

Fiscal Estimate Narratives

DOT 5/4/2005

LRB Number	05-2542/1	Introduction Number	AB-356	Estimate Type	Original
Subject					
Requiring living wills and health care powers of attorney on license documents and information provided with renewals					

Assumptions Used in Arriving at Fiscal Estimate

BILL SUMMARY

- Requires DMV to send out living will and health care power of attorney (POA) forms with renewal notices
- Requires DMV to ask all driver's license and identification card applicants over the age of 18 if they've executed a living will or health care POA
- If applicant has executed a living will or health care POA, DMV must ask the applicant if they would like the department to record that information so it is available to law enforcement. Also, DMV must provide a sticker to be affixed to the front of the license indicating that the applicant has executed a living will or health care power of attorney. Finally, DMV must also provide space on the reverse side of the license for the applicant to write the name of the person who has been designated as the applicant's agent under a health care POA.

- If an applicant has not executed a living will or health care POA, DMV must offer the living will and health care POA forms to the applicant.

ASSUMPTIONS

- Everyone 18 and older will receive the living will and health care POA forms with their renewal. We have no way of knowing if a living will or health care POA has been rescinded since the prior interaction with the customer. As such, everyone will get the forms.
- All persons renewing, or receiving original or duplicate license or identification card, must be asked about living will and health care power of attorney. We have no way of knowing if a living will or health care POA has been rescinded since the prior interaction with the customer. Transaction time is incurred regardless of applicant's decision.
- It is estimated that 15% of applicants will indicate they have executed a living will and/or health care power of attorney and will require stickers.

CONCLUSION

One time costs of \$308,900 for data processing work and systems changes

On-going costs

- \$726,047 for postage and mailing costs to include living will and health care power of attorney forms with renewal notices.
- \$151,183 (5.3 positions) to hand insert renewals including the living will and health care power of attorney forms.
- \$169,321 to purchase living will and health care power of attorney forms from DHFS.
- \$6,723 to purchase living will and health care power of attorney stickers.
- \$662,976 FTE costs (19.2 positions) for field station staff to process living will and health care power of attorney transactions.
- Additional costs to process applicant's decision to rescind their decision to execute a living will and/or health care power of attorney are indeterminable.

BASIS FOR CONCLUSION

One-time Costs:

- Data processing development is needed to capture decision of applicant to execute living will and/or health care power of attorney, and to alter the inquiry system so law enforcement can access this information. DP work will take 334 days * \$850/day (\$600 contract programmer, plus \$250 computer processing charges) = \$283,900.
- Altering the driver license and identification card to include space for the living will and/or health care power of attorney sticker and to include space for the name of the health care power of attorney designee will cost

a \$25,000 set up fee.

Ongoing Costs:

-DMV sends 543,577 renewals notices annually. The current envelope cannot accommodate the additional forms, requiring a 10" x 13" envelope to be used.

Larger envelopes cannot be machine inserted and must be stuffed by hand, which costs \$50/hour, for 60 pieces. $543,577/60 \text{ hours} * \$50 = \$452,981$.

The larger envelope also increases postage costs. It would cost an additional \$.462 per renewal notice for postage (\$.83 for the larger envelope versus the current rate of \$.368). $543,577 * \$.462 = \$251,133$.

Additional costs for larger envelope = \$21,933 annually

-Hand inserting renewals will take an additional 5.3 FTE per year – 543,577 renewals @ 1 minute per renewal = 9060 hours / 1725 hours per year = 5.3 positions @ \$28,525 for a Shipping and Mailing Clerk 2 = \$151,183

-DHFS will charge \$.07 for each living will form and \$.10 for each health care power of attorney form. There were 996,009 transactions in 2004 that would require this form. $996,009 * \$0.17 = \$169,321$

-Additional transaction time will be incurred for all driver license and identification card transactions. Staff must ask the applicant if they have executed a living will and health care power of attorney (yes/no), update the customer record, answer questions, provide forms for a negative response, and provide stickers for a positive response. Transaction time was estimated at 2.0 minutes per transaction, based on a range of transactions. $996,009 \text{ transactions} * 2.0 / 60 \text{ minutes per hour} / 1725 \text{ hours per year} = 19.2 \text{ FTE} @ \$34,530$ for a Transportation Customer Representative 2 – Field = \$662,976.

Long-Range Fiscal Implications

See above

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Requiring living wills and health care powers of attorney on license documents and information provided with renewals			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$308,900 to alter data processing systems to capture information about living wills and health care POA and to make the information available to law enforcement. Also, changes must be made to driver's license and identification card templates.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$814,159	
(FTE Position Changes)		(24.5 FTE)	
State Operations - Other Costs		902,091	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$1,716,250	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		1,716,250	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		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		\$1,716,250	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	
DOT/ Erin Egan (608) 266-1449		Carol Buckmaster (608) 267-6979	
		Date	
		5/4/2005	