

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

Senate Bill 447 (Senator Hollinger - Chairman, Health Subcommittee and
 Economic and Environmental Affairs Committee. *et al.*)
 Economic and Environmental Affairs

**State Board of Physician Quality Assurance - Licensure of Out-of-State
 Physicians - "Telemedicine"**

This bill expands the definition of "practice medicine" to include out-of-state physicians who diagnose or treat patients across state lines through electronic transmission or other mechanism of interstate commerce into the State ("Telemedicine"). An out-of-state physician practicing Telemedicine must be licensed by the Board of Physician Quality Assurance (BPQA), unless the out-of-state physician is in consultation with a licensed Maryland physician that does not result in a primary diagnosis. The bill also authorizes the board to discipline out-of-state physicians for engaging in fraudulent, unprofessional, or criminal acts.

Fiscal Summary

State Effect: General fund and special fund revenues from license fees could increase by \$90,000 in FY 1999; future year revenues reflect a constant number of new applicants each year, attrition, and biennial renewals. Special fund expenditures could increase by \$42,400 in FY 1999; future year expenditures reflect annualization and inflation.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$18,000	\$1,800	\$20,500	\$3,700	\$20,500
SF Revenues	\$72,000	\$7,200	\$82,100	\$14,700	\$82,100
SF Expenditures	\$42,500	\$44,000	\$45,500	\$47,100	\$48,700
Net Effect	\$47,500	(\$35,000)	\$57,100	(\$28,700)	\$53,900

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

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: It is assumed that there would be 200 new applicants in the first year of licensure. Consequently, revenues from license fees could increase by \$90,000 (200 applicants x \$450 initial license fee) in fiscal 1999, of which \$18,000 would be distributed to the general fund and \$72,000 would be distributed to the BPQA fund.

Future year revenues assume 20 new applicants a year and 10% attrition in each renewal period. Biennial renewal fees for physicians are set at \$520.

State Expenditures: Special fund expenditures are expected to increase by \$42,495 in fiscal 1999, which accounts for the October 1, 1998 effective date. The estimate reflects the cost of hiring one half-time Administrative Specialist and one half-time Compliance Analyst to process the applications to practice Telemedicine. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$29,190
Operating Expenses	<u>13,305</u>
Total FY 1999 State Expenditures	\$42,495

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

Small Business Effect: Telemedicine is currently unregulated in Maryland. Imposing licensure requirements on out-of-state physicians may discourage some physicians from practicing across State lines and may lead to more business activity for licensed Maryland physicians if fewer out-of-state physicians practice in Maryland through electronic means.

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

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Analysis by: Lina Walker

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710