

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5740-08
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 973
Subject: Drugs and Controlled Substances; Pharmacy; Physicians; Nurses; Health Care Professionals
Type: Original
Date: June 13, 2016

Bill Summary: This proposal modifies various provisions relating to hospitals, physical therapists, and medication.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
General Revenue	\$0 or Less than \$100,000			
Total Estimated Net Effect on General Revenue	\$0 or Less than \$100,000			

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
University	\$0 or (Less than \$100,000)			
Board of Registration for the Healing Arts	\$0	\$0	\$0	\$0 or (Greater than \$116,543)
Total Estimated Net Effect on Other State Funds	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)	\$0 or (Greater than \$116,543)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented
Board of Registration for the Healing Arts	0	0	0	0 or 2
Total Estimated Net Effect on FTE	0	0	0	0 or 2

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 2017	FY 2018	FY 2019	Fully Implemented
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§197.065 and 536.031 - Hospital Construction and Renovation

In response to the previous version of this proposal, officials from the **University of Missouri Health Care** stated they have reviewed the proposed legislation and determined that as written, it should not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

In response to similar legislation from the current session (HB 2402), officials from the from the **Hermann Area District Hospital** stated they feel the proposal may have some savings because there will no longer be a duplication of codes so compliance would be simpler.

Oversight notes the Hermann Area District Hospital's response did not indicate whether the savings would be significant and, therefore, assumes the statement "some savings" indicates a minimal fiscal impact.

§197.315 - Certificate of Need Requirements for Certain State-Operated Facilities

In response to similar legislation (HCS for HB 2441), officials from the **University of Missouri Health Care** stated they have reviewed the proposed legislation and determined that, as written, it will create additional expenses in excess of \$100,000 annually.

Oversight notes the provisions at section 197.315.10 provides that the Certificate-of-Need (CON) "application fee is one thousand dollars, or one-tenth of one percent of the total cost of the proposed project, whichever is more...". In addition, based on available information, it appears the provisions of this proposal would only apply to the University of Missouri Health Care and the Women's and Children's Hospital. For fiscal note purposes only, Oversight is presenting the University of Missouri Health Care and Women's and Children's Hospital costs under "University Funds". This is not intended to indicate that the Health Care System's costs are actual costs to the University.

Oversight assumes the University Health Care System would not purchase additional equipment or build a new health facility on an annual basis in an amount exceeding \$100,000,000 to incur costs greater than \$100,000 annually in Certificate of Need fees (\$100,000,000 project costs X 0.001 = \$100,000). Therefore, Oversight will present the University Health Care System's proposed costs as \$0 to less than \$100,000 annually.

ASSUMPTION (continued)

Sections 334.1200 - 334.1233 - Physical Therapy Licensure Compact

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this compact will be effective when it is enacted into law in the tenth member state. Currently, no states have enacted the compact and only three states have legislation pending to enact the compact. It is not anticipated that the compact would be enacted during FY17, FY18, or FY19 and as a result no fiscal impact to the Division of Professional Registration would be expected during these fiscal years.

Once the compact is enacted the Division would have 1 FTE for a Licensing Technician I, 1 FTE for Legal Counsel, \$6,000 annual fee to participate in the compact, and revenue of \$50 for each licensee fee with a compact privilege. It is anticipated 200 individuals will apply for a license with compact privilege.

Oversight notes that the provisions of this section will not be effective until 10 states become members of the compact and there is no way to determine when that might occur. However, at the present time, the DIFP states the salary for a Processing Technician I is \$23,880 annually and the salary for 1 FTE Legal Counsel is approximately \$55,000 annually plus fringe benefits.

If the compact were to become effective today, the fiscal impact would be approximately \$78,880 in personal service costs plus \$41,663 in fringe benefits (total \$120,543) plus \$6,000 annual participation fee less \$10,000 in license fee revenue for a net cost to Board of Registration for the Healing Arts Fund of approximately \$116,543 annually. Equipment and expense costs have not been included and are assumed to be minimal.

Bill as a Whole

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

Officials from the **Department of Health and Senior Services, the Department of Mental Health, the Department of Social Services, MO HealthNet Division and Division of Legal Services, the Missouri Consolidated Health Care Plan, the Missouri Department of Conservation, the Missouri Department of Transportation, the Office of Administration, Information Technology Services Division and the Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state 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 SOS 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

Officials from the **Office of Attorney General (AGO)** did not response to **Oversight’s** request for a statement of fiscal impact. However, in response to similar provisions in HB 2328, the AGO assumed any potential costs arising from these provisions could be absorbed with existing resources.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented
GENERAL REVENUE FUND				
<u>Income - DHSS</u>				
Certificate-of-				
Need application	<u>\$0 or Less than</u>			
fees (\$197.315)	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND				
	<u><u>\$0 or Less than</u></u>			
	<u><u>\$100,000</u></u>	<u><u>\$100,000</u></u>	<u><u>\$100,000</u></u>	<u><u>\$100,000</u></u>

<u>FISCAL IMPACT -</u> <u>State Government</u> UNIVERSITY FUNDS	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented
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Costs - State-
Operated Hospitals
 (\$197.315)
Certificate-of-
Need application
 fees

<u>\$0 or (Less than</u> <u>\$100,000)</u>			
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ESTIMATED NET
EFFECT ON
UNIVERSITY
FUNDS

<u>\$0 or (Less than</u> <u>\$100,000)</u>			
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<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented
BOARD OF REGISTRATION FOR THE HEALING ARTS FUND (§§334.1200 to 334.1233)				
<u>Income - DIFP</u>				\$0 or ...
Licensing fees	\$0	\$0	\$0	\$10,000
<u>Costs - DIFP</u>				\$0 or ...
Personal service	\$0	\$0	\$0	(\$78,880)
Fringe benefits	\$0	\$0	\$0	(\$41,663)
Equipment and expense	\$0	\$0	\$0	(Unknown)
Compact participation fee	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	(\$6,000)
<u>Total Costs - DIFP</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$126,543)</u>
FTE Change - DIFP	\$0	\$0	\$0	0 or 2 FTE
ESTIMATED NET EFFECT ON THE BOARD OF REGISTRATION FOR THE HEALING ARTS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Greater than \$116,543)</u>
Estimated Net FTE Effect on the Board of Registration for the Healing Arts Fund	0 FTE	0 FTE	0 FTE	0 or 2 FTE

<u>FISCAL IMPACT -</u>	FY 2017			Fully Implemented
<u>Local Government</u>	(10 Mo.)	FY 2018	FY 2019	
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§197.315 - Certificate of Need requirements for certain state-operated facilities

Currently, facilities operated by the state are not required to obtain a certificate of need, appropriation of funds to such facilities by the General Assembly are deemed in compliance with certificate of need provisions, and such facilities are deemed to have received an appropriate certificate of need without payment of any fee or charge. This bill requires hospitals operated by the state and licensed under Chapter 197 to obtain a certificate of need and comply with the other provisions of certificate of need except for Department of Mental Health state-operated psychiatric hospitals.

§§334.1200 - 334.1215 - Physical Therapy Licensure Compact

This act provides the acceptable ways in which a professional licensee may submit payment, application, requests for educational time extensions, or notify his or her licensing board for changes to items required as part of licensure to the Division of Professional Registration or its component boards, committees, offices, and commissions.

The act also changes the laws regarding collaborative practice arrangements between advanced practice registered nurses and physicians, collaborative practice arrangements between assistant physicians and physicians, and supervisor agreements between physician assistants and physicians. Currently, an advanced practice nurse, assistant physician or physician assistant must have the collaborating or supervising physician review a minimum of 10% of his or her charts every 14 days. This act states that the collaborating or supervising physician does not need to be present at the health care practitioner's site when performing reviews. The amendment waives the one month requirement of practicing with the collaborating physician when the collaborative physician is new to a patient population that the collaborating advanced practice registered nurse, physician assistant, or assistant physician is already familiar. This act provides that the statutory prohibition of the unlawful practice of optometry shall not apply to students enrolled in an accredited school of optometry practicing under the personal direction of instructors. This act establishes guidelines for the regulation of occupations and professions not regulated prior to January 1, 2017.

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
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services -
 MO HealthNet Division
 Division of Legal Services
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Office of State Courts Administrator
Office of Secretary of State
University of Missouri
Hermann Area District Hospital



Mickey Wilson, CPA
Director
June 13, 2016

Ross Strobe
Assistant Director
June 13, 2016