

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2993-04
Bill No.: SB 1039
Subject: Boards, Commissions, Committees, Councils; Economic Development Dept.;
 Licenses - Professional; Health Care; Physicians; Health Care Professionals
Type: Original
Date: January 23, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Board of Registration for Healing Arts Fund	\$0	\$59,374	(\$48,559)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$59,374	(\$48,559)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue, Office of the Governor, Department of Public Safety - Missouri State Highway Patrol, Office of State Courts Administrator, Office of State Public Defender, and Office of State Treasurer** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate the proposal will not significantly alter its caseload. However, if other similar proposals also pass, there are more cases or more complex cases, there could be a fiscal impact.

Officials from the **Office of Prosecution Services** assume any costs incurred as a result of this proposal, will be absorbable within current funding levels.

Officials from the **Department of Corrections (DOC)** assume the proposal will have a \$0 to minimal impact on their organization due to the class A misdemeanor. Any costs incurred should be absorbable within current resources.

Officials from the **Office of the Secretary of State (SOS)** state this proposal regulates the licensing of naturopathic physicians. The State Board of Registration for the Healing Arts may promulgate rules to implement this proposal. Based on experience with other divisions, the

ASSUMPTION (continued)

rules, regulations and forms issued by the State Board of Registration for the Healing Arts could require as many as 36 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$2,214 [(36 pp x \$27) + (54 pp x \$23)].

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of the Attorney General (AGO)** assume representing the new division within the Board of Healing Arts would require 0.5 (part-time) Assistant Attorney General I. The AGO assumes salary and fringe benefits related to this position would cost General Revenue \$19,023 in FY 2005; \$23,397 in FY 2006; and \$23,983 in FY 2007.

Oversight assumes the AGO will be reimbursed for services from the Board of Registration for Healing Arts Fund relating to representation provided to the Board.

Officials from the **Department of Economic Development (DED) - Division of Professional Registration (PR)** state based on an average licensee count for the 13 states in the nation that have licensure for the practice of naturopathic medicine, it is estimated that there will be approximately 171 licensees. DED-PR assumes a fee of \$750 will be paid for licensure with biennial renewal. DED-PR estimates a 3% growth rate and assumes licensure begins in FY 2006, resulting in revenue to the Board of Registration for Healing Arts Fund of \$128,250 in FY 2006 and \$1,875 in FY 2007.

DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Board of Registration for Healing Arts Fund.

DED-PR assumes implementation of the proposal will require utilizing an additional .75 FTE in FY 2005, as follows: 0.5 Licensure Technician II (0.5 FTE at \$25,092) to process applications for licensure, assist with commission meetings as well as respond to any inquiries related to the licensure law or rules & regulations; and 0.25 Investigator (0.25 FTE at \$38,088) to assist in

ASSUMPTION (continued)

conducting investigations. In addition, it has been estimated that, at a minimum, the commission will pay 0.50% of the current principal assistant's annual salary (\$62,196). This estimate is based on an existing licensing group within the division will a similar structure and low number of licensees. DED-PR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$1,163. DED-PR assumes equipment cost for the additional FTE will be \$7,995 in FY 2006.

DED-PR assumes the six (6) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. DED-PR notes the Principal Assistant, an Attorney General representative and a staff person will also attend the meeting. DPR assumes there would be four (4) meetings, beginning in FY 2006, and each board member will receive a \$50 per diem. DED-PR assumes per diem, mileage, lodging, and meal expenses (for six board members and three staff) to cost approximately \$9,200 annually.

DED-PR assumes three (3) complaints (2% of licensees) would be received each year. DED-PR estimates 100% of these complaints (3) will require field investigations, each needing 30 hours of field work and one night's lodging. Travel expenses for the investigations are estimated at \$765 annually. DED-PR assumes complaints and investigations would start in FY 2007.

DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO). DED-PR estimates 25% of investigations (1) would be forwarded to the AGO for further action. Assuming \$5,400 cost per case, DED-PR estimates \$5,400 annually beginning in FY 2006. DED-PR also estimates the AGO would provide approximately 60 hours of assistance with rules, opinions and meetings per year. Assuming an hourly rate of \$60.87, these costs are estimated at \$3,652 yearly beginning in FY 2006.

DED-PR assumes printing and postage costs will be incurred in the first year for statute and rule mailings and for startup printing of rules, applications, letterhead and envelopes. DED-PR estimates printing and postage costs at \$6.25 per licensee in the first year, for a total cost of \$1,069. Subsequent years' printing and postage costs are expected to continue at this amount.

DED-PR assumes existing staff would design, program and implement a computer licensure program. However, if costs are higher than anticipated further monies will be required. DED-PR assumes a national examination will be utilized for examinations.

Oversight has done the following to calculate the fiscal impact of this proposal:

(1) Adjusted DED-PR's licensure fee from \$750 to \$600 which should cover the operations of the Board;

ASSUMPTION (continued)

- (2) Assumed additional rental space would not be required and no additional furniture or equipment should be required since requested FTE are all part-time positions;
- (3) Adjusted DED-PR's travel expense related to board meeting meal allowances by \$840 as a result of Office of Administration (OA) travel guidelines which do not allow meals for state employees when they are in their official domicile;
- (4) Changed the starting salary for the Licensure Technician II and Investigator II to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research, and
- (5) Used DED-PR's estimates unless otherwise noted.

Officials from the **Missouri Senate** did not respond to our request for a statement of fiscal impact.

This proposal would increase total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
BOARD OF REGISTRATION FOR HEALING ARTS FUND			
<u>Income - DED-PR</u>			
Revenue from Licensure Fees	\$0	\$102,600	\$1,500
<u>Costs - DED-PR</u>			
Board Member Per Diem (6)	\$0	(\$2,400)	(\$2,400)
Personal Service Costs (0.755 FTE)	\$0	(\$20,376)	(\$20,886)
Fringe Benefits	\$0	(\$8,436)	(\$8,647)
Equipment and Expenses	\$0	(\$8,252)	(\$8,522)
AGO Costs	<u>\$0</u>	<u>(\$3,762)</u>	<u>(\$9,604)</u>
Total <u>Costs</u> - DED-PR	<u>\$0</u>	<u>(\$43,226)</u>	<u>(\$50,059)</u>
ESTIMATED NET EFFECT ON BOARD OF REGISTRATION FOR HEALING ARTS FUND	<u>\$0</u>	<u>\$59,374</u>	<u>(\$48,559)</u>

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

As a result of this proposal, naturopathic physicians would have to become licensed which would involve paying a licensure fee, required continuing education, and likely an increase in paperwork.

DESCRIPTION

This proposal regulates the licensing of naturopathic physicians.

Definitions are created relating to naturopathic medicine and required education (Section 334.1050). The proposal establishes requirements and procedures for the initial licensure of naturopaths (Section 334.1053).

The Advisory Commission for Naturopathic Medicine is established for the purpose of advising the state board of healing arts on the licensure and supervision of all naturopathic physicians. The Commission shall consist of six members, one of which must be a public member, who will be appointed by the Governor. Each member shall serve a four year term, except for the members first appointed (Section 334.1056).

The State Board of Registration for the Healing Arts has the authority to adopt rules for licensing, enforce the provisions of this act, set the amount of fees, and deposit moneys in the Board's fund. The Board may prescribe continuing education requirements (Section 334.1059).

Naturopaths must display a license or certificate in a conspicuous location that is accessible to the public (Section 334.1062). Any person seeking to practice as a naturopathic physician must take and pass required examinations. Persons licensed in other states that authorize the practice of naturopathy to the same extent and the same manner as Missouri shall be licensed without examination. The Board is authorized to enter into reciprocal agreements with other states. (Section 334.1062).

Section 334.1068 creates a list of persons who are exempt from the licensure requirements. Section 334.1071 creates a "grandfathering" provision to allow for the licensure of naturopathic physicians who do not satisfy certain education requirements, provided such physicians meet other requirements relating to the active practice of naturopathic medicine. Such persons must apply for licensure by July 1, 2006.

DESCRIPTION (continued)

Any person violating the provisions of this act shall be guilty of a Class A misdemeanor (Section 334.1074).

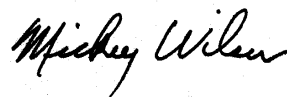
A naturopathic physician must meet the Board's minimum requirements for continuing education in order to renew a certificate of registration (Section 334.1077). Every licensed naturopathic physician must renew their certificate of registration on or before the renewal date. A blank application form for registration will be mailed to the last known office or residence address. The failure to receive the application form does not mitigate the duty to register or exempt from penalties (Section 334.1080). Registration fees must be paid to the Director of the Department and must accompany the application for registration (Section 334.1083).

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 the Governor
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Economic Development -
 Division of Professional Registration
Department of Corrections
Department of Revenue
Department of Public Safety
Office of Prosecution Services
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer

NOT RESPONDING: Missouri Senate



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Director
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