

Fiscal Estimate Narratives

DHS 10/13/2015

LRB Number	15-2780/1	Introduction Number	AB-0366	Estimate Type	Original
Description Pain clinic certification and requirements, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a requirement for pain clinics to be certified by DHS. As introduced, the bill establishes certain criteria that pain clinics must meet to become certified and authorizes the Department to define further requirements through rule. In addition, as introduced, the bill established reporting requirements for clinics and also authorizes DHS to take enforcement actions for non-compliance with certification requirements.

This bill will result in workload increases and one-time and ongoing costs to the Department. The workload and costs are largely the function of two factors: a) the number of clinics that fall with the certification requirements and b) the level of ongoing oversight the Department determines is required under the bill.

Regarding the number of clinics, DHS does not currently regulate pain clinics, and there is no way to precisely determine the number of clinics that meet the definition of a pain clinic in the proposed legislation. The bill, as introduced, could be read to include both clinics that hold themselves out as pain management clinics as well as, depending upon interpretation, most private physician clinics in the state that prescribe pain management medication. If read this way, the bill could apply to up to 1,500 clinics in the state. If the bill is read to apply only to clinics that specifically hold themselves out as pain management clinics, the Department estimates that approximately 175 clinics would need to be certified.

The bill, as introduced, establishes certain requirements for clinics, such as having a medical director on staff, making annual reports to DHS, and reviewing information on the prescription drug monitoring database for each patient. The bill also allows DHS to define further requirements in rule. If the Department interprets the bill to require ongoing annual oversight of clinics with onsite inspections and complaint investigations, it will have higher staffing requirements. If it is determined that the bill requires only a minimal certification process, with Department staff performing limited desk reviews of certification applications and reports submitted by clinics, the Department's staffing requirements would be smaller.

This estimate assumes the costs would be funded with annual fee to certified clinics.

The following summarizes the range of staffing and ongoing costs, based on how the bill's provisions are interpreted. The Department used as the basis in developing the estimates the current staff allocated to certifying mental health clinics, which number approximately 1,300.

Intensive oversight with onsite inspection:

1500 clinics-11 FTE PR, Annual Cost of \$696,000 PR, Per location annual fee of \$500

175 clinics-4.0 FTE PR, Annual Cost of \$261,800 PR, Per location annual fee of \$1500

Minimal certification with desk reviews:

1500 clinics- 3.0 FTE PR, Annual Cost of \$206,300 PR, Per location annual fee of \$150

175 clinics-1.0 FTE PR, Annual Cost of \$75,400 PR, Per location annual fee of \$450

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-2780/1		Introduction Number AB-0366	
Description Pain clinic certification and requirements, granting rule-making authority, and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
DHS/ Christina Isenring (608) 266-8155		Andy Forsaith (608) 266-7684	10/13/2015