

Department of Legislative Services  
Maryland General Assembly

**FISCAL NOTE**

House Bill 139 (Delegate Gordon. *et al.*)

Environmental Matters

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**Health Occupations - Unspent Special Funds - Waiting List Equity Fund**

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This bill requires the Comptroller to transfer 90% of any unspent special funds of the health occupation regulatory boards to the Waiting List Equity Fund in the Department of Health and Mental Hygiene (DHMH) at the end of each fiscal year. The Comptroller is prohibited from transferring 90% of unspent funds if a board's current fiscal year expenditures will exceed its revenues; in that event, the Comptroller is required to transfer to the Waiting List Equity Fund an amount that will leave a balance in a board's unspent funds sufficient to cover the gap between expenditures and revenues, minus 10% of the gap. The bill applies to all health occupation boards, with the exception of the Board of Nursing and the Board of Examiners of Nursing Home Administrators (which is 100% general funds).

The bill takes effect July 1, 1998.

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**Fiscal Summary**

**State Effect:** Approximately \$3.6 million would be transferred from the health occupation boards' special fund balances to the Waiting List Equity Fund in FY 1999. The amounts transferred in future years would likely decrease, once the surplus built up in the boards' reserve fund is tapped, and will vary, depending on each health occupation board's biennial license renewal cycle and extent of revenues in excess of expenditures.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Fiscal Analysis**

**Background:** Chapter 401 of 1996 established the Waiting List Equity Fund to ensure that when developmentally disabled individuals leave State residential centers, the net average cost of serving them follows them to community services. Any remaining funds are to be used to serve individuals on the Developmental Disabilities Administration waiting list for

services.

**State Expenditures:** Special funds transferred from the health occupation boards to the Waiting List Equity Fund could equal an estimated \$3.6 million in fiscal 1999, as shown in **Exhibit 1**, assuming transfer of the boards' projected fiscal 1998 ending balance. The third column of **Exhibit 1** shows the amount that would be transferred (90% of ending balance) from the boards not expected to run a deficit in fiscal 1999; the fourth column shows the amount that would be transferred (amount of deficit less 10%) from the boards expected to run a deficit in fiscal 1999. The sum of the third and fourth columns, or \$3.6 million, represents the amount to be transferred from the health occupation boards to the Waiting List Equity Fund in fiscal 1999.

**Exhibit 1**  
**Potential Amount of Funds to be Transferred**  
**from the Health Occupation Boards**

<b>Boards</b>	<b>FY 1998 Estimated Ending Balance</b>	<b>Non-Deficit Boards - Amount to be Transferred</b>	<b>Deficit Boards - Amount to be Transferred</b>
Acupuncture	145,429	130,886	
Audiology	332,262		126,671
Chiropractors	284,202		244,102
Dentistry	709,857	638,871	
Dieticians	30,842		1,623
Electrologists	44,743		3,027
Morticians	366,770		124,429
Occup. Therapy	336,098		149,925
Optometry	227,614	204,853	
Pharmacy	850,100		35,870
BPQA*	2,461,417		1,030,026
Phys. Therapy	630,615	567,554	
Podiatrists	66,692		43,811
Prof. Counsel.	55,106	49,595	
Psychologists	665,200		250,233
Social Work	46,321		32,909
<b>TOTAL</b>	<b>7,253,268</b>	<b>1,591,759</b>	<b>2,042,626</b>

\*Board of Physician Quality Assurance

The Board of Physician Quality Assurance (BPQA) advises that expenditures could increase by \$65,250 to change the licensure process to renewals on birthdays instead of one biennial

renewal date. This change in process would avoid the deficits inherent in a biennial renewal cycle. The estimate includes funds for a contractual employee and contractual services (\$46,000) and other associated operating expenses (\$19,250). Moreover, BPQA and the other health occupation boards advise that fees for health care practitioners would have to be increased to cover the deficits, since reserve funds would no longer contain sufficient amounts from which to draw down in years when expenditures exceed revenues.

The Department of Legislative Services (DLS) advises, however, that the health occupation boards' estimate does not take into account the bill's provision for leaving funds in the boards' reserves to cover any deficits resulting from biennial renewal cycles. Hence, it should not be necessary for the boards to increase either expenditures or raise fees.

The amounts transferred in future years would likely decrease, once the surplus built up in the boards' reserve fund is tapped, and will vary, depending on each health occupation board's biennial license renewal cycle and extent of revenues in excess of expenditures.

**Small Business Effect:** Funds accruing to the Waiting List Equity Fund are used to procure community services such as supported employment and group homes for individuals with developmental disabilities. Thus, increases in fund balances could result in increased revenues to small business contractors providing such services.

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**Information Source(s):** Department of Health and Mental Hygiene (Boards and Commission, Board of Physician Quality Assurance, Developmental Disabilities Administration); Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 1998  
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Analysis by: Sue Friedlander	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710