

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6522-01  
Bill No.: Perfected HCB 15  
Subject: Drugs and Controlled Substances; Health and Senior Services Department; Health Care; Physicians; Pharmacy; Mental Health; Mental Health Department; Hospitals  
Type: Original  
Date: April 26, 2018

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Bill Summary: This proposal modifies provisions relating to opioids.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2026)</b>
General Revenue	(Could exceed \$39,076,428)	(Could exceed \$38,201,080)	(Could exceed \$36,257,580)	(Could exceed \$37,545,473)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$39,076,428)</b>	<b>(Could exceed \$38,201,080)</b>	<b>(Could exceed \$36,257,580)</b>	<b>(Could exceed \$37,545,473)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 41 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2026)</b>
Federal Reimbursement Allowance	(\$271,752)	(\$922,133)	(\$1,012,103)	(Could exceed \$1,173,323)
Agriculture Protection	\$67,484	\$144,794	\$143,681	\$139,105
Conservation Commission	\$0	\$139,425	\$197,383	\$197,383
School District Trust	\$0	\$1,115,400	\$1,579,061	\$1,579,061
Parks, Water & Soil	\$0	\$92,950	\$131,588	\$131,588
Insurance Dedicated	Up to \$20,000	\$0	\$0	\$0
Professional Registration (various)	\$0	\$0	\$0	\$0 or (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Up to \$204,268)</b>	<b>\$570,436</b>	<b>\$1,039,610</b>	<b>Up to \$873,814</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2026)</b>
Federal*	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures exceed \$8.4 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2025)</b>
General Revenue	6	73	73	73
Agriculture Protection	1	1	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>7</b>	<b>74</b>	<b>74</b>	<b>74</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2025)</b>
<b>Local Government</b>	<b>\$0</b>	<b>Less than \$4,000,000</b>	<b>Less than \$5,700,000</b>	<b>Less than \$5,700,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **HA 5 §21.790 - Joint Committee on Substance Abuse Prevention and Treatment**

Officials from the **Missouri Senate** anticipate a fiscal impact that is unknown due to not knowing the location or number of Joint Committee on Substance Abuse Prevention and Treatment meetings. If travel costs are minimal, existing resources can be used.

In response to similar legislation from the current session (HB 1253), officials from the **Office of the Governor** assume Section 21.790 establishes the Joint Committee on Substance Abuse Prevention and Treatment to which the Governor shall appoint four of the sixteen members. There should be no added cost to the Governor's Office as a result of this measure. However, if additional duties are placed on the office related to appointments in other TAFP legislation, there may be the need for additional staff resources in future years.

In response to similar legislation from the current session (HB 1253), officials from the **Missouri House of Representatives** assume any expenses incurred by house members serving on the joint committee will be covered by the Senate's Joint Contingent Expenses appropriation. If not, the Missouri House of Representatives can absorb expenses incurred by its members.

**Oversight** notes there is no allowance in the bill for additional staff. Therefore, Oversight assumes any potential cost arising from this proposal can be absorbed within existing joint contingency expense appropriation level.

#### **§190.220 - Care Designations for ERs and Hospitals for Treating Overdoses & Opioid Use Disorder**

Officials from the **Department of Health and Senior Services (DHSS)** state section 190.220 requires the DHSS to develop levels of care for emergency departments and hospitals for treating overdoses and opioid use disorder. The DHSS is to promulgate rules for applications by emergency departments and hospitals to become designated Level I, Level II, or Level III addiction care facilities and may conduct site reviews as it deems necessary to ensure compliance. The DHSS may deny, place on probation, suspend, or revoke any designation if it has reasonable cause to believe there has been a substantial failure to comply with the provisions of the section or any rules promulgated under this section. The department may remove a designation if the facility requests removal of the designation.

ASSUMPTION (continued)

The Division of Regulation and Licensure's (DRL) Section for Health Standards and Licensure (HSL) will assume the duties set forth in the proposed legislation. HSL will require the following additional staff to implement the proposed legislation. The following positions will be hired as of September 1, 2018:

One Registered Nurse Manager (Band 1, \$66,667 annually) will be needed to establish and develop the criteria for the Level I, Level II, and Level III designations for emergency departments and hospitals. They will develop rules, policies, and procedures; provide technical assistance to program participants on matters relating to the program; supervise subordinate staff involved in program implementation; and assign and review inspections.

One Administrative Office Support Assistant (\$28,668 annually) will be needed to provide support to the program, respond to telephone inquiries, coordinate communication, and maintain program files.

The following positions will be hired as of January 1, 2019:

Two (2) Health Facilities Nursing Consultants (\$54,192 annually, each) will be needed to conduct site visits, respond to complaints, and carry out inspections to ensure compliance. These positions are expected to travel extensively; it is assumed that the travel cost will be \$10,000 annually for the three nursing staff.

**Oversight** notes the DHSS used a lease cost for the additional rental space needed for four (4) new FTE of \$21 per square foot. This is an average of the lease rates for the various regions in the state. Oversight reduced the average cost to \$17.50 per square foot (which includes utilities and janitorial services), the amount provided by OA, Facilities Management, Design and Construction for Cole County.

In response to proposals from the current session where agencies assumed the need for additional rental space, officials from the **Office of Administration (OA), Division of Facilities Management, Design and Construction (FMDC)** have provided that additional space in leased facilities for additional staff in the Cole County area is estimated at 230 sq. ft. per FTE times \$17.50 per sq. ft., or \$4,025 annually per FTE. These costs are building lease cost, fuel and utilities, and janitorial services. The assumption for the need for larger space and/or in other regions of the state, or possible new construction space, would be a higher cost per sq. ft. (estimated at \$24.50 per sq. ft.).

ASSUMPTION (continued)

In response an earlier version of this proposal, officials from the **Cass Regional Medical Center** assume the costs for compliance (using trauma and stroke as an example) would likely cost their facility at least \$100,000, if not more, to put together and have the services listed in order to be part of the program.

**Oversight** notes there are approximately 30 hospitals in the state of Missouri that are owned by local political subdivisions. Oversight also notes the language in this proposal is permissive and emergency departments and hospitals are not required to apply to become designated as a Level I, Level II, or Level III addiction facilities. Therefore, Oversight assumes this proposal will not have a fiscal impact on local political subdivisions.

**HA 1 to HA 2 §192.945 - Hemp extract registration cards**

Officials from the **Department of Health and Senior Services (DHSS), Division of Community and Public Health (DCPH)** state that under section 192.945, RSMo, DHSS is currently issuing hemp extract registration cards for persons suffering from intractable epilepsy. This proposal would expand the current program by allowing the issuance of registration cards for persons with a serious condition or seizure disorder to utilize hemp extract.

Applications

The State of Oregon has a similar program in place that allows for the issuance of a registration card for conditions similar to those being proposed for the issuance of a hemp extract registration card under this proposed legislation. For purposes of this fiscal note, the State of Oregon's program will be benchmarked.

A study updated in March 2016 by the nonprofit entity ProCon organization published the rates of patient registration cards issued for each state with a medical marijuana program (<http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889>). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 patient populations. While the Oregon program was initiated in May 1999 and, therefore, is an established program, the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon. Missouri does allow for parents or legal guardians (could be more than one) of minors to be registered. For this fiscal note, DHSS has termed additional parents or guardians as secondary registrants or caregivers.

ASSUMPTION (continued)

Calculation of applications:

- Patients: According to the 2016 U.S. Census Bureau information, Missouri's population is at 6,093,000. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,986 patient registration cards annually ( $6,093,000/1,000 = 6,093.00 \times 19.2$ ).
- Caregivers: According to the October 1, 2017 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.53. Calculating this same ratio, Missouri would estimate issuing 46,240 caregiver cards (secondary registrants) annually ( $116,986/2.53$ ).

Section 192.945 requires the establishment of the hemp extract registration program through promulgation of rules, including the development of program forms, registration card, and a system to record the name of each registrant and each minor receiving care from a registrant. As a result, DCPH anticipates the need to hire the following staff beginning on August 28, 2018 (FY19) to begin development of the system:

- One Program Manager Broad Band 2 (\$65,000 annually) - will serve as Chief of the Hemp Extract Registration Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up.
- One Health Program Representative III (\$39,708 annually) - duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up.
- One Administrative Office Support Assistant (\$28,668 annually) - duties will include providing administrative assistance to the Bureau Chief and HPR III positions. As allowed, this position will also assist in initial processing of applications for registration cards.

For fiscal note purposes DCPH calculated 45 minutes of processing time per patient and caregiver application ( $116,986 \text{ patients} + 46,240 \text{ caregivers} = 163,226 \text{ applications}$ ). Based on this assumption, it was determined 61 FTE will be needed ( $163,226 \text{ applications} \times 0.75 \text{ hour per application} / 2,080 \text{ hours per year} = 58.8 \text{ FTE}$ , rounded to 59 FTE). The following staff will be hired effective July 1, 2019 upon completion of the system development and implementation of the program:

ASSUMPTION (continued)

40 Senior Office Support Assistant (SOSA) positions (\$26,340 each, annually) – duties will include

- processing of paper applications for the hemp extract registration program, to include opening and date stamping of mail,
- initial entry of application information into the electronic registry for patients and caregivers,
- initial verification of applicant and physician identification,
- preparation of patient and caregiver registration cards,
- answering and assisting telephone callers, and
- mailing of applicant correspondence, renewal notices, and registration cards.

19 Health Program Representative II (HPR II) positions (\$35,640 each, annually) – duties will include

- supervision of the SOSA positions,
- quality assurance checks of the application including valid, Missouri licensed practitioners and required documentation of allowed condition(s),
- verification and approval of applications including final approval of application rejects and card issuances,
- drafting of correspondence for incomplete, inaccurate or unapproved applicants, and
- dealing with applicant and medical complaints and concerns.

Printing

DCPH assumes that 90% of registrants will renew each year and renewal cards will also need to be printed for each registrant annually. DCPH also estimates new applicants to grow by 10 percent annually. DCPH will purchase a card delivery system with the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at \$318,400. In addition, there will be an annual equipment preventative maintenance fee of \$45,992. The average supply cost to print each card is \$0.40/card.

DCPH will print 100,000 brochures each year the program is operational at a cost of \$.06 per brochure. This brochure will provide the public with information about the hemp extract registration program and assistance in completing a valid registration.

	FY 2019	FY 2020	FY 2021
Cards for New Applicants	0	163,226	16,323
Cards for Renewals	0	0	146,903
Total Cards Issued	0	163,226	163,226

ASSUMPTION (continued)

FY20

163,226 cards X \$0.40 per card/print supplies = \$65,291  
 100,000 brochures (\$0.06 per brochure) = \$6,000

FY21

163,226 cards X \$0.40 per card/print supplies = \$65,291  
 100,000 brochures (\$0.06 per brochure) = \$6,000

Mailing costs

Each registrant will receive a card in the mail. Renewal cards will also be mailed to each registrant annually. It is also assumed five percent (5%) of applications (new and renewal) will be incomplete, requiring written notification of an incomplete application. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2019	FY 2020	FY 2021
Cards mailed to new applicants	0	163,226	16,323
Renewal cards mailed	0	0	146,903
Brochures/app mailed	0	25,000	25,000
Incomplete Application	0	8,161	8,161
Total mailings	0	196,387	196,387

FY20

196,387 envelopes (\$41 per 1,000) = 197 X \$41 = \$8,077  
 Postage (196,387 x \$0.39/postage rate) = \$76,591

FY21

196,387 envelopes (\$41 per 1,000) = 197 X \$41 = \$8,077  
 Postage (196,387 x \$0.39/postage rate) = \$76,591

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at \$132 per month for the state data server costs, \$234 for an annual license for each user who needs to view files, and \$828 for an annual license for each position with ability to scan/import documents.

ASSUMPTION (continued)

Application Registration Fees

The proposal allows the DHSS to establish a fee for the issuance of a hemp extract registration card. For purposes of this fiscal note, it is estimated that DHSS would charge a \$33 registration fee.

It is anticipated that Missouri will receive 163,226 new applications in its first year of operation (FY 2020). In subsequent years, new applications are estimated to grow by 10 percent annually; however, renewals are estimated to decline by 10 percent annually.

Projected fees received for the three years (FY 2019 – FY 2021) are as follows:

	FY 2019	FY 2020	FY 2021
Application & Renewals	0	163,226	163,226
Application Fees	\$0	\$5,386,458	\$5,386,458

Division of Administration (DA) Staff:

For fiscal note purposes DA estimates one Accounting Clerk can process 30,000 receipt transactions received per year. An Accounting Generalist I/II will be needed for every five Accounting Clerks.

Accounting Clerk (\$26,340 annually) – duties will include

- Opens and sorts mail;
- Process and enter receipts into the departmental computer system;
- Prepares bank deposits and cash receipts documents;
- Reconciles daily receipts;
- Distributes supporting documentation to program.

Accounting Generalist I/II position (\$41,184 annually) – duties will include

- Supervise and review the work of Account Clerks who are processing the application fees.

Each application and license would have a fee transaction.

<b>Transaction</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Cards for New Applicants	0	163,226	16,226
Accounting Clerk	0	5.50	5.50
Accounting Generalist I/II	0	1.00	1.00

ASSUMPTION (continued)

**Oversight** will adjust DHSS rental expenses to correspond to the estimated rate per square foot used by the Office of Administration, Division of Facilities Management, Design and Construction for Cole County. In addition, Oversight assumes DHSS will not hire part-time staff and will have those duties absorbed by existing staff.

In response to legislation from the current session in which additional rental space would be required, officials from the **Office of Administration (OA), Division of Facilities Management, Design and Construction (FMDC)** stated additional space in leased facilities for new staff for agencies in the Cole County area is estimated at 230 sq. ft. per FTE times \$17.50 per sq. ft., or \$4,025 annually per FTE. This cost includes building lease costs, fuel and utilities, and janitorial services. If a larger space were needed, the space was needed in other regions of the state, or newly constructed space if required, the estimated costs would be higher cost per sq. ft. (estimated at \$24.50 per sq. ft.).

DHSS provided the following assumptions from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DHSS**. ITSD states it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity

A 12-month project effort with three contractors has been assumed. It is assumed the application will be hosted in the State Data Center (SDC) on existing web application servers. Disk space has been assumed at 50 GB per environment (DEVO, TEST, and PROD). Funding for ongoing maintenance will come from registration fees established by DHSS.

FY19 costs to the General Revenue Fund are estimated to be \$308,749. On-going support costs for FY20 and FY21 are estimated to be \$63,769 and \$65,363 respectively.

Officials from **OA, Budget and Planning (B&P)** state this proposal will increase TSR by less than \$6.7M annually, once fully implemented. This proposal will impact the calculation under Article X, Section 18(e).

This proposal would expand the use of hemp extract for patients with seizure disorders and other “serious conditions” as defined in Section 192.945. The proposal allows for the licensing of cannabidiol oil care centers as well as hemp cultivation and production facilities. This proposal also increases the number of hemp cultivation and production facilities. This proposal also increases the number of hemp cultivation and production facilities to five (5) in 2018 and then ten (10) in 2019.

ASSUMPTION (continued)

B&P notes that the patient and caregiver registration fees are limited to the costs incurred by DHSS, under Section 192.945. B&P further notes that there is no specified application or renewal fee for cannabidiol care centers or hemp cultivation and production facilities. B&P defers to DHSS on specifics with regard to the license fees.

B&P also notes that in addition to application and license fees, the hemp extract is also subject to sales tax. B&P further notes that based on definition changes in the 2014 federal farm bill and subsequent court cases, at least a portion of the sales tax is already being collected. Based on historical sales data from Arizona (which has a similar list of qualified conditions) from 2014 through 2016, B&P estimates that this proposal will increase Total State Revenue (TSR) by less than \$3.9 M and General Revenue (GR) by less than \$2.8M in FY19. Once the medical market has matured, B&P estimates that this proposal will increase TSR by less than \$6.7M and GR by less than \$4.7M. In addition, once fully implemented B&P estimates that this will increase local funds by less than \$5.7M.

**HA1 to HA 2 §192.947 - No Adverse Action for Medical Use/Administration of Hemp Extract**

Officials from the **Department of Revenue (DOR)** state in accordance with Chapter 144, any sale or purchase of hemp oil would be subject to state sales tax. Subsequently, the DOR requires a new tax system to handle the taxation of hemp oil sales.

This proposed legislation could potentially increase state revenues by an estimated \$6,579,421 annually when sales reach maximum growth due to allowing the use of hemp oil for the treatment of certain impairments. The DOR estimates that approximately \$110,000,000 worth of hemp oil sales will occur if the proposed legislation were to be approved in the first year available and \$155,725,938 worth of hemp oil sales after maximum growth. These sales would be subject to sales tax at 4.225%.

	FY19	FY20	FY21	FY22
<b>General Revenue</b>	\$2,749,770	\$3,299,725	\$4,671,389	\$4,671,389
<b>Conservation</b>	\$116,187	\$139,425	\$197,383	\$197,383
<b>Education</b>	\$929,500	\$1,115,400	\$1,579,061	\$1,579,061
<b>Parks and Soils</b>	\$77,458	\$92,950	\$131,588	\$131,588
<b>Total Impact</b>	\$3,872,916	\$4,647,500	\$6,579,421	\$6,579,421

ASSUMPTION (continued)

**Oversight** assumes, based on DHSS' response, that sales of medical marijuana would not begin until FY20. In addition, Oversight assumes the Department of Agriculture will begin issuing medical marijuana/hemp cultivation and production facility licenses in FY19. As these facilities will have time to produce a supply of medical marijuana/hemp before DHSS identification cards are issued, Oversight assumes a full year of medical marijuana/hemp sales during FY20.

DOR officials state there will be **OA, Information Technology Services Division (ITSD)/DOR** costs. OA, ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. The current contract rate for IT consultants is \$75 per hour.

OA, ITSD/DOR estimates this proposal will require 2000.16 hours of IT consultant work in FY19 as well as on-going costs. FY19 costs to the General Revenue Fund are estimated to be \$150,012 ( $2000.16 * \$75$ ); on-going costs for FY20 and FY21 are estimated to be \$30,752 and \$31,521 respectively.

§192.2350 - Missouri Task Force on Opioid Abuse

**DHSS** officials assume the traveling and meeting costs for the "Missouri Task Force on Opioid Abuse" will be approximately \$1,500 per meeting with quarterly meetings. For fiscal note purposes DHSS assumed three meetings would be held in FY 19 and two in FY 20.

§192.2355 - Public Service Announcements and Town Hall Meetings

**DHSS** officials state (for 192.2355.1), the DHSS will collaborate with the Department of Mental Health (DMH) to develop and disseminate public service announcements. DHSS assumes that it would contract for the public service announcements at an approximate cost of \$500,000.

The DHSS further assumes (for 192.2355.2) 12 town hall meetings would be held across the state to ensure adequate coverage in all geographic areas. It is estimated an average cost of \$2,000 would be necessary per event. The costs incurred for each event would be for speaker fees, facility rental, parking, audio/visual equipment, and food/beverages for a total cost of \$24,000 ( $12 * \$2,000$ ) to General Revenue.

§195.206 - Printed Materials

**DHSS** officials state the DHSS will collaborate with the DMH to provide information regarding available opioid abuse treatment options, services, and estimates the cost for printed materials will be approximately \$2,500. A system has been established for this information to be collected from first responders under the provisions of the Missouri Recovery and Education (MORE) grant. For the period covered by this fiscal note, these expenditures will be covered by the MORE grant.

ASSUMPTION (continued)

§195.265 - Education and Awareness Program

**DHSS** officials assume the development of the required education and awareness program regarding drug disposal, including controlled substances, will be covered through existing resources.

§208.151 - MoHealthNet Coverage for Pregnant Women receiving SUD Treatment Services

Officials from the **Department of Mental Health (DMH)** state the proposed legislation maintains pregnant women receiving substance abuse treatment within sixty days of giving birth shall be eligible for MO HealthNet benefits for no more than twelve additional months as long as the woman remains adherent with treatment. The DMH and the Department of Social Services (DSS) shall seek any necessary waiver from the Centers for Medicare and Medicaid Services and shall develop rules relating to treatment plan adherence. No later than fifteen months after receiving any necessary waiver, DMH and the DSS shall report to the House of Representatives Budget Committee and the Senate Appropriations Committee on the compliance with federal cost neutrality requirements. Currently all MO Health coverage, including substance use disorder treatment, ends for the woman on the last day of the month that is 60 days after the pregnancy ends.

DMH officials state the Department of Social Services/MO HealthNet Division (DSS/MHD) estimates 114 women a month will qualify for MO HealthNet coverage of substance use disorder treatment under this legislation. The average cost for the DMH to provide substance use disorder (SUD) treatment is \$259.83 per month. The anticipated impact calculated by DSS for DMH is \$1,629,134 (\$566,890 GR and \$1,062,244 Federal) for FY19; \$4,396,707 (\$1,529,922 GR and \$2,866,785 Federal) for FY20 and \$4,595,697 (\$1,599,165 GR and \$2,996,532 Federal) for FY21. DMH agrees with the cost estimate provided by DSS. Some of the cost to DMH could be offset with existing funds.

**Oversight** notes the number of women receiving SUD treatment will increase each month by 114 participants until the end of one year (114 X 12 months = 1,368 maximum participants; however, month 1 will have 114 participants; month 2 will have 228 participants; month 3 will have 342 participants and so on until the end of 12 months). At that time, the number of new participants entering the program each month will equal the number of participants losing eligibility.

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state the proposed legislation adds language that extends Substance Use Disorder (SUD) post-partum coverage from sixty days to one year including seeking a waiver from the Centers for Medicare and Medicaid Services (CMS) and specifies that the 12 months of MO HealthNet benefits are for women who remain adherent with treatment.

ASSUMPTION (continued)

The Family Support Division (FSD) was provided the average monthly MO HealthNet for Pregnant Women (MPW) participants currently receiving SUD treatment within their 60 day postpartum period by the MHD Evidence Based Unit.

If the provisions of this bill are enacted, MHD estimates that, on a monthly basis, an average of 114 individuals would be eligible to receive MO HealthNet benefits for one year from their last day of pregnancy.

MHD's Evidence Based Unit identified how many pregnant women were currently treated for Substance Use Disorder (SUD) and applied that percentage to the monthly births; therefore, approximately 114 additional women will be added each month who will receive SUD treatment for up to one year postpartum (1,368 participants). At the end of one year, the number of new women receiving services will equal the number of women no longer eligible for services under this proposal. The average per member per month (PMPM) payment for SUD participants is \$819. This PMPM was calculated using fee-for-service expenditure data and includes a SUD treatment cost. The total cost for this population is \$5,131,994 in year one (10 months).

Of the \$819 PMPM for SUD participants \$259.83 is for SUD treatment cost. These costs would be in the Department of Mental Health (DMH) budget and are removed from the total cost for the MO HealthNet fiscal note. Therefore, the total cost that **DMH** would cover for this SUD treatment would be **\$1,629,134** in year one (10 months). Overall, the cost that **MHD** would incur in year one (10 months) for SUD treatment would be **\$3,502,860** (\$5,131,994 - \$1,629,134).

A portion of these costs would be funded from the Federal Reimbursement Allowance. (Fund: 0142 Approp: 1605)

A 3.8% inflation factor was added to the PMPM for the second and third year.

The second year cost is estimated to be \$9,453,521 and the third year cost is estimated to be \$9,881,376.

If the proposed legislation passes, a waiver would be required to extend the current 60 day postpartum coverage for SUD treatment to one year.

FY19 (10 mo.) Total: \$3,502,860 (GR \$1,124,329; FF \$2,106,779;  
Other (FRA/Rebate) \$271,752);

FY20 Total: \$9,453,521 (GR \$2,968,667; FF \$5,562,721; Other (FRA/Rebate) \$922,133);

FY21 Total: \$9,881,376 (GR \$3,086,241; FF \$5,783,032; Other (FRA/Rebate) \$1,012,103).

Officials from the **DSS**, **FSD** and the **Division of Legal Services** assume this section will not fiscally impact their divisions.

ASSUMPTION (continued)

**HA 1 to HA 2 §261.265 - Cultivation and production facility licenses**

Officials from the **Department of Agriculture (AGR)** state the following estimates assume the allowed maximum number of Cultivation and Production Facility licenses are issued, that each facility is inspected monthly, and each inspection will require 20 hours of inspection related duties.

FY19 Inspection FTE calculations:

2 existing facilities x 12 monthly inspections x 20 hours per inspection = 480 hours

8 new facilities x 6 inspections x 20 hours per inspection = 960 hours

Total inspection hours = 1,440 / 1,800 inspection hours per year per FTE = .8 FTE.

**FY19 Inspection FTE total = .8 FTE**

FY20 Inspection FTE calculations:

10 existing facilities x 12 monthly inspections x 20 hours per inspection = 2,400 hours

Total inspection hours = 2,400 / 1,800 inspection hours per year per FTE = 1.33 FTE

**FY20 Inspection FTE total = 1.33 FTE**

Section 261.265.11 provides for fees.

Fees estimated for **FY19** include:

Application Fee = 20 x \$1,000 = \$20,000.

License Fees = 10 facilities x \$1,000 = \$10,000.

Testing Fees = 2 facilities x 2 test x \$700 = \$2,800.

Testing Fees = 8 facilities x 1 test x \$700 = \$5,600.

Inspection Fees = 2 facilities x 12 inspections x 20 hours/inspection x \$85/hour = \$40,800.

Inspection Fees = 8 facilities x 6 inspections x 20 hours/inspection x \$85/hour = \$81,6000.

**Total Fees estimated for FY19 = \$160,800**

Estimated annual **fees for FY 20 and beyond** include:

Application Fee = 1 application x \$1,000 = \$1,000.

License Fees = 10 facilities x \$1,000 = \$10,000.

Testing Fees = 10 facilities x 2 tests/year x \$700 = \$14,000.

Inspection Fees = 10 facilities x 12 inspections x 20 hours/inspection x \$85 per hour = \$204,000.

**Total Annual Fees estimated for FY20 and beyond = \$229,000 annually**

The AGR currently has two existing FTE (a Program Coordinator and a Senior Office Support Assistant) that will also be paid for from the fees established in section 261.265 to cover the program's costs. Annual costs for the two existing FTE total approximately \$136,639 annually (personal service \$135,716 + equipment and expense \$923).

ASSUMPTION (continued)

The program will require 1 additional field staff for inspections (Feed and Seed Inspector II; \$36,924 annually). Duties will include, but are not limited to: application review; verification of application information; travel to field locations; performing inspections of sites for verification; monthly facility inspections; collecting samples for testing; transporting samples to the laboratory; documentation of the "hemp monitoring system"; and providing location documentation to appropriate authorities.

The AGR estimates costs to the Ag Protection Fund of \$44,671 for FY 19 and a positive fiscal impact of \$9,075 for FY 20 and \$6,823 for FY 21.

For fiscal note purposes, **Oversight** will only show the costs associated with the one additional staff person AGR indicated would be needed as a result of this proposal. However, in addition to the new FTE, costs for two existing FTEs will be paid from the fees established in section 261.265 to cover the program's costs.

**HA 6 §§326.319, 327.081, 332.061, 333.231, 334.050, 335.036 and 338.070 - Certain state funds and the amount that reverts to General Revenue at the end of the biennium**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the fiscal impact is unknown since the amount could vary depending on any new licensing boards assigned to the Division of Professional Registration or any unknown information technology expenses related to the Division's licensure system or mobile inspections.

For all fund balances for the boards within the Division of Professional Registration, expenditures can vary from year to year due to:

- Complexity and number of disciplinary cases
- Changes in the number of complaints that require investigation
- Increase in licensee count
- Decrease in licensee count can cause an unexpected increase in fees by that profession. For example, economics, technology changes, changes to the licensing structure in surrounding states or through compact actions, and retirement of current licensees all impact license counts.
- Increase in licensee activity and interaction with the board due to high profile cases or to address specific public health issues such as the Opioid epidemic.
- Variances in investigative and legal expenses

There will be no fiscal impact to DIFP for FY19; FY20 or FY21. Beginning in FY22 the fiscal impact will be unknown. However, since the fully implemented year for this proposal is FY25, a \$0 fiscal impact will be shown for all years.

ASSUMPTION (continued)

Officials from the **OA, B&P** state this amendment changes the biennial sweep language on the funds maintained by the Boards (noted below) by requiring a transfer to GR at the end of the biennium if the fund balance exceeds two (2) times the average amount of expenditures from the board's funds for the preceding three (3) completed fiscal years. B&P notes that any transfer of funds would increase GR by an unknown amount after the biennium ending in 2020, but there will be no impact on TSR or the calculation under Article X, Section 18(e).

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

**Oversight** notes that no moneys in the funds shall be transferred and placed to the credit of general revenue in FY2020. Since this is done on the biennium the next available transfer would be FY2022. Therefore, there will be no fiscal impact until FY2022.

The below table shows the ending balance as of 6-30-17, 6-30-16, and 6-30-15 for funds affected by this legislation.

	<b>FUND BALANCES</b>			
Section	FUND	6-30-2017	6-30-2016	6-30-2015
<b>326.319</b>	<b>Board of Accountancy (0627)</b>	\$2,453,391	\$2,315,486	\$2,269,743
<b>327.081</b>	<b>Board of Architects (0678)</b>	\$3,238,732	\$3,371,561	\$3,469,472
<b>332.061</b>	<b>Missouri Dental Board (0677)</b>	\$2,697,621	\$2,314,730	\$2,730,388
<b>333.231</b>	<b>Board of Embalmers &amp; Funeral Directors (0633)</b>	\$2,892,599	\$3,031,777	\$2,934,077
<b>334.050</b>	<b>Board of Reg for Healing Arts (0634)</b>	\$10,524,021	\$10,545,971	\$9,314,668
<b>335.036</b>	<b>Board of Nursing (0635)</b>	\$9,953,206	\$9,147,352	\$10,074,070
<b>338.070</b>	<b>Board of Pharmacy (0637)</b>	\$6,461,266	\$7,249,524	\$7,581,654

Source: Office of the State Treasurer Fund Activity reports

ASSUMPTION (continued)

§376.811 - Medication-assisted treatment for substance use disorders

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** anticipate 80 companies filing 5 updates each on various products for a total of 400 policy amendments submitted to the department for review along with a \$50 filing fee. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$20,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle the increase in workload.

**HA 4 §§579.040 and 579.076 - Hypodermic needles or syringes exemption from distribution of drug paraphernalia**

Officials from the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

In response to similar legislation from the current session (HB 1620), officials from the **Cooper County Public Health Department** stated they are unable to calculate the potential costs to the Department of Health and Senior Services for the registry, but there will be a cost in developing, maintaining, sharing and working with law enforcement.

**Oversight** assumes the costs will not be significant since the DHSS assumed the proposal would not fiscally impact their organization.

**HA 7 §§579.065 and 579.068 - Changes offense of trafficking drugs by adding fentanyl to the offense**

Officials from the **Department of Public Safety, Missouri Highway Patrol** and the **Department of Mental Health** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **OA, B&P** state this provision explicitly adds fentanyl to the list of drugs for the offense of trafficking in the first degree. B&P notes any collection of fines associated with this penalty could increase state revenue by an unknown amount.

In response to similar legislation from the current session, officials from the **Springfield Police Department** assumed the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

For the purpose of this proposed legislation, officials from the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide effective representation for any new cases arising where indigent persons are charged with the proposed new crime of trafficking fentanyl.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases where the right to counsel attaches.

**Oversight** assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Office of the State Courts Administrator** state there may be some impact, but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Department of Corrections (DOC)** this bill state repeals and then rewrites sections 579.065 and 579.068, RSMo, thus adding fentanyl in the list of drugs to be charged with drug trafficking. The bill will create new felony charges of class A, B, and C for trafficking in fentanyl. This is new legislation.

Section 579.065 defines trafficking of drugs in the first degree if a person distributes, manufactures, produces or attempts said activities for certain controlled substances within certain weight amounts. It is a class B felony or a class A felony dependent on quantity of illicit drug. With this bill fentanyl is added.

Section 579.068 defines trafficking of illicit drugs in the second degree if a person possesses or attempts to purchase for certain controlled substances within in certain weight amounts. Penalties (class A, B, and C) are depending on illicit drug and quantity. Fentanyl is added with this proposed legislation.

Effect of New Legislation

Fentanyl is a controlled substance, Schedule II opiate (section 195.017, RSMo). In 2016, nine-hundred and eight heroin/opioid deaths occurred in Missouri; 60% occurred with fentanyl or fentanyl analog found in toxicology testing. The illegal usage of fentanyl has been on a steep increase since 2013. Fentanyl falls under the current law that makes distribution of a controlled substance a class C felony (579.020); as noted earlier fentanyl is not included in the drug trafficking statutes, 579.065 and 579.068, RSMo. In FY17, the 343 persons were incarcerated, 835 given probationary terms, and 361 received 120-day shock term for distribution of a controlled substance (579.020); it is unknown the number distributing fentanyl.

ASSUMPTION (continued)

Estimating the Impact

The impact of FN 6522-01P to the Department of Corrections (DOC) is estimated by using the number of person charged with a distribution fentanyl and then calculating what would be the impact if all of these offenders were now charged with drug trafficking offenses under 579.065 and 579.068, RSMo. We must estimate the impact of offenders charged with drug trafficking of fentanyl and then subtract the cost avoidance of those same person no longer being charged for distribution of fentanyl.

a) Estimating the Percent of Drug Violations with Fentanyl

For FY17, new admissions to DOC, with drug offenses that list a known illicit drug by NCIC code, total 1,348 persons. Of these, 10.3% list synthetic narcotic (which includes fentanyl). We assume 25% of the synthetic narcotic charges have fentanyl as the illicit drug. This equates to the assumption that 2.6% of all offenses for distributions of controlled substances were for fentanyl (25% of the 10.3% of drug offenses with NCIC codes in FY17).

b) Calculating the Number of Offenders Charged with Distributing Fentanyl

**Table 1. Estimating the Number of Drug Offenders of Fentanyl**

FY2017	All Charged w/Distribution	Multiplier	Est. Fentanyl Offenders
Prison	343	.026	9
Probation + 120-day	<u>1196</u>	.026	<u>31</u>
Total	1539		40

This Table 1 tells us the estimate is 40 persons in FY17 (charged with distributing a controlled substance) distributed fentanyl. Of these, 9 entered prison and 31 received probation/120-day terms. These numbers will be used to estimate the impact for incarceration and probation for drug trafficking under the new bill.

c) Estimating the Felony Class of Incarcerated Offenders Charged for Drug Trafficking

In order to ascertain the impact of the addition to fentanyl to these two statues, we determine the ratio of felony classes for those charged with drug trafficking. Over the last eighteen months, new admission data show twenty-seven persons were incarcerated with class A felony for drug trafficking; 33 persons were incarcerated with class B felony; and 2 incarcerated with a class C felony for trafficking. This equates to 44% are charged with a class A felony for drug trafficking; 53% with a class B felony; and 3% with a class C felony. In paragraph b, we estimated nine persons are to be incarcerated for fentanyl distribution. These 9 offenders are used to determine the offense class under the 579.065 and 579.068, RSMo.

ASSUMPTION (continued)

**Table 2 Estimating Felony Class for Nine Incarcerated Offenders for Fentanyl Trafficking**

July 2016 to Dec. 2017	No. charged	% of total	Est. Fentanyl Offenders incarcerated for Trafficking
Trafficking A	27	44%	4
Trafficking B	33	53%	5
Trafficking C	<u>2</u>	3%	<u>0</u>
Total	62		9

The weighted average sentence length for the nine persons incarcerated for fentanyl trafficking is 10.3 years, 6.5 years incarcerated and 3.8 years to parole.

d) Estimating the Felony Class for Probationers charged for Drug Trafficking

In section b), we calculated an estimate of 31 persons who disturbed fentanyl would receive probation. We will now calculate the class type of these 31 persons if they had been sentenced as drug traffickers. Using FY17 admission to probation data, 34 have class A felony probationary terms for drug trafficking, 38 have class B felony, and 1 has class C felony. For those given probationary terms, this equates to 47% given class A, 52% class B, and 1% class C.

**Table 3. Estimating Felony Class for 31 Probationers for Fentanyl Trafficking**

FY17	No. charged	% of total	Est. Fentanyl Probationers for Drug
Trafficking			
Trafficking A	34	47%	15
Trafficking B	38	52%	16
Trafficking C	<u>1</u>	1%	<u>0</u>
Total	73		31

The weighted average for a probation term for drug trafficking is 4.8 years. (Class A has a 5.0 year term and class B a 4.7 year term.)

Now we can combine our calculations on incarceration and probation to arrive at the first part of the estimated impact to DOC if these provisions pass (see Table 4).

ASSUMPTION (continued)

**Table 4. Estimated increase and cost for trafficking in fentanyl (person-yrs rounded).**

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>New</b>										
Admissions	9	9	9	9	9	9	9	9	9	9
Probations	31	31	31	31	31	31	31	31	31	31
<b>Cumulative Populations</b>										
Prison	9	18	27	36	45	54	59	59	59	59
Parole							5	14	23	32
Probation	31	62	93	124	149	149	149	149	149	149
<b>Impact</b>										
Prison Population	9	18	27	36	45	54	59	59	59	59
Field Population	31	62	93	124	149	149	153	162	171	180
Population Change	40	80	120	160	194	203	212	221	230	239

  

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Estimated Cost	\$129,402	\$263,979	\$403,888	\$549,288	\$684,420	\$759,775	\$818,444	\$859,341	\$901,545	\$945,094

e) Calculating the Current Cost for the 40 Offenders Charged under Distribution (579.020).

In calculating the impact of FN 6522-01P, we need to subtract the cost of the 40 offenders who will no longer be charged under the distribution offense of 579.020. For this class C felony, the sentence is 6.5 years with 3.9 years in incarcerated and 2.6 in parole (9 offenders). Probation for drug distribution class C offense is 4.6 years (31 offenders).

**Table 5. Estimated decrease and cost avoidance of class C felony for distribution of fentanyl (person-yrs rounded).**

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>New</b>										
Admissions	-9	-9	-9	-9	-9	-9	-9	-9	-9	-9
Probations	-31	-31	-31	-31	-31	-31	-31	-31	-31	-31
<b>Cumulative Populations</b>										
Prison	-9	-18	-27	-35	-35	-35	-35	-35	-35	-35
Parole				-1	-10	-19	-23	-23	-23	-23
Probation	-31	-62	-93	-124	-143	-143	-143	-143	-143	-143
<b>Impact</b>										
Prison Population	(9)	(18)	(27)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Field Population	(31)	(62)	(93)	(125)	(153)	(162)	(166)	(166)	(166)	(166)
Population Change	(40)	(80)	(120)	(160)	(188)	(197)	(201)	(201)	(201)	(201)

  

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Estimated Cost	(\$129,402)	(\$263,979)	(\$403,888)	(\$545,626)	(\$627,418)	(\$663,541)	(\$688,835)	(\$702,612)	(\$716,664)	(\$730,997)

The impact of the passage of these provisions in the first three years is zero. By FY28, 24 more offenders are incarcerated and fourteen more offenders are on probation with a total increase to supervision of 38 offenders.

ASSUMPTION (continued)

	# to prison	Cost per year	Total Costs for <b>prison</b>	# to probation & parole	Cost per year	Total cost for <b>probation and parole</b>	Grand Total - Prison and Probation (includes and 2% inflation)
Year 1	0	(\$6,206)	\$0	0	absorbed	\$0	\$0
Year 2	0	(\$6,206)	\$0	0	absorbed	\$0	\$0
Year 3	0	(\$6,206)	\$0	0	absorbed	\$0	\$0
Year 4	1	(\$6,206)	(\$6,586)	(1)	absorbed	\$0	(\$6,586)
Year 5	10	(\$6,206)	(\$67,176)	(4)	absorbed	\$0	(\$67,176)
Year 6	19	(\$6,206)	(\$130,187)	(13)	absorbed	\$0	(\$130,187)
Year 7	24	(\$6,206)	(\$167,735)	(13)	absorbed	\$0	(\$167,735)
Year 8	24	(\$6,206)	(\$171,090)	(4)	absorbed	\$0	(\$171,090)
Year 9	24	(\$6,206)	(\$174,512)	5	absorbed	\$0	(\$174,512)
Year 10	24	(\$6,206)	(\$178,002)	14	absorbed	\$0	(\$178,002)

In response to similar legislation from the current session (HB 1254), officials from the Ashland Police Department, Branson Police Department, the Cape County Sheriff's Department, the Greene County Sheriff's Department, the Jasper County Sheriff's Department, the Platte County Sheriff's Department, and the Joplin Police Department did not respond to **Oversight's** request for fiscal impact.

§630.875 - Improved Access to Treatment for Opioid Addictions (IATOA) Program

Officials from the **Department of Mental Health (DMH)** state under this proposal the DMH is to create and oversee the Improved Access to Treatment for Opioid Addictions (IATOA) Program. The cost to DMH may be reduced as the development of curriculum and examinations on opioid addiction and treatment is discretionary. DMH will facilitate partnerships between assistant physicians at Federally Qualified Health Centers (FQHCs), rural health clinics, and other health care facilities and physicians across the state. The DMH will be responsible for providing access to telemedicine and Extension for Community Healthcare Outcomes (ECHO) programs. There will be grant funding for FY 2019 to help with some of these requirements (ECHO costs plus FTE expenses). However, starting with year two, the DMH would have increased costs of \$241,023 and in year three and thereafter, the DMH would need \$235,062 to continue the services because of a reduction in grant funding.

This legislation broadens significantly the scope of DMH duties associated with addressing the ongoing opioid crisis. While there are currently grant funds available to assist with some collaborative and training efforts, this funding is set to end in 2019. Thus, one FTE, Program

ASSUMPTION (continued)

Specialist II (\$45,192 annually) would be needed to support, monitor, and/or implement the following time-intensive tasks and programs outlined in the proposed legislation:

- Development of (will require research and coordination with legal counsel, medical professionals, etc) an information and consent form on the effects of opioid medication and alternative pain treatments.
- Creation and oversight of an "Improved Access to Treatment for Opioid Addictions Program" - this will require the gathering and dissemination of best practice information, as well as the facilitation of partnerships between key stakeholders.
  - o Coordination, oversight, monitoring of ECHO programs.
  - o Expansion and oversight of telehealth opportunities.
  - o Oversight of the development treatment facilities in EACH county of MO; this will require intensive work with more than 30 agencies.
  - o Development of curriculum and exams for assistant physicians and/or other medical providers; this will require extensive research and collaboration with knowledgeable stakeholders.
  - o Direct support/access to referral information for recovery coaches in emergency departments, post-overdose.
- Development, vetting, and promulgation of rules to implement the provisions of the act. There will need to be training developed on the implementation of rules, as well as training conducted on the new rules.
- Development of a state-wide plan on providing public information and education regarding opiates with new stakeholders.

Additional costs to run the IATOA program would include the cost to "establish a treatment facility in each county lacking sufficient access to opioid addiction treatment" in §630.875.3. This cost would be substantial. The DMH estimates that the need for Opioid Use Disorder (OUD) services across the state is high, with over 35,000 people needing but not receiving treatment. If even a fourth of that number (8,750 persons) presents for treatment at the new facilities, the annual cost would be over \$36,000,000 (8,750 individuals \* \$4,125 average annual cost of outpatient OUD treatment = \$36,093,750). An additional factor is that the addiction workforce is not sufficient to operate new treatment facilities in every county.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the Program Specialist II 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.

ASSUMPTION (continued)

Bill as a whole

Officials from the **Department of Natural Resources**, the **Department of Public Safety**, **Missouri State Highway Patrol**, the **Joint Committee on Administrative Rules**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, and the **Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

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.

In response to the previous version of this proposal, officials from the **Missouri Department of Conservation** and the **OA, Division of Accounting and Division of General Services** each assumed the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from **St. Louis County** assumed the proposal would not fiscally impact their agency.

In response to the previous version of this proposal, officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Excelsior Springs Hospital, Golden Valley Memorial Hospital, Hermann Area District Hospital, Putnam County Memorial Hospital, Samaritan Hospital, the University of Missouri Health System and Washington County Memorial Hospital did not respond to **Oversight's** request for a statement of fiscal impact.

ASSUMPTION (continued)

In response to the previous version of this proposal, officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles City Administrator, St. Louis City Budget Division, Sugar Creek, Sullivan, Warrensburg, Warrenton, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

In response to the previous version of this proposal, officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Perry, Pettis, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Wayne, Webster, and Worth did not respond to **Oversight's** request for fiscal impact.

**Oversight** extrapolated the income and expenditures of various agencies to FY2025, as necessary, to provide estimates of fiscal impact to the fully implemented date.

**Oversight** notes the proposal contains an emergency clause for the repeal and reenactment of various specified sections.

FISCAL IMPACT -  
State Government

	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2026)
<b>GENERAL REVENUE FUND</b>				
<u>Income - DOR</u> (per Chapter 144 and §192.947) (p. 12)				
Sales taxes collected	\$0	\$3,299,725	\$4,671,389	\$4,671,389
<u>Income - DHSS</u> (§192.945) (p. 10)				
Application fees	\$0	\$5,386,458	\$5,386,458	\$5,386,458
<u>Transfer-In</u> - from DIFP (§§326.319 - 338.870) (p. 17)				
Various Professional Registration funds	\$0	\$0	\$0	\$0 or Unknown
<u>Total Income and Transfer-In</u>	<u>\$0</u>	<u>\$8,686,183</u>	<u>\$10,057,847</u>	<u>\$10,057,847 to Greater than \$10,057,847</u>
<u>Costs - DHSS</u> (§190.220) (p. 4 -5)				
Personal service	(\$133,638)	(\$205,756)	(\$207,814)	(\$216,252)
Fringe benefits	(\$66,660)	(\$104,262)	(\$104,873)	(\$107,379)
Equipment and expense	(\$68,942)	(\$62,833)	(\$64,402)	(\$71,088)
Total <u>Costs - DHSS</u>	<u>(\$269,240)</u>	<u>(\$372,851)</u>	<u>(\$377,089)</u>	<u>(\$394,719)</u>
FTE Change - DHSS	3 FTE	4 FTE	4 FTE	4 FTE

**FISCAL IMPACT -**  
**State Government**  
 (continued)

Fully  
 Implemented  
 (FY 2026)

**GENERAL**  
**REVENUE FUND**  
**(continued)**

Costs - DHSS

(§192.945) (p. 6 - 11)

Personal service	(\$111,147)	(\$2,057,390)	(\$2,077,964)	(\$2,162,337)
Fringe benefits	(\$59,981)	(\$1,344,629)	(\$1,350,739)	(\$1,375,798)
Equipment and expense	(\$42,830)	(\$1,738,827)	(\$942,328)	(\$1,040,154)
ITSD costs/on-going support	<u>(\$308,749)</u>	<u>(\$63,769)</u>	<u>(\$65,363)</u>	<u>(\$72,149)</u>
Total <u>Costs - DHSS</u>	<u>(\$522,707)</u>	<u>(\$5,204,615)</u>	<u>(\$4,436,394)</u>	<u>(\$4,650,438)</u>
FTE Change - DHSS	3 FTE	68 FTE	68 FTE	68 FTE

Costs - DOR

(§192.947) (p. 13)

OA, ITSD/DOR system changes	(\$150,012)	(\$30,752)	(\$31,521)	(\$34,793)
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Costs - DHSS

(§192.2350) (p. 13)

Task force meetings	(\$4,500)	(\$3,000)	\$0	\$0
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Costs - DHSS

(§192.2355) (p.13)

Public service announcements	(\$416,667)	(\$512,500)	(\$525,313)	(\$672,445)
Town hall meeting costs	<u>(\$20,000)</u>	<u>(\$24,600)</u>	<u>(\$25,215)</u>	<u>(\$27,833)</u>
Total <u>Costs - DHSS</u>	<u>(\$436,667)</u>	<u>(\$537,100)</u>	<u>(\$550,528)</u>	<u>(\$700,278)</u>

Costs - DHSS

(§195.206) (p. 13)

Education materials & printing costs	(\$2,083)	(\$2,563)	(\$2,627)	(\$2,900)
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**FISCAL IMPACT -**  
**State Government**  
 (continued)

Fully  
 Implemented  
 (FY 2026)

FY 2019                      FY 2020                      FY 2021

**GENERAL  
 REVENUE FUND  
 (continued)**

Costs - DSS  
 (§208.151) (p.14 -15)  
 Postpartum care  
 coverage through end  
 of 12 months for SUD  
 treatment

(\$1,124,329)                      (\$2,968,667)                      (\$3,086,241)                      (Could exceed  
 \$3,554,144)

Costs - DMH  
 (§208.151) (p. 14)  
 Increase in substance  
 abuse disorder  
 treatment for pregnant  
 women through end of  
 one year after birth

(\$566,890)                      (\$1,529,922)                      (\$1,599,165)                      (Could exceed  
 \$1,843,714)

Costs - DOC  
 (§§579.065 and  
 579.068) (p. 20-24)  
 Net increase in  
 incarceration costs

\$0                                      \$0                                      \$0                                      (\$171,090)

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2026)
<b>GENERAL REVENUE FUND (continued)</b>				
<u>Costs - DMH</u> (\$630,875) (p. 24 -25)				
Personal service	\$0	(\$43,208)	(\$43,640)	(\$45,412)
Fringe benefits	\$0	(\$23,621)	(\$23,740)	(\$24,275)
Equipment and expense	\$0	(\$11,482)	(\$1,013)	(\$1,118)
Telehealth (ECHO) expense	\$0	(\$159,482)	(\$163,469)	(\$180,439)
Additional treatment costs	<u>(Could exceed \$36,000,000)</u>	<u>(Could exceed \$36,000,000)</u>	<u>(Could exceed \$36,000,000)</u>	<u>(Could exceed \$36,000,000)</u>
Total <u>Costs</u> - DMH	<u>(Could exceed \$36,000,000)</u>	<u>(Could exceed \$36,237,793)</u>	<u>(Could exceed \$36,231,862)</u>	<u>(Could exceed \$36,251,244)</u>
FTE Change - DMH	0 FTE	1 FTE	1 FTE	1 FTE
<u>Total All Costs</u>	<u>(Could exceed \$39,076,428)</u>	<u>(Could exceed \$46,887,263)</u>	<u>(Could exceed \$46,315,427)</u>	<u>(Could exceed \$47,599,935)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Could exceed \$39,076,428)</u></b>	<b><u>(Could exceed \$38,201,080)</u></b>	<b><u>(Could exceed \$36,257,580)</u></b>	<b><u>(Could exceed \$37,545,473)</u></b>
Estimated Net FTE Change on the General Revenue Fund	6 FTE	73 FTE	73 FTE	73 FTE

FISCAL IMPACT -  
State Government  
 (continued)

Fully  
 Implemented  
 (FY 2026)

FY 2019                      FY 2020                      FY 2021

**FEDERAL  
 REIMBURSEMENT  
 ALLOWANCE  
 FUND (#0142)**

Costs - DSS  
 (§208.151) (p. 14 - 15)  
 Postpartum care  
 coverage through end  
 of 12 months for SUD  
 treatment

(\$271,752)                      (\$922,133)                      (\$1,012,103)                      (Could exceed \$1,173,323)

**ESTIMATED NET  
 IMPACT ON THE  
 FEDERAL  
 REIMBURSEMENT  
 ALLOWANCE  
 FUND**

(\$271,752)                      (\$922,133)                      (\$1,012,103)                      (Could exceed \$1,173,323)

**AGRICULTURE  
 PROTECTION  
 FUND (#970)**

Income - AGR  
 (§261.265) (p. 16)  
 License and  
 inspection fees

\$160,800                      \$229,000                      \$229,000                      \$229,000

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2026)
<b>AGRICULTURE PROTECTION FUND (#970) (continued)</b>				
<u>Costs - AGR</u> (\$261.265) (p. 16 - 17)				
Personal service	(\$30,770)	(\$37,293)	(\$37,666)	(\$39,195)
Fringe benefits	(\$18,129)	(\$21,862)	(\$21,975)	(\$22,429)
Equipment and expense	<u>(\$44,417)</u>	<u>(\$25,051)</u>	<u>(\$25,678)</u>	<u>(\$28,344)</u>
Total <u>Costs</u> - AGR	<u>(\$93,316)</u>	<u>(\$84,206)</u>	<u>(\$85,319)</u>	<u>(\$89,968)</u>
FTE Change - AGR	1 FTE	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND (#970)</b>				
	<b><u>\$67,484</u></b>	<b><u>\$144,794</u></b>	<b><u>\$143,681</u></b>	<b><u>\$139,105</u></b>
Estimated Net FTE Change on the Agriculture Protection Fund	1 FTE	1 FTE	1 FTE	1 FTE

FISCAL IMPACT -  
State Government  
 (continued)

Fully  
 Implemented  
 (FY 2026)

FY 2019                      FY 2020                      FY 2021

**CONSERVATION  
 COMMISSION  
 FUND**

Income - DOR (per  
 Chapter 144 and  
 §192.947) (p. 12)  
 Sales taxes collected

\$0                      \$139,425                      \$197,383                      \$197,383

**ESTIMATED NET  
 EFFECT ON THE  
 CONSERVATION  
 COMMISSION  
 FUND**

\$0                      \$139,425                      \$197,383                      \$197,383

**SCHOOL  
 DISTRICT TRUST  
 FUND**

Income - DOR (per  
 Chapter 144 and  
 §192.947) (p. 12)  
 Sales taxes collected

\$0                      \$1,115,400                      \$1,579,061                      \$1,579,061

**ESTIMATED NET  
 EFFECT ON THE  
 SCHOOL  
 DISTRICT TRUST  
 FUND**

\$0                      \$1,115,400                      \$1,579,061                      \$1,579,061

FISCAL IMPACT -  
State Government  
 (continued)

Fully  
 Implemented  
 (FY 2026)

FY 2019                      FY 2020                      FY 2021

**PARKS, WATER &  
 SOIL FUND**

Income - DOR (per  
 Chapter 144 and  
 §192.947) (p. 12)  
 Sales taxes collected

\$0                      \$92,950                      \$131,588                      \$131,588

**ESTIMATED NET  
 EFFECT ON THE  
 PARKS, WATER &  
 SOIL FUND**

\$0                      \$92,950                      \$131,588                      \$131,588

**INSURANCE  
 DEDICATED FUND**

Income - DIFP  
 (§376.811) (p. 19)  
 Form filing fees

Up to \$20,000                      \$0                      \$0                      \$0

**ESTIMATED NET  
 EFFECT ON THE  
 INSURANCE  
 DEDICATED FUND**

Up to \$20,000                      \$0                      \$0                      \$0

FISCAL IMPACT -  
State Government  
 (continued)

Fully  
 Implemented  
 (FY 2026)

FY 2019                      FY 2020                      FY 2021

**PROFESSIONAL  
 REGISTRATION  
 FUNDS (various)**

Transfer Out - DIFP  
 (§§326.319 - 338.870)  
 (p. 17)

To General Revenue  
 Fund

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or</u> <u>(Unknown)</u>
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**ESTIMATED NET  
 EFFECT ON  
 VARIOUS  
 PROFESSIONAL  
 REGISTRATION  
 FUNDS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or</u> <u>(Unknown)</u>
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**FEDERAL FUNDS**

Income - DSS  
 (§208.151) (p. 14 - 15)  
 Increase in program  
 reimbursements

\$2,106,779	\$5,562,721	\$5,783,032	Could exceed \$6,664,019
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Income - DMH  
 (§208.151) (p. 14)  
 Increase in program  
 reimbursements

<u>\$1,062,244</u>	<u>\$2,866,785</u>	<u>\$2,996,532</u>	<u>Could exceed</u> <u>\$3,454,315</u>
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Total All Income

<u>\$3,169,023</u>	<u>\$8,429,506</u>	<u>\$8,779,564</u>	<u>Could exceed</u> <u>\$10,118,334</u>
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**FISCAL IMPACT -**  
**State Government**  
 (continued)

Fully  
 Implemented  
 (FY 2026)

FY 2019                      FY 2020                      FY 2021

**FEDERAL FUNDS**  
**(continued)**

Costs - DSS  
 (§208.151) (p. 14 - 15)

Postpartum care  
 coverage through end  
 of 12 months for SUD  
 treatment

(\$2,106,779)                      (\$5,562,721)                      (\$5,783,032)                      (Could exceed  
 \$6,664,019)

Costs - DMH  
 (§208.151) (p. 14)

Increase in substance  
 abuse disorder  
 treatment for pregnant  
 women through end of  
 one year after birth

(\$1,062,244)                      (\$2,866,785)                      (\$2,996,532)                      (Could exceed  
\$3,454,315)

Total All Costs

(\$3,169,023)                      (\$8,429,506)                      (\$8,779,564)                      (Could exceed  
\$10,118,334)

**ESTIMATED NET**  
**EFFECT ON**  
**FEDERAL FUNDS**

**\$0**                                      **\$0**                                      **\$0**                                      **\$0**

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2026)
<b>ALL LOCAL GOVERNMENTS</b>				
<u>Income - All Local Governments (per Chapter 144, §§ 192.945 and 192.947) (p. 12)</u> Sales taxes collected				
	<u>\$0</u>	<u>Less than</u> <u>\$4,000,000</u>	<u>Less than</u> <u>\$5,700,000</u>	<u>Less than</u> <u>\$5,700,000</u>
<b>ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS</b>				
	<u>\$0</u>	<u>Less than</u> <u>\$4,000,000</u>	<u>Less than</u> <u>\$5,700,000</u>	<u>Less than</u> <u>\$5,700,000</u>

FISCAL IMPACT - Small Business

§261.265 - The proposed legislation allows the Missouri Department of Agriculture to issue licenses to ten cultivation and production facilities in the state to grow or cultivate the cannabis plant used to make hemp extract. There could be an unknown impact on small businesses that may serve as these facilities.

FISCAL DESCRIPTION

Currently, the law allows people with intractable epilepsy to possess and use hemp extract to treat the condition. This bill expands the current law to allow individuals with other serious conditions to use hemp extract as well. Serious condition is defined as Cancer, HIV, AIDS, Amyotrophic lateral sclerosis, Rheumatoid Arthritis, Parkinson's disease, Multiple sclerosis, spinal cord damage, Epilepsy, Inflammatory bowel disease, neuropathies, Huntington's disease, or certain specified symptoms or complications associated with the conditions listed above.

FISCAL DESCRIPTION (continued)

Currently, the Department of Health and Senior Services must issue a registration card to a person who provides a statement signed by a neurologist that the person suffers from intractable epilepsy and may benefit from treatment with hemp extract. This bill requires the department to also issue registration cards to people who provide certification signed by a physician that the person suffers from one of the previously mentioned serious conditions. The physician must also indicate to the department that he or she is qualified to treat the condition, and that the patient is under the practitioner's continuing care.

The maximum level of Tetrahydrocannabinol (THC) permitted in hemp extract under current law is 0.3% by weight. This bill raises the maximum level to 0.9% by weight. This bill also lowers the minimum level of cannabidiol required in hemp extracted from 5% by weight to 1.5% by weight.

The civil liability of a doctor or hospital that provides medical treatment to a patient pursuant to this bill will not be determined according to the normal standards for medical malpractice but can only be found upon a showing that the damages were caused by gross negligence or willful or wanton acts or omissions on the part of the doctor or hospital.

A maximum of 10 licenses may be issued for the cultivation of cannabis to be used in the production of hemp extract. (Sections 192.945, 192.947, 195.207 and 261.265)

This bill extends MO HealthNet benefits for pregnant women to receive substance abuse treatment, including opioid abuse treatment, for no more than twelve additional months as long as the woman remains adherent with treatment (Section 208.151)

This bill changes the amount of funds that is required to revert to General Revenue at the end of each biennium for the following professional registration funds: Dental, Nursing, Healing Arts, Architects, Embalmers Funeral, Accountancy, and Pharmacy. A transfer to the General Revenue Fund can occur once such fund balance exceeds two times the average amount of expenses from the board's funds for the preceding three completed fiscal years. (Sections 326.316, 327.081, 332.061, 333.231, 334.050, 335.036 and 338.070)

This proposal requires every insurance company and health services corporation to offer, in all insurance policies, coverage for medication-assisted treatment for substance use disorders (Section 376.811)

This bill adds to the offense of trafficking drugs in the first degree knowingly distributing, delivering, manufacturing, or producing or attempting to distribute, deliver, manufacture, or produce more than 10 grams but fewer than 60 grams of fentanyl or any derivative thereof, or any

FISCAL DESCRIPTION (continued)

mixture or substance containing a detectable amount of fentanyl. If the violation involves 60 grams or more of fentanyl or any derivative thereof, or any mixture or substance containing a detectable amount of fentanyl, it is a class A felony. If it involves more than 10 grams but fewer than 60 grams, it is a class B felony.

The bill adds to the offense of trafficking drugs in the second degree knowingly possessing or having under one's control, purchasing or attempting to purchase, or bringing into the state more than 10 grams but fewer than 60 grams of fentanyl or any derivative thereof, or any mixture or substance containing a detectable amount of fentanyl. If the violation involves 60 grams or more of fentanyl or any derivative thereof, or any mixture or substance containing a detectable amount of fentanyl, it is a class B felony. If it involves more than 10 grams but fewer than 60 grams, it is a class C felony. (Sections 579.065 and 579.068)

The bill creates the "Improved Access to Treatment for Opioid Addictions Program," (IATOA), which will disseminate information and best practices regarding opioid addiction. Assistant physicians who participate in the IATOA program must complete requirements to prescribe buprenorphine within 90 days of joining the program. The department may develop curriculum, examinations, and certification on the subject of opioid addiction and treatment.

An assistant physician in the IATOA program may serve several functions. When an overdose survivor comes to an emergency room, an assistant physician shall provide treatment options and support to the survivor, when reasonable practicable (Section 630.875).

This proposal contains an emergency clause.

This legislation is not federally mandated and would not duplicate any other program. This proposal would require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services  
Department of Agriculture  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Revenue  
Department of Public Safety -  
    Missouri State Highway Patrol

SOURCES OF INFORMATION (continued)

Department of Social Services -  
    MO HealthNet Division  
    Family Support Division  
    Division of Legal Services  
Office of the Governor  
Joint Committee on Administrative Rules  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri House of Representatives  
Missouri Department of Transportation  
Missouri Office of Prosecution Services  
Office of Administration -  
    Division of Accounting  
    Division of Budget & Planning  
    Division of General Services  
    Facilities Management, Design and Construction  
    Information Technology Services Division/DHSS  
    Information Technology Services Division/DOR  
Office of State Courts Administrator  
Missouri Senate  
Office of Secretary of State  
Office of State Public Defender  
Office of State Treasurer  
Cass Regional Medical Center  
Cooper County Public Health Department  
Springfield Police Department  
St. Louis County

Ross Strobe



Acting Director  
April 26, 2018