

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 93 (Chairman, Economic and Environmental Affairs Committee)
(Departmental - Health and Mental Hygiene)
Economic and Environmental Affairs

State Board of Physician Quality Assurance - Practice of Medicine - “Telemedicine”

This departmental bill authorizes the Board of Physician Quality Assurance to issue a special purpose license to out-of-state physicians who practice medicine across state lines through electronic transmission or other mechanism of interstate commerce into the State (Telemedicine). An out-of-state physician holding a special purpose license can practice in Maryland as long as: (1) the patient is under the direct care of a Maryland licensed physician; (2) the Maryland licensed physician makes the referral to the out-of-state physician; and (3) the licensee meets the requirements of the special purpose license as established by the bill and the board. The bill further authorizes the board to set application and renewal fees. In addition, the board may discipline licensees for engaging in fraudulent, unprofessional, or criminal acts.

Fiscal Summary

State Effect: Special fund expenditures would increase by \$34,000 in FY 1998. Future year expenditures reflect annualization and inflation. Special fund revenues could increase by \$40,000 and general fund revenues could increase by \$10,000 in FY 1998. Future year revenues reflect growth and a two-year renewal period.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$10,000	\$10,000	\$18,000	\$18,000	\$26,000
SF Revenues	\$40,000	\$40,000	\$72,000	\$72,000	\$104,000
SF Expenditures	\$34,000	\$32,400	\$33,100	\$33,700	\$34,400
Net Effect	\$16,000	\$17,600	\$56,900	\$56,300	\$95,600

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal impact on small businesses (attached). Fiscal Services concurs with this assessment as discussed below.

Fiscal Analysis

State Revenues: The Board of Physician Quality Assurance anticipates setting license fees at \$250, renewable every two years at \$200. It is assumed that there would be 200 new applicants in the first year of licensure and a further 200 new applicants each year thereafter.

This assumption reflects a compromise between two potential and offsetting scenarios: (1) it is possible that the number of new applicants in the first year of licensure would be larger than 200 and would fall off and be less than 200 for some time in the future; however, (2) since the practice of Telemedicine has been increasing recently because of increased competition in the marketplace, the number of new applicants could potentially be growing every year and be larger than 200 in future years.

Special fund revenues could increase by \$40,000 and general fund revenues could increase by \$10,000 in fiscal 1998 and fiscal 1999. This reflects a distribution of board revenues of 6% to general funds, 14% to the State Scholarship Administration, and 80% to special funds.

Future year total revenues reflect: (1) 200 new applicants paying a license fee of \$250; and (2) 200 license renewals in fiscal 2000 and 2001 at \$200, and 400 license renewals in fiscal 2001 at \$200.

State Expenditures: State special fund expenditures would increase by an estimated \$34,000 in fiscal 1998 which reflects the bill's October 1, 1997 effective date. This estimate reflects the cost of hiring two half-time contractual persons (Administrative Specialist and Compliance Analyst) to assist in processing license applications and to investigate complaints. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$19,706
Operating Expenses	<u>\$14,340</u>
Total FY 1998 State Expenditures	\$34,046

Future year expenditures reflect: (1) full salaries with 2% annual increases; and (2) 2% annual increases in ongoing operating expenses.

Small Business Effect: This bill could have potentially opposing effects on health insurance premiums for self-employed persons and small businesses that purchase health insurance. Some health care providers in the State consult with out-of-state health practitioners, ship pathological specimens to reference laboratories in other states, and transmit radiographs for interpretation by out-of-state radiologists. Where such activities were previously unregulated, the cost of the limited license may increase the cost of health care services to those providers which may in turn be reflected in higher health insurance premium costs for small businesses. On the other hand, in those cases where the health practitioners were previously required to obtain a full license and would now practice on a limited license, the savings may result in lower health insurance premium costs for small businesses if health services costs fall as a result. Any change to costs, however, would be minimal.

Information Source(s): Department of Health and Mental Hygiene (Board of Physician Quality Assurance), Department of Fiscal Services

Fiscal Note History: First Reader - January 22, 1997

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