

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 714 (Senator Collins)
Finance

Referred to Economic Matters

Workers' Compensation Commission - Rehabilitation Practitioners - Registration

This enrolled bill requires the Workers' Compensation Commission to register "rehabilitation practitioners" and to establish certification and education requirements. The bill establishes a seven-member Advisory Committee on the Registration of Rehabilitation Practitioners within the Worker's Compensation Commission (WCC) to review and evaluate registration applications for rehabilitation practitioners which must report to the General Assembly on or before October 1, 1999. Rehabilitation practitioners must register with the WCC in order to receive reimbursements for providing vocational rehabilitation services. Practitioners must renew their registration every three years. The bill authorizes the WCC to set registration and renewal fees with a maximum registration fee of \$165 for three years. The revenue generated from the fees will be allocated to a special fund to be used only to fund the actual direct and indirect costs of regulating the rehabilitation practitioner industry. Any surplus remaining in the fund at the end of a fiscal year will be used to reduce next year's fees.

Fiscal Summary

State Effect: General fund revenues could increase by an estimated \$165,000 in FY 1998 due to registration fees; future year revenues reflect the triennial renewal fee and a constant number of registrants. General fund expenditures could increase by \$54,800 in FY 1998; future year expenditures reflect annualization and inflation.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$165,000	\$16,500	\$16,500	\$165,000	\$16,500
GF Expenditures	54,800	63,500	65,700	68,100	70,600
Net Effect	\$110,200	(\$47,000)	(\$49,200)	\$96,900	(\$54,100)

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

Local Effect: None.

Small Business Effect: Meaningful impact on small businesses who are, or employ, rehabilitation practitioners, as a result of registration requirements and fees.

Fiscal Analysis

State Revenues: Approximately 1,200 rehabilitation practitioners are expected to register with the WCC every three years. The WCC anticipates imposing an initial \$150 three-year registration fee. Because the bill requires that fees be set to cover the direct and indirect costs of the program, the Department of Fiscal Services estimates that a \$165 three-year fee (\$55 per year) -- the maximum allowed under the bill -- would be necessary to cover costs. General fund revenues would increase by \$165,000 in the first year and \$16,500 in the second and third years. This estimate is based on 1,000 practitioners registering in the first year and 100 registrants in the second and third years. Future year revenue projections reflect a constant number of registrants and the triennial registration and renewal fee.

State Expenditures: General fund expenditures could increase by an estimated \$36,200 in fiscal 1998, which reflects the bill's October 1, 1997 effective date. This estimate reflects the cost of hiring one Vocational Rehabilitation Counselor (Grade 13) and one Office Secretary (Grade 7) to review and approve practitioner registration applications. It includes annual salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$44,682
Equipment	7,487
Operating Expenses	<u>2,597</u>
Total FY 1997 State Expenditures	\$54,766

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

An applicant who is denied registration as a rehabilitation practitioner may appeal that denial to the commission. The expenditures associated with hearing such appeals are likely to be minimal and could be absorbed within the commission's current appeals caseload.

Additional Comments: Fiscal Services estimates that a \$165 three-year fee (the maximum allowed) should be sufficient to cover the WCC's costs in administering the program. If excess revenues exist, they must be used to reduce fees. In determining its excess fees, however, the WCC should take into account -- to the extent allowed under the law -- that its revenues will be realized in three-year cycles, with the majority of revenue in the first year of the cycle.

Information Source(s): Office of Administrative Hearings, Workers' Compensation Commission, Department of Fiscal Services

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