

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 528 (Senator Hollinger)
Economic and Environmental Affairs

Referred to Environmental Matters

Board of Physician Quality Assurance - Fees

This amended bill (1) repeals the 6% distribution of net fee revenues collected by the Board of Physician Quality Assurance (BPQA) to the State general fund beginning in fiscal 1998; and (2) modifies the current law distribution of 14% of net fee revenues to the State Scholarship Administration (SSA), half of which is earmarked for the Health Manpower Shortage Incentive Grant Program and half for the Loan Assistance Repayment Program. The bill requires the net fee revenues be distributed as follows: (1) 4% and 2% to the Health Manpower Shortage Incentive Grant Program in fiscal 1999 and fiscal 2000, respectively; (2) \$350,000 annually to the Loan Assistance Repayment Program beginning in fiscal 1998; and (3) the remainder to the BPQA Fund.

The bill also transfers, from SSA to the Maryland Higher Education Commission, the authority to administer the Health Manpower Shortage Incentive Grant Program. In addition, it changes from \$50 per license to a maximum of 15% of license/renewal fees the amount that is collected from licensees to support the activities of the Medical and Chirurgical Faculty (Med-Chi). The Legislative Auditor must audit the account of Med-Chi for the physician rehabilitation program and peer review activities biannually instead of annually.

The bill takes effect July 1, 1997.

Fiscal Summary

State Effect: Special fund revenues for the BPQA Fund would increase by about \$690,000 in FY 1998. Special fund revenues would decrease by \$364,000 for the Health Manpower Shortage Incentive Grant Program and by \$14,000 for the Loan Assistance Repayment Incentive Program in FY 1998. Consequently, special fund revenues would increase by \$312,000 in FY 1998. General fund revenues would decrease by \$312,000 in FY 1998. Thereafter, special fund revenues increase and general fund revenues decrease, on average, by \$324,000 annually.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	(\$312,000)	(\$337,000)	(\$312,000)	(\$337,000)	(\$312,000)
GF/SF Expend.	---	---	---	---	---
SF Revenues	\$312,000	\$337,000	\$312,000	\$337,000	\$312,000
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: Revenues to local jurisdictions would decrease by \$364,000 in FY 1998, \$168,000 in FY 1999, and \$260,000 in FY 2000. Thereafter, revenues decrease, on average, by \$378,000 annually.

Small Business Effect: Minimal effect on small businesses as discussed below.

Fiscal Analysis

State Effect: Current law requires that after an assessment to the Health Care Access and Cost Commission and to Med-Chi have been paid, the net revenues collected from license and renewal fees by the BPQA be distributed (1) 80% to the BPQA Fund; (2) 14% to the State Scholarship Administration, half of which is transferred to the Health Manpower Shortage Incentive Grant Program and half to the Loan Assistance Repayment Program; and (3) 6% to the State general fund. This amounts to an estimated \$4.2 million to the BPQA Fund, \$728,000 to the State Scholarship Administration (\$364,000 to the Health Manpower Incentive Grant Program and \$364,000 to the Loan Assistance Repayment Program), and \$312,000 to the State general fund in fiscal 1998.

As a result of this bill, the BPQA Fund would receive all but \$350,000 of net revenues from license and renewal fees, or an estimated \$4.9 million, in fiscal 1998. This represents an increase of approximately \$690,000 in special fund revenues for the BPQA Fund in fiscal 1998. Special fund revenues for the BPQA Fund would increase by \$548,000 in fiscal 1999 and \$586,000 in fiscal 2000, which accounts for the 4% (\$225,000) and 2% (\$104,000) of fee revenues distributed to the Health Manpower Shortage Incentive Grant Program in fiscal 1999 and 2000, respectively. Revenues for the BPQA Fund increase, on average, by \$730,000 annually thereafter.

The bill specifies that any unspent portion of the fees distributed to the Health Manpower Shortage Incentive Grant Program must revert to the BPQA Fund. Consequently, special fund revenues for the BPQA Fund could potentially increase further in fiscal 1999 and fiscal 2000.

Special fund revenues to SSA for the Loan Assistance Repayment Program would decrease

by \$14,000 in fiscal 1998 and by an average of \$28,000 annually beginning in fiscal 1999. Special fund revenues to the Health Manpower Shortage Incentive Grant Program would decrease by \$364,000 in fiscal 1998, \$168,000 in fiscal 1999, and \$260,000 in fiscal 2000. Thereafter, revenues would decrease by an average of \$378,000 each year.

The net effect is an increase in special fund revenues of \$312,000 in fiscal 1998. General fund revenues would decrease by \$312,000 in fiscal 1998. Thereafter, special fund revenues increase and general fund revenues decrease, on average, by \$324,000 annually.

Revenues for the Medical and Chirurgical Faculty (Med-Chi) could potentially increase. Currently, the license renewal fee assessed by BPQA is \$520; \$50 of that fee (10%) is transferred to Med-Chi. As a result of this bill, revenues to Med-Chi could increase by, at most, \$308,000 in fiscal 1998, assuming no change to license renewal fees. Since fees are collected by BPQA and transferred to Med-Chi, this corresponds to an increase in special fund expenditures for BPQA of, at most, \$308,000 annually, beginning in fiscal 1998.

It is assumed that expenditures incurred by the Legislative Auditors and the Medical and Chirurgical Faculty for the additional audit each year could be absorbed within existing resources.

Local Revenues: BPQA fee revenues to the Health Manpower Shortage Incentive Grant Program are distributed to community colleges. Consequently, community colleges would experience a decrease in revenues of \$364,000 in fiscal 1998, \$168,000 in fiscal 1999, and \$260,000 in fiscal 2000. Thereafter, revenues decrease by an average of \$378,000 annually.

Small Business Effect: The Loan Assistance Repayment Program was established to support physicians who practice in medically underserved areas of the State by providing aid to repay medical school loans. Currently, the program tends to provide funds to physicians whose caseload is predominately Medicaid patients. To the extent that some of the physicians receiving funds through the program are part of a small group practice or have their own independent practice, aid to physicians would decline.

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

Fiscal Note History: First Reader - March 3, 1997

mld Revised - Senate Third Reader - March 28, 1997

Analysis by: Lina Walker

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710