less than (\$5,000,000)	Less than (\$5,000,000)	Less than (\$5,000,000)
Missouri Public Health Services*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$5,073,600)	Less than (\$5,000,000)	Less than (\$5,000,000)

* Transfer In and Loss Net to zero.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on <u>All</u> Federal Funds	4 FTE	4 FTE	4 FTE

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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	(Potentially substantial Unknown loss)	(Potentially substantial Unknown loss)	(Potentially substantial Unknown loss)

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.

§§ 324.013 and 324.015

In response to a similar proposal from this year (Perfected HCS for HB 1261), officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assumed this bill would add a new section 324.015 allowing low-income individuals and military families to apply for waivers of occupational fees and any other fees associated with licensing requirements, and requires all state and political subdivision licensing authorities to waive those fees.

While the exact fiscal impact would be unknown and depend upon how many department licensees qualify as military families and/or low-income individuals and how many of those individuals who do qualify would be aware of and apply for waiver, the department has prepared a fiscal estimate based upon 2016 US Census data which indicates 7% of Missourians are veterans and the 14% of Missourians are in poverty. When applying these percentages to department licensees as potential waivers, it is estimated that department funds could decrease up to \$5,000,000 in each of the three fiscal years in this fiscal note should the bill become law.

Depending upon the current fund balance in impacted funds, the exact fee revenue lost and the effort needed to update department licensing systems and the extent of the change required to make our licensing processes compliant with the new waiver process (i.e. affidavits vs. income determinations, documentation of veteran's status, documentation of age, etc.), to meet the department's statutory requirements to process licenses and protect consumers, the department may be required to request general revenue or increase licensure fees for those licensees that do not qualify for the waiver to cover any funding shortfall. Again, it is unknown at this time to the exact extent each regulatory fund may be affected should the bill become law and the exact level of detail of documentation and system changes required to grant the waiver to the licensee.

ASSUMPTION (continued)

DIFP assumes these occupational fees do not include continuing education course fees, testing fees and other fees required in addition to licensure fees. If these fees are also meant to be included in the waiver, the fiscal impact would be much greater and also established national and vendor contracts would need to be reestablished under the new law, as many vendors would not be able to give the tests and courses free of charge for the waived individuals. If individual businesses were meant to be allowed to receive waivers under this bill, there could be a much larger fiscal impact to the Department the form of reduced licensing fees collected though it is unknown how many of those business entities are operated by military families, low-income individuals and young individuals that would potentially be eligible for waivers under this bill.

DIFP would also be required to develop a list of criminal offenses that would be applied to assess the character or moral fitness of a licensee applicant per licensee type. The department would need to continually maintain and update this list for each license type to ensure compliance with current state law, federal law and crimes in other states. The department would need to request additional appropriation and FTE through the budget process, which is unknown at this time, but would depend upon the extent of the research /work to create, maintain and update these lists for each Department division and board.

In summary, DIFP assumes an impact of up to a \$5,000,000 loss of revenue to Various State Funds.

Oversight has no information regarding the percentage of license holders that would qualify for this two-year exemption. Oversight assumes the percentage of license holders that would qualify as a “low-income individual” is not as high as the general population as assumed by DIFP (14%), but we do not have better data to put forth an estimate. Therefore, Oversight will assume a fiscal impact to license fee revenue of “less than” the estimate provided by DIFP.

Officials from the **Department of Health and Senior Services - Division of Regulation and Licensure (DHSS)** assumed Board of Nursing Home Administrators (BNHA) collects fees associated with licensing nursing home, residential care, and assisted living administrators. It is assumed that up to 10 percent of licensees would fall within the waiver criteria proposed within this legislation. In 2017, BNHC collected fees totaling \$131,415. The impact of this legislation could be a loss of revenue up to \$13,142 ($\$131,415 \times .10 = \$13,141.50$).

DHSS assumes the Division of Community and Public Health issues occupation licenses for the Onsite Wastewater Treatment Program (OWTP) and the Lead Licensing Program (LLP).

ASSUMPTION (continued)

Based on data from the Missouri Census Data Center -ACS report it is estimated that potentially 20% of the population would be eligible for the waiver:

- 15.6% of Missouri residents are below the Federal Poverty Line.
- 10% of Missouri adults are veterans.
- With a total 25.6% of the population meeting one of these eligibilities, given that there will be overlap of eligibility between categories, it is assumed for fiscal note purposes that 20% of those licensed by DCPH would be eligible for waiving the license fees.

In FY17, LLP collected approximately \$86,400 in licensing fees that are deposited in the Missouri Public Health Services (MOPHS) Fund and used for program operations. Assuming 20% of applicants would receive a fee waiver as described above, LLP would lose \$17,280 in revenue to the MOPHS Fund the first two years because all applicants would be eligible for this new waiver. Because the bill allows each individual to receive a waiver only once, each license is issued for two years, and about half of all applicants each year are new applicants, LLP would lose \$8,640 in revenue to the MOPHS Fund each year thereafter. These funds would have to be made up by a request in general revenue funds to continue program operations.

In FY17, OWTP collected approximately \$96,400 in licensing fees that are deposited in the MOPHS Fund and used for program operations. The OWT license is a three year license, and assuming 20% of applicants would receive a fee waiver as described above, OWTP would lose \$19,280 annually from licensing for the first three years. This number would continue to grow as the number of professionals increase each year. There is also an unknown cost to the amount of additional staff that may be needed to process a waiver instead of a payment.

In summary, DHSS assumes a loss of income of \$13,142 to the General Revenue Fund in FY 2019, FY 2020 and FY 2021 and also a transfer of funds from the General Revenue Fund to the Missouri Public Health Service Fund of \$36,560 in FY 2019 and FY 2020 and \$27,920 in FY 2021 as a result of loss of licensing fees to the Missouri Public Health Service Fund.

§ 632.005

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state 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.

ASSUMPTION (continued)

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.

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.

§§ 285.700 through 285.740

In response to a similar proposal from this year (HB 2075), 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 \$73,600 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 \$1000. Since SOS is projecting the maximum fees not covering their cost, Oversight will reflect the fee revenue as estimated by SOS.

Officials from the **Office of the Secretary of State (SOS)** assume 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.

ASSUMPTION (continued)

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.

Officials from the **Attorney General's Office (AGO)** assume 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.

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

Officials from the **Department of Mental Health, the Office of Administration - Administrative Hearing Commission, the Office of Administration - Division of Personnel, the Department of Revenue, the Department of Labor and Industrial Relations, the Missouri Department of Conservation, the Department of Economic Development, the Department of Higher Education, the Department of Transportation, and the Department of Elementary and Secondary Education** 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
GENERAL REVENUE FUND			
<u>Revenue - SOS</u>	\$4,000	\$2,000	\$2,000
Penalty Fees			
Initial and Renewal Registration Fees	<u>\$74,500</u>	<u>\$41,000</u>	<u>\$41,250</u>
<u>Total Revenue - SOS</u>	<u>\$78,500</u>	<u>\$43,000</u>	<u>\$44,250</u>
<u>Cost - DIFP</u>	\$0 or (Unknown	\$0 or (Unknown	\$0 or (Unknown
Cost to implement the changes in the proposal	- could exceed \$100,000)	- could exceed \$100,000)	- could exceed \$100,000)
<u>Cost - DSS (\$632.005)</u>	(\$33,500)	\$0	\$0
System Changes			
<u>Cost - SOS</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>Loss - DHSS</u>	(\$13,142)	(\$13,142)	(\$13,142)
Loss of Licensing Fees			
<u>Transfer Out - to Missouri Public Health Service Fund -DHSS</u>	<u>(\$36,560)</u>	<u>(\$36,560)</u>	<u>(\$36,560)</u>
Loss of Licensing Fees			
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Could exceed <u>\$200,526</u>)	(Could exceed <u>\$230,385</u>)	(Could exceed <u>\$230,946</u>)
Estimated Net FTE Change on the General Revenue Fund	4 FTE	4 FTE	4 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
TECHNOLOGY TRUST FUND			
<u>Cost - SOS</u> Equipment and Expense	<u>(\$73,600)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE TECHNOLOGY TRUST FUND	<u>(\$73,600)</u>	<u>\$0</u>	<u>\$0</u>
MISSOURI PUBLIC HEALTH SERVICES FUND			
<u>Transfer In - from the General Revenue Fund - DHSS</u>	\$36,560	\$36,560	\$36,560
<u>Loss - DHSS</u> Loss of Licensing Fees	<u>\$36,560</u>	<u>\$36,560</u>	<u>\$36,560</u>
ESTIMATED NET EFFECT TO MISSOURI PUBLIC HEALTH SERVICES FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
VARIOUS DIFP FUNDS			
<u>Loss - DIFP</u> Loss of Licensing Fees	Less than <u>(\$5,000,000)</u>	Less than <u>(\$5,000,000)</u>	Less than <u>(\$5,000,000)</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	<u>Less than (\$5,000,000)</u>	<u>Less than (\$5,000,000)</u>	<u>Less than (\$5,000,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u>	<u>(Potentially</u>	<u>(Potentially</u>	<u>(Potentially</u>
Loss of Licensing Fees and Taxes	<u>substantial</u>	<u>substantial</u>	<u>substantial</u>
	<u>Unknown loss)</u>	<u>Unknown loss)</u>	<u>Unknown loss)</u>
ESTIMATED NET EFFECT ON	<u>(Potentially</u>	<u>(Potentially</u>	<u>(Potentially</u>
LOCAL POLITICAL SUBDIVISIONS	<u>substantial</u>	<u>substantial</u>	<u>substantial</u>
	<u>Unknown loss)</u>	<u>Unknown loss)</u>	<u>Unknown loss)</u>

FISCAL IMPACT - Small Business

Small businesses where the owner/operator is required to have an occupational license and meets the qualifications for the exemption and an impact on those businesses that have employees meeting qualifications for the exemption if the business reimburses the employee for the occupational license.

FISCAL DESCRIPTION

Any health care professional in the state may annually complete training in the areas of suicide assessment, referral, treatment, and management, which may qualify as part of the continuing education requirements for licensure as a health care professional.

Psychologists are required to complete two hours of such training as a condition of initial licensure. The act also requires behavior analysts, professional counselors, social workers, baccalaureate social workers, and marital and family therapists to complete two hours of suicide assessment, referral, treatment, and management training as a condition of initial licensure and as a condition of license renewal. The training shall count toward any continuing education required for such license.

This bill requires all state and local licensing boards or entities to waive, for up to two years, any fees charged to obtain or renew occupational licenses for military families and low-income individuals.

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 Social Services
Department of Health and Senior Services
Department of Mental Health
Department of Higher Education
Department of Elementary and Secondary Education
Office of Administration
Administrative Hearing Commission
Office of the Secretary of State
Department of Revenue
Department of Labor and Industrial Relations
Joint Committee on Administrative Rules
Attorney General's Office
Department of Economic Development
Department of Transportation
Missouri Department of Conservation

Ross Strope



Acting Director
May 16, 2018