

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2356-01
Bill No.: HB 1141
Subject: Licenses - Driver's; Department of Revenue; Insurance - Automobile
Type: Original
Date: April 10, 2019

Bill Summary: This proposal specifies that the fees charged for the Substance Abuse Traffic Offender Program may be paid by the offender in installments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$84,176) to (\$124,888)	(\$60,010) to (\$140,641)	(\$60,476) to (\$141,788)
Total Estimated Net Effect on General Revenue	(\$84,176) to (\$124,888)	(\$60,010) to (\$140,641)	(\$60,476) to (\$141,788)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Mental Health Earnings Fund (0288)	Up to (\$1,093,873)	Up to (\$1,093,873)	Up to (\$1,093,873)
Total Estimated Net Effect on <u>Other</u> State Funds	Up to (\$1,093,873)	Up to (\$1,093,873)	Up to (\$1,093,873)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☒ 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** assume the following regarding this proposal:

The proposed legislation would allow individuals enrolled in Substance Awareness Traffic Offender Program (SATOP) to defer payment of the program fee and supplemental fee into four equal installments. Upon completion of the program or withdrawal from the program by the offender, interest shall be charged on any unpaid balance of the supplemental fee due.

Sections 302.304, 302.420, 302.540, 302.574, and 302.580, RSMo, state the fee charged by the program and any supplemental fee may be paid by the offender in four equal installments, approximately equally spaced over the course of the program, at the option of the offender. The administrator of the program shall notify the offender of this option at the time of enrollment.

DMH assumes this will impact all contracted providers who provide SATOP treatment services. Providers would have risk of non-payment for services rendered if the program fee is not collected up front. In the event that an individual completes the program and defaults on payment, the provider would need to retain the services of a collection agency. The amount an individual owes for a program is determined by a Standard Means Test (SMT) on a sliding scale (minimum of \$250 for program levels II, II, and IV). If the individual pays the initial quarter installment of the program fee and drops out of services ($1/4$ of \$250=\$62.50) and had received \$250 of services the provider would still need to collect \$187.50. This proposed legislation does not provide a provision regarding any unpaid balance due toward the program fee by an offender.

SATOP consists of four program levels in which the payment of the program fee and supplemental fee in four equal installments approximately equally spaced over the course of the program would pose unique challenges as each program varies in the length of time required for program completion.

The levels and timelines of completion include:

- Level I-Offender Education Program (OEP), 10 hour education program for first time adult offenders, which is provided over a 2-day period.
- Level I-Adolescent Diversion Education Program (ADEP), 10 hour education is a basic education program for first time offenders under the age of 21, which is provided over a 2- day period.

ASSUMPTION (continued)

- Level II-Weekend Intervention Program (WIP) is designed for moderate risk offenders, and offers 20 hours of education and intervention during a 48 hour weekend of structured activities, which is provided over a 3-day period.
- Level III-Clinical Intervention Program (CIP) 50-hour outpatient treatment program designed for third-time DWI offenders or "high risk" offenders, which is completed in 4-6 weeks.
- Level IV-Serious and Repeat Offender Program (SROP) a minimum of 75 hours of substance use treatment in no less than 90 days, for serious and/or repeat DWI offenders.

For individuals assigned to Levels I and II (Offender Education Program-two days, Weekend Intervention Program-3 days) a delayed payment system would extend the timeframe for completion based solely on payment.

The supplemental fee remittance is tied to the DMH SATOP assessment screening process. DMH electronic record system Customer Information Management, Outcomes & Reporting (CIMOR) serves as the tracking mechanism for late or non-payment of the supplemental fee, which is due by the 15th of the subsequent month. Changing to a payment system to include installments would require enhancements to CIMOR. The ITSD projected cost for this enhancement is \$25,920 for FY 2020.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the CIMOR system. ITSD estimates the project would take 345.60 hours at a contract rate of \$75 per hour for a total cost to the state of \$25,920. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$25,920) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

DMH notes SATOP is funded through the collection of supplemental and program fees. If these fees are not collected at the time of service, DMH will not be able to pay the SATOP providers for services invoiced. A recent national survey conducted April 3, 2018 by the National Foundation for Credit Counseling (NFCC) finds that 25 percent of adults aren't paying their bills on time.

ASSUMPTION (continued)

A 25 percent reduction in revenue paid into the Mental Health Earnings Fund (MHEF) would result in a decrease of approximately \$1,093,873. This figure is based on the total collected in FY 2018 to the MHEF for SATOP (\$4,375,492 x 25% = \$1,093,873). DMH assumes that deferring the program and supplemental fees into four equal installments will result in a lack of funding to pay providers for consumer treatment services; therefore, additional General Revenue funding will be required to ensure timely reimbursement for DMH providers.

This bill would provide the option for an offender to obtain a SATOP Screening and not pay the full amount of the supplemental fee which is currently due at the time of the screening. If the offender disagrees with their program assignment they could refuse payment. The provider would still be responsible for submitting the supplemental fee (\$249 minus 2% = \$244.02) to DMH to avoid penalty and interest.

DMH would hire one Management Analyst Specialist (MAS) for tracking payment installments, sending payment letters, running reports, testing data system changes and providing technical assistance for providers working with system changes. The cost for the one FTE would be \$58,256 in FY 2020 and \$60,010 in FY 2021 and \$60,476 in FY 2022.

The anticipated overall cost to DMH is \$1,178,049 in FY 2020 and \$1,153,883 in FY 2021 and \$1,154,349 in FY 2022.

Oversight does not have any information to the contrary in regards to DMH's assumptions; therefore, Oversight will reflect DMH's costs on the fiscal note. It is unknown how many offenders will not pay the required fees; therefore, Oversight will reflect the loss of revenue as "Up to \$1,093,873" as indicated by DMH's assumptions.

Oversight notes it is also unknown how many offenders may now attend SATOP if they are able to now make four payments rather than pay the full amount prior to beginning the program; therefore, Oversight will reflect an increase of "\$0 to Unknown" for a potential increase in participation in the program resulting from the changes in the bill.

Oversight notes the Mental Health Earnings Fund (0288) had a fund balance of \$3,734,573 as of March 31, 2019.

Officials from the **Department of Revenue, Department of Public Safety - Missouri Highway Patrol, Department of Transportation and Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DMH - ITSD costs (ranged from contracting out programming (\$25,920) to hiring an additional FTE IT Specialist) p. 4	(\$25,920) to (\$66,632)	\$0 to (\$80,631)	\$0 to (\$81,312)
<u>Cost</u> - DMH p. 5			
Personal Services	(\$29,423)	(\$35,661)	(\$36,018)
Fringe Benefits	(\$19,475)	(\$23,478)	(\$23,587)
Expense and Equipment	(\$9,358)	(\$871)	(\$871)
<u>Total Costs</u> - DMH	<u>(\$58,256)</u>	<u>(\$60,010)</u>	<u>(\$60,476)</u>
Total FTE Change - DMH	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$84,176) to <u>(\$124,888)</u>	(\$60,010) to <u>(\$140,641)</u>	(\$60,476) to <u>(\$141,788)</u>
Estimated Net FTE Change to the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
(continued)	(10 Mo.)		

**MENTAL HEALTH EARNINGS
FUND**

<u>Revenue</u> - DMH - potential increase in participation if offenders can now make installment payments	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Loss</u> - DMH - potential loss if offenders do not pay the required fees p. 5	Up to <u>(\$1,093,873)</u>	Up to <u>(\$1,093,873)</u>	Up to <u>(\$1,093,873)</u>
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ESTIMATED NET EFFECT ON THE MENTAL HEALTH EARNINGS FUND	Up to <u>(\$1,093,873)</u>	Up to <u>(\$1,093,873)</u>	Up to <u>(\$1,093,873)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

DMH contracted Substance Awareness Traffic Offender Program (SATOP) providers would be impacted by this bill. This bill would provide the option for an offender to obtain a SATOP Screening and not pay the full amount of the supplemental fee which is currently due at the time of the screening. If the offender disagrees with their program assignment they could refuse payment. The provider would still be responsible for submitting the supplemental fee (\$249 minus 2% = \$244.02) to DMH to avoid penalty and interest.

Providers would have risk of non-payment for services rendered if the program fee is not collected up front. In the event that an individual completes the program and defaults on payment, the provider would need to retain the services of a collection agency.

FISCAL DESCRIPTION

This bill allows a participant in the Substance Abuse Traffic Offender Program to pay the fees for the program in four equal installments, approximately equally spaced over the course of the program. The program administrator must notify an offender of this option at time of enrollment. This bill also requires any interest on an unpaid balance to be charged upon the completion of the program or withdrawal from the program by the offender.

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 Mental Health
Department of Revenue
Department of Transportation
Department of Public Safety - Missouri Highway Patrol
Department of Insurance, Financial Institutions and Professional Registration



Kyle Rieman
Director
April 10, 2019

Ross Strobe
Assistant Director
April 10, 2019