

Revised

Consolidated Fiscal Note

2017-2018 Legislative Session

HF526 - 0 - "Occupation Therapy Practice Board Created"

Chief Author: **Nick Zerwas**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/13/2017**
 Lead Agency: **Health Licensing Boards**
 Other Agencies:
 Health Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
Health Dept	-	-	-	-	-
State Government Special Rev	-	-	-	-	-
Health Licensing Boards					
Health Related Boards	-	190	(36)	(48)	(56)
State Total					
State Government Special Rev	-	-	-	-	-
Health Related Boards	-	190	(36)	(48)	(56)
Total	-	190	(36)	(48)	(56)
Biennial Total			154		(104)

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
Health Dept	-	-	-	-	-
State Government Special Rev	-	(1.61)	(3.21)	(3.28)	(3.35)
Health Licensing Boards					
Health Related Boards	-	1.5	3	3	3
Total	-	(.11)	(.21)	(.28)	(.35)

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 03/13/2017
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Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
Health Dept						
	Health Dept	-	-	-	-	-
State Government Special Rev						
	State Government Special Rev	-	-	-	-	-
Health Licensing Boards						
Health Related Boards						
	Health Related Boards	-	190	(36)	(48)	(56)
Total		-	190	(36)	(48)	(56)
Biennial Total				154		(104)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Dept						
	Health Dept	-	-	-	-	-
State Government Special Rev						
	State Government Special Rev	-	(184)	(370)	(382)	(390)
Health Licensing Boards						
Health Related Boards						
	Health Related Boards	-	374	334	334	334
Total		-	190	(36)	(48)	(56)
Biennial Total				154		(104)
2 - Revenues, Transfers In*						
Health Dept						
	Health Dept	-	-	-	-	-
State Government Special Rev						
	State Government Special Rev	-	(184)	(370)	(382)	(390)
Health Licensing Boards						
Health Related Boards						
	Health Related Boards	-	184	370	382	390
Total		-	-	-	-	-
Biennial Total				-		-

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 Agency: **Health Licensing Boards**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
Health Related Boards		-	190	(36)	(48)	(56)
Total		-	190	(36)	(48)	(56)
Biennial Total				154		(104)

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2017	FY2018	FY2019	FY2020	FY2021
Health Related Boards		-	1.5	3	3	3
Total		-	1.5	3	3	3

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
Health Related Boards	-	190	(36)	(48)	(56)
Total	-	190	(36)	(48)	(56)
Biennial Total			154		(104)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Health Related Boards	-	374	334	334	334
Total	-	374	334	334	334
Biennial Total			708		668
2 - Revenues, Transfers In*					
Health Related Boards	-	184	370	382	390
Total	-	184	370	382	390
Biennial Total			554		772

Bill Description

This bill creates a state Board of Occupational Therapy. Proposes changes in current Minnesota Statutes, chapters 148.6401 through 148.6450. This bill changes "commissioner" to "board".

Section 1, subd 4 of the bill establishes Board of Occupational Therapy Practice in sections 148.6449. Creates an independent board moving from the commissioner of the Health to the Board of Occupational Therapy Practice.

Section 23, subd 10 of the bill removes the surcharge collected by the commissioner of health under section 16E.22.

M.S. 148.6448 subdivision 2 Investigation of complaints - of the bill removes the commissioner or the advisory council when authorized by the commissioner and creates authority to the board.

Section 23, of the bill creates M.S. 148.6449 The Board of Occupational Therapy Practice

Subdivision 1 of the bill creation of the board that would consist of 11 members appointed by the governor.

1. through (3) of the bill establishes membership of 5 occupational therapists, 3 occupational therapy assistants and 3 public members.

Subdivision 2 of the bill establishes qualifications of the board members

Subdivision 3 of the bill gives authority to provide recommendations for appointment members of the board

Subdivision 4 of the bill defines elected officer membership for chair, vice-chair and secretary-treasure

Subdivision 5 of the bill gives authority to the board to appoint and employ an executive director

Subdivision 6 of the bill identifies the board shall follow as identified in M.S. chapter 214, membership terms, compensation of members, removal of members, filling of membership vacancies, reporting requirements, staffing, administrative services, office space, review and processing of complaints, setting board fees and other activities related to board operations.

Subdivision 7 of the bill identifies the duties of the board. The board shall adopt and enforce rules, issue licenses, assess and collect fees, education public, and investigate those who violate sections 148.6401 to 148.6449

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Section 26, subdivision 2 adds the Board of Occupational Therapy Practice to the Health Related Licensing Board group

Section 27 of the bill identifies all members should be appointed by October 1, 2017. Requires one member to convene the first meeting by November 1, 2017

Section 30 of the bill provides an effective for sections 1 to 26 and 29 to 29 are January 1, 2018, section 27 is effective August 1, 2017

Assumptions

Under this bill licensure for Occupational Therapy Practice is required.

The bill establishes board of Occupational Therapy Practice effective August 1, 2017, appoints members by October 1, 2017, convenes first meeting by November 1, 2017 and licenses licensees by January 1, 2018.

Assumes current statute 148.6445 Fees would not change and would remain the same as listed below.

Subdivision 1 Initial Licensure Fee for occupational therapists is \$145 and occupational therapy assistants is \$80

Subdivision 2 Licensure renewal fee for occupational therapists is \$145 and occupational therapy assistants is \$80

Subdivision 2a Duplication license fee is \$25

Subdivision 3 Late fee for submission of renewal application is \$25

Subdivision 4 Temporary licensure fee is \$50

Subdivision 5 Limited licensure fee is \$96

Subdivision 6 Fee for course approval after lapse of licensure is \$96

Subdivision 7 Verification to other states is \$25

Subdivision 8 Verification to institutions is \$10

Subdivision 11 Penalty fees (a) for practicing occupational therapy or using protected titles without current license after the credential has expired or before it is renewed is the amount of the license renewal fee. (b) Penalty fee for applicants who engage in the unauthorized practice of occupational therapy or use protected titles before being issued a license is the license application fee. (c) Penalty fee for practicing occupational therapy and failing to submit a continuing education report by the due date. (d) Civil penalties and discipline incurred by licenses prior to August 1, 2005, for conduct described in paragraph (a), (b), (c) shall be recorded as non-disciplinary penalty fees.

Expenditures: It is estimated that staff needed to run the program would be a full time Executive Director, full time Office and Administrative Specialist Intermediate and a full time Office and Administrative Specialist Principal. It is anticipated that FY 2018 staff would be hired during the year starting November 1. These positions are needed to develop the program for licensure and renewal. These levels of expertise are needed to support database development and maintenance and create and implement rules. The Board expects to adapt a health-related licensing boards licensing data base to record and maintain registrations. Startup costs during FY 2018 include \$110,000 for computer services data base and \$34,000 for equipment (staff computers, printers, and hardware and office furniture). These estimates are based on similar health-related licensing board's database modifications.

Indirect Costs: The board receives services from the Administrative Services Unit, Health professional Services Program, Criminal Background Unit, Attorney General's Office and the State Wide Indirect Cost. These programs receive a direct appropriation from the state government special revenue fund. The board must collect and deposit sufficient revenue to cover direct appropriated costs and indirect costs. These programs may need to seek additional appropriations in the future to cover the increases.

Revenues Applicants for licensure will pay an initial licensure fee and renew licensure biennially. Fees are included in M.S. 148.6445 and listed above. We anticipate 2,800 applications for initial licensure and renewal for licensure each year. The estimated numbers are from the MN Department of Health website under credential lookup and working with staff.

Revised

Expenditure and/or Revenue Formula

Expenditures

Special Revenue Fund: 1201

Description	FY 2018	FY 2019	FY 2020	FY 2021
FT Salaries (1.0 Executive Director 1.0 OAS Principal 1.0 OAS Intermediate)	178,000	258,000	258,000	258,000
Per Diems (11 Board Members meeting 6 times per year plus 12 committee meetings per year)	10,000	19,000	19,000	19,000
Space	8,000	13,000	13,000	13,000
Printing	2,000	1,000	1,000	1,000
Professional / Tech Consultants	3,000	5,000	5,000	5,000
Computer Services	120,000	5,000	5,000	5,000
Postage/Communications	3,000	5,000	5,000	5,000
In State Travel	5,000	8,000	8,000	8,000
Out State Travel	1,000	2,000	2,000	2,000
Supplies	3,000	3,000	3,000	3,000
Equipment	35,000	1,000	1,000	1,000
Other Operations	3,000	5,000	5,000	5,000
Office of Administrative Hearings	3,000	3,000	3,000	3,000
Subtotal Direct Appropriated to the Occupational Therapy Board	374,000	328,000	328,000	328,000
Statewide Indirect Costs	0	6,000	6,000	6,000
Subtotal- New Indirect Costs not direct appropriated	0	6,000	6,000	6,000
TOTAL NEW STATE COSTS	374,000	334,000	334,000	334,000
Administrative Service Unit	10,000	17,000	17,000	17,000
Health Professional Services Program	2,000	4,000	4,000	4,000
Criminal Background Checks	3,000	5,000	5,000	5,000
Attorney General	15,000	30,000	30,000	30,000
Subtotal-Indirect Costs absorbed within existing appropriations	30,000	56,000	56,000	56,000
Total Costs allocated to Occupational Therapy Board (For purposes of balancing expenditures with revenue)	404,000	390,000	390,000	390,000

Revenues

HLB State Government Special Revenue Fund: 1201

Licensure starts January 2018 results in FY 2018 half year revenue

Number Paying Estimates come from the MN Department of Health

Description	Fee Amount	Number Paying	FY 2018 Half Year	FY 2019	FY 2020	FY 2021
Initial Occupational Therapist	\$145	FY18-63 FY19-125 FY20-130 FY21-130	\$9,135	\$18,125	\$18,850	\$18,850
Initial Occupational Therapist Assistant	\$80	FY18-25 FY19-57 FY20-59 FY21-61	\$2,000	\$4,560	\$4,720	\$4,880
Biennial Occupational Therapist Renewal	\$145	FY18-915 FY19-1,880 FY20-1,930 FY21-1,980	\$132,675	\$272,600	\$279,850	\$287,100
Biennial Occupational Therapist Assistant Renewal	\$80	FY18-290 FY19-610 FY20-640 FY21-670	\$23,200	\$48,800	\$51,200	\$53,600

Revised

Occupational Therapist Temporary License Fee	\$50	FY18-43 FY19-88 FY20-88 FY21-89	\$2,150	\$4,400	\$4,400	\$4,450
Occupational Therapist Assistant Temporary License Fee	\$50	FY18-22 FY19-43 FY20-44 FY21-44	\$1,100	\$2,150	\$2,200	\$2,200
Duplicate License Fee	\$25	FY18-5 FY19-10 FY20-10 FY21-10	\$125	\$250	\$250	\$250
Late Fee	\$25	FY18-142 FY19-252 FY20-299 FY21-256	\$3,550	\$6,300	\$7,475	\$6,400
Limited Licensure Fee	\$96	FY18-0 FY19-0 FY20-0 FY21-0	\$0	\$0	\$0	\$0
Fee for course Approval after lapse of licensure	\$96	FY18-4 FY19-7 FY20-7 FY21-7	\$384	\$672	\$672	\$672
Verification to other states Fee	\$25	FY18-91 FY19-181 FY20-181 FY21-181	\$2,275	\$4,525	\$4,525	\$4,525
Verification to Institutions Fee	\$10	FY18-0 FY19-0 FY20-0 FY21-0	\$0	\$0	\$0	\$0
Penalty Fees			\$7,500	\$7,500	\$7,500	\$7,500
Total Revenue			\$184,094	\$369,882	\$381,642	\$390,427

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Minnesota Department of Health.

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Fiscal Note

2017-2018 Legislative Session

HF526 - 0 - "Occupation Therapy Practice Board Created"

Chief Author: **Nick Zerwas**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/13/2017**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
Dollars in Thousands					
State Government Special Rev	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
State Government Special Rev	-	(1.61)	(3.21)	(3.28)	(3.35)
Total	-	(1.61)	(3.21)	(3.28)	(3.35)

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 3/13/2017 4:10:09 PM
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Revised

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
State Government Special Rev		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
State Government Special Rev		-	(184)	(370)	(382)	(390)
Total		-	(184)	(370)	(382)	(390)
Biennial Total				(554)		(772)
2 - Revenues, Transfers In*						
State Government Special Rev		-	(184)	(370)	(382)	(390)
Total		-	(184)	(370)	(382)	(390)
Biennial Total				(554)		(772)

Bill Description

This bill would transfer the authority to regulate the practice of occupational therapy from the Minnesota Department of Health (MDH) to a newly created health licensing board as defined in Minnesota Statutes, sec. 214.01, subd. 2. The bill would create a Board of Occupational Therapy Practice, authorize the governor to appoint eleven members to the Board by October 1, 2017, transfer authority to regulate the practice of occupational therapy from MDH to the new Board effective on January 1, 2018, and repeal the Occupational Therapy Practitioners Advisory Council on January 1, 2018. The Advisory Council is the body that exists now and reports to MDH. The bill does not appropriate funds to pay for the transfer of the regulatory activities from MDH to the new Board.

This bill would require MDH to convene the Occupational Therapy Practitioners Advisory Council, issue licenses and investigate complaints through the second quarter of FY 2018. Thereafter all regulatory functions are transferred to the Board of Occupational Therapy Practices.

Assumptions

MDH has licensed the practice of occupational therapy since 1996. In FY 2016, revenues totaled \$343,000 and expenditures totaled \$376,000. Fees for this program were last updated in 2007. MDH assumes that the bill's effect would eliminate MDH's authority to carry out all regulatory activities relating for approximately 3,800 Occupational Therapy Practitioners and 1,150 Occupational Therapy Assistants starting on January 1, 2018. MDH's regulatory activities include the work of 3.09 FTEs for credentialing, office support, investigations and managerial work.

MDH assumes that it would continue its regulatory responsibilities from July 1, 2017, through December 31, 2017. During these two quarters of FY 2018, MDH assumes it will convene two advisory council meetings, process nearly 50 percent of the Occupational Therapy Assistant biennial renewals, process new graduate applications for both programs, and continue to receive and investigate complaints.

MDH collected and deposited to the state government revenue fund approximately \$13,500 in FY 2015 and \$7,600 in FY 2016 for penalties per M.S. 148.6445. MDH assumes penalty revenue will be \$3,750 for half of FY 2018 and \$7,500 for each full fiscal year thereafter.

On February 28, 2018, 906 occupational therapists will expire. MDH assumes that it will send a notice of renewal to applicants, but the Health Licensing Boards will process the renewal applications by February 28, 2018.

MDH assumes the projected revenues, FTEs and expenses will be reduced by 50 percent of the normal annual amount in FY 2018. Revenue and expenditures in FY 2019 and thereafter reflect an entire fiscal year.

Revised

There are no appropriations in this bill to prepare for the transfer or maintenance of physical and electronic records. MDH assumes the Health Licensing Boards will develop a plan to cover the costs of files' transfers, and IT services necessary to transfer electronic data.

Expenditure and/or Revenue Formula

FUND BACT	EXPENDITURES (dollars in thousands)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SGSR 1200 BACT 3	Salary and Fringe Benefits	-	(119)	(236)	(241)	(246)
	Other Operating Costs	-	(36)	(74)	(79)	(82)
	Grants	-	-	-	-	-
	Administrative Services	-	-	-	-	-
	OR Indirect Cost	-	(30)	(59)	(61)	(63)
	TOTAL EXPENSES	-	(184)	(370)	(382)	(390)
	TOTAL REVENUES	-	(184)	(370)	(382)	(390)
	NET COST <SAVINGS>	-	-	-	-	-

Revenue Formula:

Fee Description	Amount	Estimated # of Units				Estimated Revenue			
		FY 18	FY 19	FY 20	FY 21	FY 2018	FY 2019	FY 2020	FY 2021
Duplicate License Fee	25	5	10	10	10	(125)	(250)	(250)	(250)
Late Fee	25	142	252	299	256	(3,550)	(6,300)	(7,475)	(6,400)
OT Initial License	145	125	125	130	130	(18,125)	(18,125)	(18,850)	(18,850)
OTA Initial License	80	25	57	59	61	(2,000)	(4,560)	(4,720)	(4,880)
OT Renewal License	145	768	1,880	1,930	1,980	(111,360)	(272,600)	(279,850)	(287,100)
OTA Renewal License	80	495	610	640	670	(39,600)	(48,800)	(51,200)	(53,600)
Temporary License	50	65	131	132	133	(3,250)	(6,550)	(6,600)	(6,650)
Limited Licensure	96	-	-	-	-	-	-	-	-
Verification to employers	10	-	-	-	-	-	-	-	-
Pentalites	n/a	-	-	-	-	(3,750)	(7,500)	(7,500)	(7,500)
Verification to other states	25	91	181	181	181	(2,275)	(4,525)	(4,525)	(4,525)
Course approval after lapse	96	4	7	7	7	(384)	(672)	(672)	(672)
Total (actual dollars)						(184,419)	(369,882)	(381,642)	(390,427)

MDH's assumptions reflect a balancing of revenue and expenditures in FY 2018 and thereafter, resulting in no net cost in each year of the forecast period. Salary savings are reflected in the table above. Other operating costs include attributable communications, computing, supplies and travel for FTEs, Attorney General costs, Advisory Council costs and MN.IT systems.

Long-Term Fiscal Considerations

Revised

Local Fiscal Impact

References/Sources

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