

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2316-05
Bill No.: HCS for HB 914
Subject: Economic Development Dept.; Entertainment, Sports and Amusements; Licenses
- Professional
Type: Original
Date: March 1, 2007

Bill Summary: Modifies the provisions of Chapter 317 relating to the licensing and regulation of Mixed Martial Arts.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------|--------------------------------------|--------------------------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | (\$3,287)* | (Greater than \$610,169)* | (Greater than \$300,410)* |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$3,287)* | (Greater than \$610,169)* | (Greater than \$300,410)* |

* Collected penalties and distribution to county treasurers nets to \$0.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------|-------------------------------|--------------------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Blindness Education, Screening and Treatment Program | \$0 | (Up to \$99,000) | (Up to \$99,000) |
| Criminal Records | \$0 | \$8,400 | \$256 |
| Athletic | \$47,224 | \$24,894 | \$44,909 |
| Hearing Instrument Specialist | \$0 | \$0 | \$0 |
| Board of Registration for the Healing Arts | \$0 | \$0 | \$0 |
| Private Investigator Examiners | \$0 | \$178,907 | (\$118,908) |
| PR Fees | (\$110,763) | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$63,539) | \$113,201 to \$212,201 | (\$73,743 to \$172,743) |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Federal | 0* | 0* | 0* |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0* | \$0* | \$0* |

***Income and expenses to exceed \$900,000 in FY 09 and \$400,000 in FY 10 net to \$0.**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 24 pages.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | 1 | 1 | 1 |
| Private Investigator Examiners | 1.5 | 1.5 | 1.5 |
| Total Estimated Net Effect on FTE | 2.5 | 2.5 | 2.5 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|--|--|--|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Local Government | Unknown less than \$100,000 | Unknown less than \$100,000 | Unknown less than \$100,000 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Public Safety (DPS) - Director's Office, Office of the Governor, Missouri Senate, Office of State Public Defender, and Department of Revenue** assume the proposal will have no fiscal impact on their organizations.

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

Officials from the **Office of Prosecution Services (OPS)** assume this proposal would not have a significant direct fiscal impact on county prosecutors or the OPS.

Officials from the **Office of Secretary of State (SOS)** state the proposal changes regulations for various professionals covered by professional registration, as well as defining vision screening rules for public schools. The various departments and divisions shall promulgate rules to carry out the provisions of this proposal. These rules would be published in both the Missouri Register and Code of State Regulations. These rules may require as many as 90 pages in the Code of State Regulations and 135 pages in the Missouri Register because of cost statements and fiscal notes, etc. that are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The SOS estimates a total cost of \$4,613 [(135 pgs. X \$23) + (90 pgs. X \$27)]. These costs are estimates and depend on the number of rules printed, rescinded, and amended.

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 State Treasurer (STO)** did not respond to our request for a statement of fiscal impact. However, in response to similar legislation from the current session (HB 1036), the STO stated it only ensures disbursements are made from a lawful appropriation and don't exceed the amount of the appropriation. If the wording of the proposal is not changed, the STO will need one (1) FTE Accounting Specialist I (\$39,324 annually) plus fringe benefits to monitor these disbursements.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for Accounting Specialist I 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.

Officials from the **Office of Attorney General (AGO)** state this proposal combines elements from a number of different proposals and imposes some new duties on the Division of Professional Registration. Therefore, the AGO anticipates that it will require one (1) new Assistant Attorney General (AAG) II to handle the representation for work stemming from the new Board of Private Investigators and the other boards where authority of the Division of Professional Registration is expanded, most notably in the area of social work.

The AGO assumes the proposal will result in FY 08 costs of \$64,532; FY 09 costs of \$69,842; and FY 10 costs of \$71,935.

Oversight assumes AGO costs would be reimbursed by the Department of Insurance, Financial and Professional Regulation.

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost either through incarceration (FY 06 average of \$39.43 per inmate per day, or an annual cost of \$14,394 per inmate) or through supervision provided by the Board of Probation and Parole (FY 06 average of \$2.52 per offender per day, or an annual cost of \$920 per offender). Supervision by the DOC through probation or incarceration would result in additional unknown costs to the DOC. Seven (7) persons would have to be incarcerated per fiscal year to exceed \$100,000 annually. Due to the narrow scope of this new crime, it is assumed the impact would be less than \$100,000 per year for the DOC.

Oversight assumes, based on Department of Insurance, Financial and Professional Regulation's response, that the DOC would not incur additional costs until FY 09.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** provide the following assumptions:

Sections 317.001 - 317.019

The board has assumed there will be approximately 38 annual events each year, should the number of events vary, the appropriation and revenue will also vary.

It is assumed that each of the 4 staff inspectors as well as the 26 contracted inspectors will need additional training. It is estimated the training will cost \$404 per training session for each inspector with 3 training sessions per year (\$12,120) and an additional \$100 per training session for each contracted inspector (\$7,800) for per diem charges. It is further assumed that each training seminar (3) will need 2 trainers (\$1,112 per trainer for each seminar).

The board assumes that 2 contracted inspectors will need to attend each event (38) and be paid a per diem per event of \$150.

It is assumed that the average gate will be \$25,000 per event, there is a 7 % state and local sales tax, and a 5% gate tax on the remaining gate income for a total of \$1,163 total gate tax received by the Athletic fund per event.

The DIFP assumes application revenue will be generated for contestants, judges, referees, promoters, announcers, timekeepers, matchmakers, events, etc. Based on the number of different categories of applications that could be received, the DIFP estimates total applicant fee revenue of \$37,740 for FY 08; \$16,550 for FY 09; and \$37,740 for FY 10. The DIFP assumes judges, referees, announcers, timekeepers, and matchmakers, etc. will receive biennial licenses.

The DIFP estimates additional funds to the Athletic Fund of \$43,918 for FY 08; \$21,588 for FY 09; and \$41,603 for FY 10, net of expenses.

Oversight notes per section 317.006 of the proposal, a tax of five percent (5%) on the gross receipts derived from admission charges is to be deposited into the Athletic Fund. In addition, there would be state and local taxes charged on the admission charges for the events. Assuming \$25,000 per event and 38 events per year, gross receipts would be \$950,000 (\$25,000 X 38). \$47,500 would be deposited into the Athletic Fund annually (\$950,000 X 5%). In addition, **Oversight** estimates the General Revenue Fund would receive approximately \$40,138 (\$950,000 X 4.225% state tax rate) from these events annually. Assuming an average local tax rate of 2.775% (7% minus 4.225%), local governments would receive approximately \$26,363 annually. As noted by the DIFP, if the number of events vary, so will the tax revenues collected and deposited into General Revenue, the Athletic Fund, and local governments.

ASSUMPTION (continued)

Sections 335.035 & 335.067

It is assumed that the Board of Nursing will meet five additional times the first year to promulgate rules, write the RFP and set up the Impaired Nurses Program. It is assumed that the per diem and travel expenses will be approximately \$7,389 in FY08 and \$683 in subsequent fiscal years.

Based on the costs associated with the Dental Well-Being Committee and the Physician Well-Being Committee, the board believes the costs to implement the Impaired Nurses Program will be approximately \$3,200 per licensee enrolled in the program. The board estimated the number of licensees, who will participate in the program to be 200, for a cost of \$640,000. Therefore, total costs of the Impaired Nurse Program is estimated to be \$13,562 in FY 08 (program set-up costs of \$6,062 + meeting expenses of \$7,500) and \$640,683 (\$640,000 program costs + 683 meeting expenses) for FY 09 and FY 10.

It is the Nursing Board's intent to fund part of the program from their existing budget and to have the impaired nurse pay a portion of the costs as well.

Oversight assumes the Nursing Board would require participants to pay fees to cover the costs of treatment and/or adjust nurse licensing fees, if necessary, to cover the costs of the Impaired Nurse Program.

Sections 339.100 - 339.205

The total fiscal impact of practicing real estate without a license is unknown since the number of violations are unknown. It is assumed the penalties will go to the public schools fund.

Oversight notes the proposal does not specify where penalties collected from individuals found to be practicing real estate without a license are to be deposited. Per the Missouri Constitution, Article IX, section 7, penalties are to be deposited with county treasurers for distribution to schools.

Sections 345.015 - 346.110

Based on FY 07 board projections, the division estimates 18 endorsement applications (at \$150 each) will no longer be received by the board of Hearing Instrument Specialists thereby decreasing their fund by \$2,700 annually. The board estimates 230 audiologists will not be required to renew their hearing instrument specialist license (at \$250 each) decreasing revenue

ASSUMPTION (continued)

into the Hearing Instrument Specialist Fund by \$57,500. Based on the language as written the Board of Healing Arts would be required to supplement the Hearing Instrument Specialist fund by these amounts, up to \$61,000. The Board of Healing Arts will increase audiology licensing fees to recoup the cost of the supplement required by this legislation. This will result in a zero net affect on the fund(s) involved.

Sections 324.1100 - 324.1148

Based on a 2005 estimate from a search of Occupational Projections by the Department of Economic Development, Occupational Employment Statistics (OES) and including a 3% growth rate, there are 525 individuals in the state of Missouri that will be required to obtain private investigator licenses.

The DIFP estimates an initial biennial licensing fee of \$570 per licensee that will begin being collected in FY 09. Initial licensing fees are estimated to be \$299,250. It is assumed that all fees collected would be deposited into a fund for the Board of Private Examiners Fund and that all expenses would be paid out of that fund. It is assumed no revenue will be generated by the Board of Private Investigator Examiners in FY 08. Therefore, expenses incurred by the board will be paid back to the PR Fees Fund by a lending board within the division, pursuant to section 620.106, RSMo. It is estimated payback of any outstanding loans would be made in FY 2011.

Expenses and equipment costs were based on information from boards with a like-sized licensee base. The proposed legislation will create the need for 1.5 FTE as follows: Principal Assistant (0.5 FTE) to serve as the senior executive officer of the agency (\$59,532 annual full-time salary), a Licensure Technician II (0.5 FTE) will be needed to provide technical support, process licensure applications and respond to inquiries regarding licensure law (\$23,916 annual full-time salary) and an Investigator II (0.5 FTE) to conduct investigations and inspections, serve notices and gather information as required by the board (\$33,888).

It is assumed that the remaining boards affected by this proposal will realize no fiscal impact.

Officials from the **Department of Elementary and Secondary Education (DES)** provide the following assumptions:

Section 167.194:

Based on the enrollment information from the 2004-2005 *Report of the Public Schools of Missouri*, the DES assumes enrollment numbers are:

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ASSUMPTION (continued)

| | |
|-----------------|---------------|
| Kindergartners: | 66,398 |
| 1st graders: | <u>67,069</u> |
| TOTAL | 133,467 |

According to personnel at the Division of Medical Services, the number of Medicaid eligible five and six year olds was 58,766 as of August 2006. Therefore, the potential number of children covered under this program decreases to 74,701 ($133,467 - 58,766 = 74,701$).

In addition, 8% of Missourians under age 18 were uninsured during the years 2004 through 2005 (source: Kaiser state health facts.org). Applying this percentage to our potential number of children yields a significant decrease in potential children covered under this program and brings the total to 5,976.

5,976 children x \$60 exam = \$358,560.

This estimate is based on the percentage of children covered by public and private insurance. It should be noted that insurance plans may or may not cover a vision exam for a child who has no signs of vision problems and some policies will not cover vision services. Typically, what is covered in "well child" exams is a vision screen or limited vision exam, not the comprehensive vision examination required by this proposal. Therefore, the actual cost of this proposal may significantly exceed these estimates.

DES is to work in conjunction with the Department of Health and Senior Services (DOH) to compile and maintain a list of sources to which children who may need vision exams or children who have been found to need further exams or correction may be referred for treatment on a free or reduced-cost basis. In addition, DES must ensure the superintendent of schools, the principle of each elementary school, the school nurse or other person responsible for school health services, and the parent organization for each district elementary school receives an updated copy of the list each year prior to school opening. DES assumes these requirements will result in administrative costs; however, DES does not expect them to be significant.

DES assumes this proposal will result in unknown administrative costs to local school districts for tracking the examinations, corresponding with doctors and parents, and retaining necessary records. DES cannot determine the fiscal impact, but assumes it will be significant.

Section 167.195:

This portion of the proposal requires all public school districts to conduct an eye screening for each student once before the completion of first grade and again before completion of the third grade. Results of the screening shall be sent to the DOH. Evidence of an examination provided

ASSUMPTION (continued)

by an optometrist or physician within the year preceding the school eye screening shall be sufficient for meeting the requirements of the section. The examination required in section 167.194 will make the screening requirement moot for first graders; however, it will still likely be necessary for districts to communicate the first grade exam results to DOH. For third graders, it will be necessary for districts to conduct the eye screenings and send the results to DOH.

Based on the enrollment information from the 2004-2005 *Report of the Public Schools of Missouri*, DES assume enrollment numbers are: 3rd graders: 65,266.

The DES defers to the school districts regarding the cost of eye screens. Even if the eye screens cost as little as \$10 per child ($65,266 \times \$10 = \$652,660$), the cost will be significant.

DES assumes this proposal will result in unknown administrative costs to local school districts for tracking the eye screens, corresponding with parents and DOH, and retaining necessary records. The DES cannot determine the fiscal impact, but assumes it will be significant.

Oversight assumes school districts would be able to do the required tracking with existing resources.

Oversight assumes the fiscal impact mentioned in the DES assumptions is included in the DOH's fiscal impact. For fiscal note purposes only, **Oversight** will defer to the DOH response.

Officials from the **Department of Health and Senior Services (DOH)** provided the following assumptions regarding this proposed legislation:

According to Missouri Census Data from the OSEDA web site, Missouri has 216,675 children five to seven years of age. The number of uninsured children is unknown. Since concrete data requests are not available, for the purpose of this fiscal note, the DOH assumes that 2% to 5% of all children in this age range (five, six and seven) will need assistance provided in the proposed legislation through the Blindness Education, Screening, and Treatment Fund. The DOH also assumes that Medicaid, private insurance, fee-for-service, and other free programs will cover all other children. This means the need to process 4,334 to 10,834 claims (2% to 5%). The Department of Social Services (DOS) calculates that approximately 14% of children five to seven years of age are Medicaid fee-for-services eligible and required to receive a comprehensive eye examination. Utilizing the DOH estimates for uninsured children ages five to seven, the minimum and maximum number of potential claims funded through the Blindness Education, Screening, and Treatment Fund falls outside the parameters of the proposed legislation (\$99,000/year cap): $4,334 \text{ claims (2\%)} \times \$42.85/\text{eye exam} \times 4.5\% \text{ inflation rate} = \$193,141$ to

ASSUMPTION (continued)

10,834 (5%) claims x \$42.85/eye exam x 4.5% = \$485,128. The \$42.85/eye exam is the October 2005 average Medicaid cost for a comprehensive eye exam for a child. It is unclear how this potentially large number of claims will be covered given the \$99,000 cap on claims included in the legislation. (§ 167.195)

The DOH assumes the cost of estimating Medicaid and MC+ claims for comprehensive vision exams will be provided by the Department of Social Services.

DOH assumes the total training cost estimate for school nurses and other designated staff is \$7,300 for year one with declining costs each subsequent year. Currently, 1,091 school nurses work in Missouri's elementary schools. Training will occur in eight regional settings. Costs are for room rental, printing of handouts, light beverages, and expenses for two training staff. This estimate does not include mileage because the DOH assumes a state car will be available for each regional training session. (§167.195.3 (2) (c))

Oversight assumes training costs will be minimal; the proposal outlines that training programs may utilize the volunteer services of nonprofit professional organizations that are qualified to carry out the responsibilities associated with providing the training.

DOH assumes the commission will meet four times per year and will require travel and one meal per meeting. The assumption is being made that five of the seven commission members will travel from out-state regions (KC, St. Louis, Springfield, St. Joseph, or Bootheel areas) to Columbia or Jefferson City, Missouri. Mileage is calculated at 300 miles round trip x 5 commission members x \$.415/mile x 4 meetings per year = \$2,490. Since the DOH is to provide staff support to the commission, meal cost for one staff person is included in the estimate for each meeting. Meal costs for each meeting: 8 participants x 4 meetings x 1 meal/meeting x \$7.00/meal = \$224. (§167.195.3 (1))

DOH assumes their agency will be working with or required to lead activities outlined in the proposal, the following FTE and expenses will be necessary:

A Health Program Representative II (1.0 FTE - General Revenue Funding) to assist with the compilation and maintenance of a referral list, assist in the determination of eligibility requirements, record finding/results from vision examinations conducted statewide in medical offices as well as vision screenings conducted in all public school districts, record exemptions and evidence of previous screenings submitted to public school districts, record eye examination data collected from medical offices and eye screening data collected from Missouri public school systems, track data results of eye screening versus eye examinations, and assist the commission.

ASSUMPTION (continued)

A Planner II (0.2 FTE). The DOH will utilize 20% of an existing position to work with the Department of Elementary and Secondary Education to create and promulgate rules to establish enrollment criteria, policies and procedures and to determine eligibility requirements, assist the DOS to establish provider agreements (contracts) for each participating eye care provider statewide to assure payment of exam services, oversee the DOH responsibility set forth in the proposed legislation and management of the fund, oversee the pilot project, work with the children's vision commission to develop standardized reporting forms, develop and provide mechanism for public review and inspection of collected data, provide staff support to the children's vision commission, produce and publish a final report of data, and supervise the Health Program Representative.

Make 135,000 copies of a one-page form on two-part paper for medical establishments to record eye examination data to be reported to DOH: $135,000 \times \$0.055/\text{set} = \$7,425$. The number of copies represents the total number of students reported by the Department of Elementary and Secondary Education (DES) as enrolled in Kindergarten and first grade for the 2006-07 school year.

Make 135,000 copies of a one-page form on two-part paper for school districts to record eye screening data to be reported to DOH: $135,000 \times \$0.055/\text{set} = \$7,425$. The number of copies represents the total number of students reported by the DES as enrolled in Kindergarten and first grade for the 2006-07 school year.

DOH assumes the DES will disseminate screening forms and other printed materials as outlined in 167.194.3. This includes forms to optometrists and physicians.

The proposal requires schools to conduct an eye screening for each student once before the completion of first grade and again before the completion of third grade. The results of these screening are to be recorded on a form developed by DOH and sent electronically to the department. DOH will be responsible for compiling the data into reports and analysis required by the children's vision commission and other interested parties. This new provision will require Information Technology Services Division (ITSD)/DOH to work together to develop a system of creating the form, and developing a means for submitting the information electronically to the department. The DOH is assuming that the results of both the visions exams and the eye screening will be input into a database designed by ITSD for this program. Approximately 25 data elements will have to be developed. The security portion of the application will use a generic user ID and password provided to each health care professional office and school district by program staff. The system will be a data collection system only and will not have lookup or reporting capability for school districts or health care professional offices. Additionally, program staff will manage the data analysis function. Lastly, the application and data will reside on DOH servers managed by ITSD staff and will require yearly maintenance after development.

ASSUMPTION (continued)

Consultant costs for application development in year one is \$145,000. ITSD personnel services costs for year one (direct salaries and fringe benefits) is \$102,801 and \$70,591 for year two. The cost for hardware in year one is \$24,720 and \$2,122 for year two. Software application cost for year one is \$12,360 and \$1,061 for year two.

A contractor will analyze data on an annual basis through 2012 (data collection takes place through 2011 and analysis is conducted after all data is keyed), unless extended by act of the general assembly. A vendor will assist DOH in compiling the final data report for the commission. Since all costs can't be determined until data elements are determined by the children's vision commission, annual costs for analysis are estimated at \$10,000.

Oversight assumes the proposed legislation does not require additional duties of DOH other than assisting DES with the compilation of a list of sources for treatment on a free or reduced cost basis and providing support for the Children's Vision Commission. If other duties result from this proposal, resources could be requested through the appropriation process. (§ 167.195.6)

Declining contributions to the Blindness Education, Screening and Treatment Fund and expenditures, if authorized, up to \$99,000 per year, may deplete the fund completely within a few years. Income for the past three years has been: FY 04 - \$89,998, FY 05 - \$89,659, and FY 06 - \$65,746 (38% decline in donations since FY 03). The Blindness Education, Screening and Treatment Fund may not be able to sustain the proposed legislation for the entire possible term as outlined by the sunset clauses. (§192.935)

Oversight assumes other sources will be available to provide eye exams to groups at no cost which would decrease the amount needed from the Blindness Education, Screening and Treatment Program Fund.

Officials from the **Department of Social Services (DOS)** state this is a broad ranging proposal that includes regulation for several professional groups and activities. This version adds provisions regarding temporary nursing staffing agencies and social workers. The proposal also sets four tiers of licensing for social workers: clinical social worker, baccalaureate social worker, advanced macro social worker, and master social worker.

The social worker licensing provisions have no fiscal impact to the DOS because Section 337.603 continues to exempt the "practice of any social worker who is employed by any agency or department of the state of Missouri while discharging the person's duties in that capacity."

The proposal incorporates language from SCS for SB 6 (2007), which requires every child enrolling in kindergarten or first grade in a public elementary school to receive a comprehensive vision exam performed by a state licensed optometrist or physician. This provision has a substantial fiscal impact to the Division of Medical Services (DMS) as provided below.

ASSUMPTION (continued)

According to officials from the DMS, as of August 2006, there were 86,030 Missouri Medicaid eligibles ages five, six, and seven. Of this total, 34,978 were Fee-For-Service (FFS) Medicaid eligibles and 51,052 were MC+ Medicaid eligibles. For the FFS Medicaid eligibles, Missouri Medicaid currently reimburses for 5,057 eye examinations at an average cost of \$42.32. If a comprehensive vision examination is mandated, there would be 29,921 (34,978-5,057) FFS Medicaid eligibles required to receive an exam. For state fiscal year (SFY) 2009, the DMS estimates the fiscal impact for the FFS Medicaid eligibles to be \$1,323,238 (29,921 X \$42.32 X 4.5%). The increase of 4.5% is for inflation.

As of August 2006, there were 30,283 Missouri Medicaid eligibles at the age of four. Of this total, 12,366 were FFS Medicaid eligibles and 17,917 were MC+ Medicaid eligibles. For the FFS Medicaid eligibles, Missouri Medicaid currently reimburses for 1,656 eye examinations. If a comprehensive vision examination is mandated, there would be 10,710 (12,366-1,656) FFS Medicaid eligibles required to receive an exam. For SFY 2010, the DMS estimates the fiscal impact for the FFS Medicaid eligibles to be \$494,957 ((10,710 X \$42.32 X 4.5%) X 4.5%). The inflation increase of 4.5% is applied to year one and year two costs.

For the MC+ Medicaid eligibles, the DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are reimbursed by a monthly capitated rate. DMS is unable to determine the number of MC+ Medicaid eligibles who have received an eye exam. However, the increased utilization of a currently covered benefit would result in additional costs to the managed care health plans. Therefore, the fiscal impact to the DMS, for the increase in the managed care capitated rates due to the increased utilization and for the cost of the actuarial consultant for DMS to re-negotiate the current contracts with the managed care health plans, would be unknown greater than \$100,000 for the MC+ Medicaid eligibles.

DMS notes that if an optometrist or an ophthalmologist were to provide a service on a free cost basis, the provider would not be able to bill Medicaid for these services. Section 1902(a)(17)(B) of the Social Security Act prohibits payment for services to a recipient for which the recipient bears no liability to pay. However, services provided by an optometrist or an ophthalmologist on a reduced cost basis would still be covered by Medicaid.

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the actual FMAP each year. The FMAP is calculated using economic indicators from state and the nation as a whole. Missouri's FMAP is a 62.42% federal match. The state matching requirement is 37.58%.

ASSUMPTION (continued)

Officials from the **DPS - Missouri State Highway Patrol (MHP)** state the Department of Insurance, Financial and Professional Regulation advised the MHP that they expect approximately 500 fingerprint checks per year.

The total fees from record checks is estimated to be \$19,000 (\$38 per fingerprint check X 500 checks per year).

The state fingerprint processing fee is \$14; therefore, the anticipated revenue to the Criminal Records Fund is \$7,000 (500 checks X \$14).

The FBI fingerprint processing fee is \$24. However, \$2 is retained in the Criminal Records Fund as an administrative fee. Therefore, \$1,000 (\$2 X 500 checks) is retained in the Criminal Records Fund and \$11,000 (\$22 X 500 checks) is passed-through to the FBI, i.e. not retained in the Criminal Records Fund.

The MHP estimates this proposal will result in an additional \$8,000 (\$7,000 state processing fee + \$1,000 FBI administrative fee) to the Criminal Records Fund.

Oversight assumes, based on the DIFP's response, that fingerprinting of applicants would not begin until FY 09. The DIFP estimates 525 applicants in FY 09 and anticipates a 3% growth rate (16 applicants would need to be fingerprinted in FY 10). Income to the Criminal Records Fund for FY 09 is estimated to be \$8,400 [525 applicants X (\$14 state fee + \$2 FBI fee)]; income for FY 10 is anticipated to be \$256 [16 applicants (\$14 state fee + \$2 FBI fee)].

Oversight notes that penalties collected as a result of violations are to be paid to the county treasurer (Section 327.077.8).

This proposal will increase total state revenue.

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Income - Civil Penalties Collected</u> (Section 327.077.8) | Unknown | Unknown | Unknown |
| <u>Income - DIFP</u> | | | |
| Increase in tax revenue from athletic events (Sections 317.001 - 317.019) | \$40,138 | \$40,138 | \$40,138 |
| Penalties collected for practicing real estate without a license (Sections 339.100 - 339.205) | <u>Unknown less than \$100,000</u> | <u>Unknown less than \$100,000</u> | <u>Unknown less than \$100,000</u> |
| Total <u>Income</u> - DIFP | <u>Unknown less than \$140,138</u> | <u>Unknown less than \$140,138</u> | <u>Unknown less than \$140,138</u> |
| <u>Costs - Department of Social Services</u> | | | |
| Increase in fee-for-service program payments (Section 167.195) | \$0 | (\$497,273) | (\$186,005) |
| Increase in managed care contract costs (Section 167.195) | \$0 | <u>(Greater than \$100,000)</u> | <u>(Greater than \$100,000)</u> |
| Total <u>Costs</u> - DOS | \$0 | <u>(Greater than \$597,273)</u> | <u>(Greater than \$286,005)</u> |
| <u>Costs - Department of Health and Senior Services</u> | | | |
| Children's vision commission expenses (Section 167.195) | (\$2,714) | (\$2,714) | (\$2,714) |
| <u>Costs - Department of Corrections</u> | | | |
| Increase in incarceration and parole costs | \$0 | <u>(Unknown less than \$100,000)</u> | <u>(Unknown less than \$100,000)</u> |
| <u>Costs - Office of State Treasurer</u> | | | |
| Personal service costs (1.0 FTE) | (\$28,026) | (\$34,641) | (\$35,680) |
| Fringe benefits | <u>(\$12,685)</u> | <u>(\$15,679)</u> | <u>(\$16,149)</u> |
| Total <u>Cost</u> - Office of State Treasurer | <u>(\$40,711)</u> | <u>(\$50,320)</u> | <u>(\$51,829)</u> |
| FTE Change - STO | 1.0 FTE | 1.0 FTE | 1.0 FTE |

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|--|--|--|--|
| GENERAL REVENUE FUND (continued) | | | |
| <u>Transfer-Out - County Treasurers</u> | | | |
| Transfer-out of penalties collected | (Unknown) | (Unknown) | (Unknown) |
| Transfer-out of penalties collected | <u>(Unknown less than \$100,000)</u> | <u>(Unknown less than \$100,000)</u> | <u>(Unknown less than \$100,000)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(\$3,287)</u> | <u>(Greater than \$610,169)</u> | <u>(Greater than \$300,410)</u> |
| Estimated Net FTE Change for General Revenue Fund | 1.0 FTE | 1.0 FTE | 1.0 FTE |
| BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND | | | |
| <u>Costs - Department of Health and Senior Services</u> | | | |
| Vision examinations | \$0 | (Up to \$99,000) | (Up to \$99,000) |
| ESTIMATED NET EFFECT ON BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND | <u>\$0</u> | <u>(Up to \$99,000)</u> | <u>(Up to \$99,000)</u> |
| CRIMINAL RECORDS FUND | | | |
| <u>Income - Missouri State Highway Patrol</u> | | | |
| Fingerprinting fees (Sections 324.1100 - 324.1148) | \$0 | \$8,400 | \$256 |
| ESTIMATED NET EFFECT ON CRIMINAL RECORDS FUND | <u>\$0</u> | <u>\$8,400</u> | <u>\$256</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|------------------------|------------------------|------------------------|
| ATHLETIC FUND | | | |
| <u>Income - DIFP (Sections 317.007 - 317.019)</u> | | | |
| License fees | \$37,740 | \$16,550 | \$37,740 |
| Gate tax revenue | <u>\$47,500</u> | <u>\$47,500</u> | <u>\$47,500</u> |
| Total <u>Income</u> - DIFP | <u>\$85,240</u> | <u>\$64,050</u> | <u>\$85,240</u> |
| <u>Costs - DIFP</u> | | | |
| Inspector training | (\$26,616) | (\$27,414) | (\$28,237) |
| Event reimbursement | <u>(\$11,400)</u> | <u>(\$11,742)</u> | <u>(\$12,094)</u> |
| Total <u>Cost</u> - DIFP | <u>(\$38,016)</u> | <u>(\$39,156)</u> | <u>(\$40,331)</u> |
| ESTIMATED NET EFFECT ON ATHLETIC FUND | <u>\$47,224</u> | <u>\$24,894</u> | <u>\$44,909</u> |
| HEARING INSTRUMENT SPECIALIST FUND | | | |
| <u>Transfer-in - Board of Registration for the Healing Arts Fund (Sections 345.015 - 346.110)</u> | | | |
| Transfer-in for reduction in application and renewal fees | \$0 | \$60,200 | \$0 |
| <u>Loss - DIFP</u> | | | |
| Reduction in application and renewal fees | <u>\$0</u> | <u>(\$60,200)</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON HEARING INSTRUMENT SPECIALIST FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|--|---------------------|-------------------------|---------------------------|
| BOARD OF REGISTRATION FOR THE HEALING ARTS FUND | | | |
| <u>Income - DIFP (Sections 345.015 - 346.110)</u> | | | |
| Increase in licensing fees | \$0 | \$60,200 | \$0 |
| <u>Transfer-Out - Hearing Instrument Specialist Fund</u> | | | |
| Transfer-out for reduction in application and renewal fees | <u>\$0</u> | <u>(\$60,200)</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON BOARD OF REGISTRATION FOR THE HEALING ARTS FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| PRIVATE INVESTIGATOR EXAMINERS FUND | | | |
| <u>Transfer-In - DIFP (Sections 324.1100 - 324.1148)</u> | | | |
| Transfer from PR Fees Fund | \$110,763 | \$0 | \$0 |
| <u>Income - DIFP</u> | | | |
| Licensure fees/renewals | \$0 | \$299,250 | \$9,120 |
| <u>Costs - DIFP</u> | | | |
| Personal service costs (1.5 FTE) | (\$50,236) | (\$61,944) | (\$66,650) |
| Fringe benefits | (\$22,737) | (\$28,036) | (\$30,166) |
| Equipment and expense | (\$33,706) | (\$25,315) | (\$26,013) |
| AGO and AHC costs | <u>(\$4,084)</u> | <u>(\$5,048)</u> | <u>(\$5,199)</u> |
| Total Costs - DIFP | <u>(\$110,763)</u> | <u>(\$120,343)</u> | <u>(\$128,028)</u> |
| FTE Change - DIFP | 1.5 FTE | 1.5 FTE | 1.5 FTE |
| ESTIMATED NET EFFECT ON PRIVATE INVESTIGATOR EXAMINERS FUND | <u>\$0</u> | <u>\$178,907</u> | <u>(\$118,908)</u> |
| Estimated Net FTE Change for Private Investigator Examiners Fund | 1.5 FTE | 1.5 FTE | 1.5 FTE |

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|--|---------------------------|-------------------------------------|-------------------------------------|
| PR FEES FUND | | | |
| <u>Transfer-Out - DIFP</u> | | | |
| Transfer to Private Investigator Examiners Fund | <u>(\$110,763)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON PR FEES FUND | <u>(\$110,763)</u> | <u>\$0</u> | <u>\$0</u> |
| FEDERAL FUNDS | | | |
| <u>Income - Department of Social Services</u> | | | |
| Program reimbursements | \$0 | Greater than \$925,965 | Greater than \$408,952 |
| <u>Costs - Department of Social Services</u> | | | |
| Increase in fee-for-service program payments | \$0 | (\$825,965) | (\$308,952) |
| Increase in managed care contract costs | <u>\$0</u> | <u>(Greater than \$100,000)</u> | <u>(Greater than \$100,000)</u> |
| Total <u>Cost</u> - Department of Social Services | <u>\$0</u> | <u>(Greater than \$925,965)</u> | <u>(Greater than \$408,952)</u> |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Local Government

FY 2008
 (10 Mo.)

FY 2009

FY 2010

**LOCAL GOVERNMENTS -
 SCHOOLS**

Income - County Treasurers

Transfer-in of penalties collected

Unknown

Unknown

Unknown

Transfer-in of penalties collected

Unknown less
than \$100,000

Unknown less
than \$100,000

Unknown less
than \$100,000

Total Income - County Treasurers

Unknown less
than \$100,000

Unknown less
than \$100,000

Unknown less
than \$100,000

**ESTIMATED NET EFFECT ON
 LOCAL GOVERNMENTS -
 SCHOOLS**

Unknown less
than \$100,000

Unknown less
than \$100,000

Unknown less
than \$100,000

FISCAL IMPACT - Small Business

This proposal could impact small businesses of any of the professions listed in the proposal.

FISCAL DESCRIPTION

This proposal changes the laws regarding the licensing of certain professions in the Division of Professional Registration within the Department of Insurance, Financial Institutions, and Professional Registration and establishes vision screening examinations for children in public schools.

VISION SCREENINGS

Beginning July 1, 2008, the proposal requires public school students enrolling in kindergarten or first grade to receive a vision examination from a state licensed optometrist or physician. The State Board of Education in conjunction with the Department of Health and Senior Services will maintain a list of sources to which children who may need vision exams or have been found to be in need of further examination or vision correction may be referred for free or reduced-cost treatment.

Beginning July 1, 2008, and continuing through the 2010-2011 school year, all public schools are required to conduct eye screening exams for each student prior to the completion of the first grade and again before the completion of the third grade.

HWC:LR:OD (12/02)

FISCAL DESCRIPTION (continued)

When a student fails an eye screening, the school district must notify the parent or guardian of the results and require the student to receive a complete eye exam from an optometrist or physician. A student will be excused from the eye screening examination if his or her parent or guardian submits an objection to the exam in writing to the appropriate school administrator.

The Children's Vision Commission is established to develop standardized screening tests, reporting forms, appropriate training programs, and a brochure specifying the benefits of ongoing eye care for children and to conduct a four-year pilot project tracking the results of eye screenings. The commission must submit a report to the General Assembly by October 1, 2012, on the results and findings of the study.

MIXED MARTIAL ARTS

The proposal changes the laws regarding the regulation of mixed martial arts, full-contact karate, boxing, kickboxing, and wrestling. The proposal allows a gross receipts tax to be assessed on pay-per-view telecasts of these events.

PRIVATE INVESTIGATORS

The proposal establishes the Board of Private Investigator Examiners within the Division of Professional Registration. No person can provide private investigative services without first being licensed. The proposal specifies the membership and duties of the board; exemptions from licensure; requirements for application and licensure; proof of liability insurance; training and written examinations; fees; background checks on applicants; the appeal process for the denial, suspension, or revocation of licenses; types and terms of licenses; and the procedure for applicants seeking reciprocity.

ARCHITECTS, ENGINEERS, LAND SURVEYORS, AND LANDSCAPE ARCHITECTS

The proposal authorizes the Missouri Board for Architects, Professional Engineers, Professional Land Surveyors, and Landscape Architects to impose civil penalties upon any person practicing these professions without a valid license, subject to an administrative action by the board.

Complaints must be filed with the Administrative Hearing Commission. If the commission finds that an unlicensed person has violated the provisions of the substitute, the board may issue a civil penalty not to exceed \$5,000 for each day of violation, with a maximum penalty of \$25,000. The person being fined has the right to appeal to a circuit court. Once the case is finalized, the Attorney General will commence an action to recover the penalty, including court costs, attorney fees, and surcharges.

FISCAL DESCRIPTION (continued)

The board is also authorized to assess reasonable costs and expenses incurred in conducting the investigation and administrative hearing and impose a civil penalty against a licensee after the commission has found a cause for discipline.

REAL ESTATE COMMISSION

The proposal authorizes the Missouri Real Estate Commission to impose civil penalties upon a licensee as a form of sanction for a violation of the real estate licensing regulations and also against an unlicensed person performing any acts for which a valid real estate license is required. Complaints must be filed with the Administrative Hearing Commission; and if the commission finds that a person has violated the provisions of the substitute, the Missouri Real Estate Commission may issue a civil penalty, not to exceed \$2,500 for each day of violation.

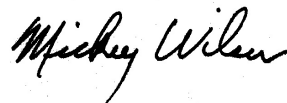
The provisions of the substitute regarding children's eye screenings will expire on June 30, 2012.

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 Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Insurance, Financial and Professional Regulation
Department of Corrections
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Office of the Governor
Office of Prosecution Services
Missouri Senate
Office of Secretary of State
Office of State Public Defender

NOT RESPONDING: Office of State Treasurer



Mickey Wilson, CPA
Director
March 14, 2007