

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE**

Senate Bill 400 (Senator Teitelbaum, *et al.*)

Economic and Environmental Affairs

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**Board of Physician Quality Assurance - Disposition of Fees**

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This bill requires that fees collected by the Board of Physician Quality Assurance be distributed: (1) 93% to the Board of Physician Quality Assurance (BPQA) fund; and (2) 7% to the Loan Assistance Repayment Program.

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**Fiscal Summary**

**State Effect:** Special fund revenues and expenditures each increase by \$371,400 for the BPQA. Special fund revenues and expenditures each decrease by \$371,400 for the State Scholarship Administration (SSA). Future year revenue and expenditure changes reflect the BPQA's biennial licensure renewal fees.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Comptroller must distribute 86% of licensure fees collected by BPQA to the BPQA fund. The remaining 14% are distributed to the State Scholarship Administration. Half of these fees are transferred to the Loan Assistance Repayment Program and half are transferred to the Health Manpower Shortage Incentive Grant Program.

**Background:** *Board of Physician Quality Assurance.* Prior to 1999, revenues from licensure fees collected by BPQA were distributed: (1) 80% to the BPQA fund; (2) 14%

to the State Scholarship Administration, half of which was 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. Chapter 398 of 1999 changed this fee distribution, repealing the requirement that 6% of the fees be distributed to the State general fund, and providing instead that these fees be distributed to the BPQA fund.

*Health Manpower Shortage Incentive Grant Program.* This grant program was created to provide funds to institutions that offer degree programs in critical health shortage occupations, such as physical therapy, nursing, respiratory therapy, and medical laboratory technology. Funds distributed to the institutions are based on the number of graduates above an established baseline. Funds collected by BPQA are the sole source of funding for this program. In fiscal 2001, the program received approximately \$350,000, which was divided among 23 public and private higher education institutions.

*Loan Assistance Repayment Program (LARP).* This program provides loan repayment assistance for primary care physicians and medical residents specializing in primary care who either pledge to or are currently providing primary care services to underserved areas of the State. In fiscal 2001 the LARP received approximately \$350,000 from BPQA fees. LARP funds have been expended to award 20 eligible recipients in fiscal 2001.

### **State Fiscal Effect:**

*Board of Physicians Quality Assurance.* The BPQA's fiscal 2002 budget allowance is approximately \$6 million. The bill provides that 7% of licensure fees collected by BPQA would remain with BPQA instead of being distributed to the SSA, thus increasing BPQA's special fund revenues by \$371,400 in fiscal 2002. Special fund expenditures would increase by the same amount in fiscal 2002. Future year increases reflect biennial licensure fees.

*State Scholarship Administration.* The SSA would no longer receive revenues from BPQA licensure fees, and in turn, would no longer award grants under the Health Manpower Shortage Incentive Grant Program in an amount equal to the lost revenues unless the SSA received funding from other sources. Accordingly, the SSA's special fund revenues from BPQA licensure fees would decrease by \$371,400 and SSA special fund expenditures for the grant program would decrease by \$371,000 in fiscal 2001 as well. This expenditure reduction assumes that SSA does not have an alternate source of funding for these programs. Future year expenditure and revenue changes reflect BPQA's biennial licensure renewal.

## **Additional Information**

**Prior Introductions:** A similar bill, HB 1171, was introduced in the 2000 session and would have permitted the BPQA to retain all funds received from licensure fees. The bill was not reported from the House Ways and Means Committee.

**Cross File:** None.

**Information Source(s):** Maryland Higher Education Commission, Department of Health and Mental Hygiene (Board of Physician Quality Assurance, Community Public Health Administration), Department of Legislative Services

**Fiscal Note History:** First Reader – February 18, 2001  
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