

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4098-01
Bill No.: HB 1739
Subject: Economic Development Dept.; Licenses - Professional; Psychologists; Health Care; Health Care Professionals
Type: Original
Date: February 20, 2008

Bill Summary: Creates licensing requirements for prescribing psychologists.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--------------------------------------|-------------------------------------|-------------------------------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | (Unknown less than \$100,000) | (Unknown less than \$36,800) | (Unknown less than \$36,800) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Unknown less than \$100,000) | (Unknown less than \$36,800) | (Unknown less than \$36,800) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Psychology | (\$540) | \$500 | \$500 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$540) | \$500 | \$500 |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|-------------|-------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Federal | \$0 | \$0* | \$0* |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0* | \$0* |

* Income and expenditures less than \$63,200 annually and net to \$0.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| 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 2009 | FY 2010 | FY 2011 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS 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 SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP) - Division of Professional Registration (Division)** state the State Committee of Psychologists (Committee) estimates approximately five (5) licensees will apply for prescriptive authority during the first three (3) years of implementation of this legislation, pay a \$100 application fee beginning in FY 10, and \$100 biennial renewal fee beginning in FY 12. The Committee estimates that during the fourth year of implementation, and annually thereafter, ten (10) licensed psychologists will apply for prescriptive privileges.

The Committee estimates that it will incur an expense for the initial programming and implementation of this licensure category to the Division's licensure system. The Division estimates this initial programming will occur in FY 09 and will cost approximately \$540.

FY 09 - \$540 Licensure System Design and Implementation

FY 10

| | |
|--------------|----------------------------------|
| 5 | Applicants for initial licensure |
| <u>\$100</u> | Initial application fee |
| \$500 | Total Revenue |

FY 11

| | |
|--------------|----------------------------------|
| 5 | Applicants for initial licensure |
| <u>\$100</u> | Initial application fee |
| \$500 | Total Revenue |

Officials from the **Department of Mental Health (DMH)** state that according to the Missouri Chapter of the National Alliance of Professional Psychology Providers (MONAPPP) it is expected that the first class of prescribing psychologists will consist of 15 individuals. Current Missouri Statute 337.041 reads:

ASSUMPTION (continued)

"No official, employee, board, commission, or agency of the state of Missouri, county, municipality, school district, or other political subdivision shall discriminate between persons licensed under sections 337.010 to 337.090 and chapter 334, RSMo, when promulgating regulations or when requiring or recommending services which legally may be performed by persons licensed under sections 337.010 to 337.090 and by persons licensed under chapter 334, RSMo."

Because the DMH currently employs psychiatrists to prescribe medication, it may require the employment or contracting with psychologists for the same purpose. If 15 prescribing psychologists will enter the mental health service delivery system annually, and tend to expand services related to medication administration, this will reduce other services being provided because of the redirected funding. In order to maintain the current level of these services, additional funding may be required, but the specific cost of such services is unknown.

Officials from the **Department of Health and Senior Services (DOH)** provide the following assumptions for this proposal:

Section 337.015

Support from Information Technology Services Division (ITSD) will be needed to modify and maintain the existing database used by the DOH, Bureau of Narcotics and Dangerous Drugs (Bureau). The modifications will include the addition of data fields to capture information about licensed prescribing psychologists that may prescribe psychotropic drugs as referenced in section 337.015. Additional reports will also be required to meet the needs of the Bureau.

It is estimated that ITSD costs of \$143,000 in one-time funding in the first year will be needed for the consultant cost for analysis, design development, testing and implementation of modifications needed to collect and store data. In addition, one (1) Computer Information Technology Specialist I (\$45,804) in the first year will be needed to provide project management, development support and administration/maintenance of the application. The position would be required full-time in year one and then one-half time thereafter. Standard expense and equipment costs, as well as rental space for one person, would apply as well.

REVENUE ESTIMATE

It is assumed that 1,800 licensed psychologists may qualify to become prescribing psychologists and that 10 percent, or 180, will qualify as prescribing psychologists in the first year. It is estimated that the number will increase by an additional 10 percent in each subsequent year. This would result in an increase in fees received for controlled substances registration.

ASSUMPTION (continued)

Licensed prescribing psychologists would be required to pay the Missouri state controlled substance registration of \$90 per three-year registration period. An additional \$551 per three-year registration for each federal registration from the U.S. Drug Enforcement Administration would also be incurred. The DOH estimates \$16,200 for initial registrations in FY 09 (180 applicants X \$90); new registrations and re-registrations for new sites (second and third year) are estimated to be \$16,200 (180 X \$90 per three-year registration).

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (Division)** state the legislation would allow psychologists, with the proper training and licensure, to prescribe certain medications.

MO HealthNet currently covers psychotropic drugs that are prescribed by a physician or a psychiatrist. An increase in utilization and pharmacy expenditures are expected because there will be an increase in prescribing providers for mental health services. In addition, psychotropic drugs are the Division's highest cost class of drugs and HB 11 prohibits the Division from editing this class of drugs. Based on current data, the average prescription cost for a 30-day supply of this class of drugs is \$70. There are approximately 639 psychologists enrolled as MO HealthNet providers. If only 6% of these psychologists (38) write 10 prescriptions a month, the cost would be \$319,200 (38 psychologists X 10 prescriptions X 12 months X \$70).

This legislation will cause a fiscal impact to the Division. The amount is unknown, but greater than \$319,200. Since the proposed legislation requires psychologists to receive additional training to become a prescribing psychologist, the Division anticipates no cost from this legislation in FY 09.

Oversight obtained additional information from the DIFP - Division of Professional Registration, Board of Psychology. At the present time, it appears a very limited number of individuals have completed the additional education requirements or are enrolled in a program to become prescribing psychologists. After completing the program, these psychologists must complete a one-year fellowship and then pass a national exam before they can apply for licensure. Based on this information, **Oversight** assumes the Department of Mental Health will not see a significant increase in services provided or need to obtain additional funding to maintain its current level of services, for the period covered by this fiscal note.

Oversight assumes the Department of Health and Senior Services (DOH) will need unknown funding of less than \$100,000 to make the necessary modifications to its current database to maintain data on prescribing psychologists. **Oversight** further assumes the DOH will use current staff to develop, implement, and maintain the modifications. Additional funding may be

ASSUMPTION (continued)

necessary to update/modify the database in a year outside the period of this fiscal note if the number of prescribing psychologists increases significantly.

The DOH may receive additional controlled substance registration revenue of \$450 (5 psychologists X \$90 for a 3-year registration) in each FY 10 and FY 11.

Oversight further assumes MO HealthNet will not experience the increase in prescription drug coverage anticipated. The DIFP - Division of Professional Registration, Board of Psychology anticipates only five (5) individuals may become licensed, prescribing psychologists, based on current enrollment in programs in each FY 10 and FY 11. As a result, 5 psychologists X 10 prescriptions per month X 12 months X \$70, would result in an increase in prescription drug costs of \$42,000 in FY 10 and \$84,000 in FY 11 (10 psychologists X 10 prescriptions per month X 12 months X \$70). Therefore, **Oversight** assumes unknown costs to MO HealthNet of less than \$100,000 annually beginning in FY 10.

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Income - DOH</u> | | | |
| Registration fees | \$0 | \$450 | \$450 |
| <u>Costs - DOH</u> | | | |
| Database modifications | (Unknown less than \$100,000) | \$0 | \$0 |
| <u>Costs - DOS</u> | | | |
| Increase in program costs | \$0 | (Unknown less than \$36,800) | (Unknown less than \$36,800) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Unknown less than \$100,000)</u> | <u>(Unknown less than \$36,800)</u> | <u>(Unknown less than \$36,800)</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

PSYCHOLOGY FUND

HWC:LR:OD (12/02)

Income - DIFP

| | | | |
|----------------|-----|-------|-------|
| Licensing fees | \$0 | \$500 | \$500 |
|----------------|-----|-------|-------|

Costs - DIFP

| | | | |
|----------------------------------|----------------|------------|------------|
| System design and implementation | <u>(\$540)</u> | <u>\$0</u> | <u>\$0</u> |
|----------------------------------|----------------|------------|------------|

**ESTIMATED NET EFFECT ON
PSYCHOLOGY FUND**

| | | |
|-----------------------|---------------------|---------------------|
| <u>(\$540)</u> | <u>\$500</u> | <u>\$500</u> |
|-----------------------|---------------------|---------------------|

FEDERAL FUNDS

Income - DOS

| | | | |
|------------------------------------|-----|-------------------------------|-------------------------------|
| Increase in program reimbursements | \$0 | Unknown less than \$63,200 | Unknown less than \$63,200 |
|------------------------------------|-----|-------------------------------|-------------------------------|

Costs - DOS

| | | | |
|---------------------------|------------|---|---|
| Increase in program costs | <u>\$0</u> | <u>(Unknown less than \$63,200)</u> | <u>(Unknown less than \$63,200)</u> |
|---------------------------|------------|---|---|

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

| | | |
|-------------------|--------------------|--------------------|
| <u>\$0</u> | <u>\$0*</u> | <u>\$0*</u> |
|-------------------|--------------------|--------------------|

*** Income and expenditures less than \$63,200 annually and net to \$0.**

FISCAL IMPACT - Local Government

| | | |
|---------------------|------------|------------|
| FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

The proposal may impact small business physician/psychiatric offices if they pay the Missouri controlled substance registration fees and/or the federal registration fees for prescribing psychologists.

FISCAL DESCRIPTION

This proposal authorizes the licensure of prescribing psychologist under the State Committee of

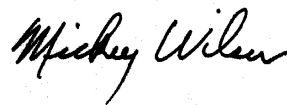
Psychologists in the Division of Professional Registration within the Department of Insurance, Financial Institutions, and Professional Registration. Persons licensed as prescribing psychologists will be authorized to prescribe certain Schedule II stimulants and Schedule IV tranquilizers or any other psychological treatment or laboratory test as it relates to the practice of psychology, excluding electrical convulsive therapy.

Prescribing psychologist licenses will only be issued to licensed psychologists who meet certain criteria established in the proposal.

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 Mental Health
Department of Health and Senior Services
Department of Social Services
Office of Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 20, 2008