

**Department of Legislative Services**  
 Maryland General Assembly  
 2000 Session

**FISCAL NOTE**

Senate Bill 76 (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 (BPQA) to issue a special purpose license to out-of-state physicians who want to practice medicine across state lines, a practice commonly called telemedicine. An out-of-state physician practicing telemedicine must be specially licensed by the BPQA, and may engage in telemedicine only when: (1) the patient is under the direct care of a licensed Maryland physician; and (2) the Maryland physician makes a referral to the out-of-state physician.

**Fiscal Summary**

**State Effect:** Special and general fund revenues from licensure could increase by \$57,500 in FY 2001. Future year revenues reflect a constant number of new applicants each year, attrition, and biennial renewals. Special fund expenditures could increase by \$46,700 in FY 2001. Future year expenditures reflect inflation and annualization.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$8,100	\$800	\$8,100	\$800	\$8,100
SF Revenues	\$49,500	\$4,900	\$49,500	\$4,900	\$49,500
GF Expenditures	\$0	\$0	\$0	\$0	\$0
SF Expenditures	\$46,700	\$50,000	\$52,300	\$54,800	\$57,300
Net Effect	\$10,900	(\$44,300)	\$5,300	(\$49,100)	\$300

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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## Analysis

**Bill Summary:** This bill expands the definition of the “practice of 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. The bill subjects out-of-state physicians practicing telemedicine to all Maryland laws governing medical record confidentiality. In addition, the bill subjects out-of-state special licensees to the same disciplinary measures as regular physicians. An out-of-state physician does not require a special license to practice telemedicine if: (1) the physician is practicing medicine in an emergency; or (2) the out-of-state physician, without compensation, engages in a discussion with a Maryland physician regarding a patient.

**Current Law:** Telemedicine is currently unregulated in Maryland.

**State Revenues:** It is assumed that approximately 230 out-of-state physicians will apply for a special purpose license in the first year. Consequently, revenues from license fees could increase by \$57,500 (230 applicants x \$250 initial license fee) in fiscal 2001, of which \$49,450 would be distributed to the BPQA fund and \$8,050 would be distributed to the general fund. Current law requires license revenues to be distributed: (1) 86% to the BPQA fund; and (2) 14% to the State Scholarship Administration. It is assumed that approximately 23 physicians will apply for special licensure in fiscal 2002. Future year revenues reflect biennial licensure renewal, a constant number of new applicants annually, and attrition.

**State Expenditures:** Special fund expenditures are expected to increase by \$46,682 in fiscal 2001, which accounts for the October 1, 2000, 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. Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

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## Additional Information

**Prior Introductions:** A similar bill, SB 447, was introduced in the 1998 session that would have allowed out-of-state physicians to practice telemedicine if they obtained full, unrestricted licensure to practice medicine in Maryland. SB 447 passed the Senate, but received an unfavorable report in the House Environmental Matters Committee. In 1997, a similar bill, SB 93, was introduced that would have allowed the BPQA to issue a special license for physicians practicing telemedicine. SB 93 was withdrawn for further study.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 24, 2000  
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