

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2630-01
Bill No.: HB 1135
Subject: Health Care Professionals; Professional Licenses; Liability
Type: Original
Date: April 13, 2007

Bill Summary: The proposal modifies various provisions relating to the state legal expense fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
State Legal Expense	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☒ 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Administrative Hearing Commission, Department of Insurance, Financial Institutions, and Professional Registration, Department of Mental Health, Department of Health and Senior Services, and the Department of Social Services** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

In response to a similar proposal from the current session (SB 273, LR # 1423-01), officials from the **Office of the Attorney General** assumed costs which may arise from this proposal are unknown, but less than \$100,000.

Oversight assumes Office of the Attorney General (AGO) could absorb any costs within existing resources. If the AGO experiences an increase that would require additional funding, the AGO could request the funding through the appropriation process.

Officials from the **Office of Administration – General Services Division (COA)** assume offering legal expense fund protection to specialty care providers without restriction on the type of services covered could increase the exposure to the legal expense fund significantly. The legislation also adds any social welfare board created under section 205.770, RSMO, and any medical care providers who are referred to provide specialty care without compensation. In this section no limits have been established, thus leaving the legal expense fund exposed to unlimited risk of loss.

COA states the state self-assumes its own liability protection under the state legal expense fund, Section 105.711, RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General.

ASSUMPTION (continued)

COA assumes the proposal has the potential for significant costs to the state legal expense fund that cannot be determined at this time. COA assumes these costs could exceed \$100,000 per year. COA has reflected the costs affecting the general revenue fund, as general revenue funds the state legal expense fund.

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 proposal for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Transfers out</u> – to State Legal Expense Fund	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>

FISCAL IMPACT - State Government
 (continued)

FY 2008
 (10 Mo.)

FY 2009

FY 2010

STATE LEGAL EXPENSE FUND

Transfers in – from General Revenue
 Fund

More than
 \$100,000

More than
 \$100,000

More than
 \$100,000

Costs – Office of Administration
 Increased liability

(More than
\$100,000)

(More than
\$100,000)

(More than
\$100,000)

**ESTIMATED NET EFFECT ON
 STATE LEGAL EXPENSE FUND**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2008
 (10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation adds coverage for liability under the state legal expense fund to podiatrists, chiropractors, optometrists, pharmacists, certain mental health professionals, certain other health care providers who provide health care services at certain health departments or health centers, any social welfare board, the officers and members of such a board, and certain health care providers who are referred to provide specialty care without compensation for such a board.

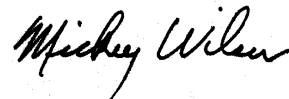
DESCRIPTION (continued)

The moneys in the fund shall also be available to pay claims or judgments against certain physicians and dentists providing specialty care without compensation to an individual referred to him or her by certain health departments or health centers. The payment for claims arising under this specific provision shall not exceed one million dollars in the aggregate for all claims arising out of the same act or acts alleged in a single cause, and shall not exceed one million dollars for any one claimant, and insurance policies purchased for such persons with moneys appropriated to the legal expense fund shall not exceed one million dollars. Additionally, liability or malpractice insurance for any physician or dentist shall not be considered available to pay any portion of a judgment or claim for which the legal expense fund is liable under this provision.

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 the Attorney General
Office of State Courts Administrator
Office of Administration
 – Administrative Hearing Commission
 – General Services Division
Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



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