

**Department of Legislative Services**  
 Maryland General Assembly  
 2002 Session

**FISCAL NOTE**

Senate Bill 613 (Senator Hollinger) (Chairman, Health Subcommittee)  
 Education, Health, and Environmental Affairs

**State Board of Physician Quality Assurance - Sunset Extension and Program Evaluation**

This bill extends the sunset date for the Board of Physician Quality Assurance (BPQA) from July 1, 2003 to July 1, 2008.

The bill takes effect July 1, 2002. The bill’s provisions that modify BPQA licensure fee fund allocations take effect July 1, 2003 if the fiscal 2004 budget appropriation provides at least \$750,000 for the operation of the Health Manpower Shortage Incentive Grant Program and the Loan Assistance Repayment Program – Primary Care Services.

**Fiscal Summary**

**State Effect:** Net general fund revenues could decrease by \$19,500 in FY 2003 and net special fund revenues could increase by \$19,500 in FY 2003. Net BPQA special fund expenditures could increase by \$170,900 in FY 2003. Net revenue and expenditure estimates reflect the bill’s reallocation of funds among various State agencies.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
GF Revenue	(\$19,500)	(\$19,700)	(\$19,900)	(\$20,100)	(\$20,300)
SF Revenue	19,500	19,700	19,900	20,100	20,300
SF Expenditure	170,900	211,700	217,500	223,700	230,300
Net Effect	(\$170,900)	(\$211,700)	(\$217,500)	(\$223,700)	(\$230,300)

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

**Local Effect:** None.

**Small Business Effect:** None.

## **Analysis**

**Bill Summary:** The bill repeals the requirement under the Maryland Program Evaluation Act that BPQA undergo a preliminary evaluation prior to the full evaluation to be conducted July 1, 2007. The bill revises the board composition by increasing board membership from 15 to 21 members, changing term limits, and imposing certain residency and specialty practice requirements. The bill authorizes BPQA to delegate the authority to conduct disciplinary hearings to a subcommittee consisting of three or more board members.

The bill requires BPQA to maintain a public individual profile on each licensee. In addition to current profile requirements, the profile must contain information on: (1) the number of medical malpractice court judgments and arbitration awards against the licensee within the most recent ten-year period; (2) the number of medical malpractice settlements involving the licensee with a settlement amount of \$150,000 or greater within the most recent ten-year period; (3) a description of any actions relating to the licensee that might be grounds for disciplinary action that have been reported to BPQA by hospitals or nursing homes within the most recent ten-year period; and (4) a description of a conviction or entry of a guilty or nolo contendere plea by the licensee for a crime involving moral turpitude reported to BPQA.

The bill repeals the requirement that BPQA use the Medical and Chirurgical Faculty of the State of Maryland (MedChi) to provide peer review services, and allows BPQA to contract with another entity to provide these services. The bill repeals the current requirement that BPQA assess each licensee a fee not to exceed \$50 to fund the peer review and rehabilitation committees. BPQA must instead fund the budget for the Physician Rehabilitation Committee with BPQA special funds. The Legislative Auditor must audit the accounts and transactions of the rehabilitation committee every two years.

The bill requires BPQA to set licensure fees so as to approximate the cost of maintaining the board. It provides that any interest or income derived from the BPQA fund be paid into the fund. In addition, the bill repeals the current provision that 14% of special funds collected by BPQA from licensure fees be paid to the State Scholarship Administration and instead be paid directly to the BPQA fund. This repeal is contingent upon the Governor's including at least \$750,000 in the fiscal 2004 budget for the operation of the Health Manpower Shortage Incentive Grant Program and the Loan Assistance Repayment Program administered by the Maryland Higher Education Commission.

BPQA must report to the Governor and specified committees of the General Assembly by November 1, 2002 on BPQA's financial condition. BPQA must also report to the Governor and specified committees by January 1, 2003 on investigative caseloads of BPQA investigators. BPQA and the Office of the Attorney General must review all

aspects of BPQA's investigative processes and recommend revisions. BPQA must report by January 1, 2003 to the Education, Health, and Environment Affairs and Environmental Matters committees on its findings.

**Current Law:** BPQA is subject to the Maryland Program Evaluation Act. Its termination date is July 1, 2003. BPQA collects special funds from licensees and pays them directly to the Comptroller. 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.

BPQA assesses a \$50 fee against licensees and remits these funds to MedChi to fund peer review and rehabilitation committee services. The \$50 assessment is not subject to the 14% diversion required of other BPQA licensure fees. MedChi must perform peer review and rehabilitation committee services for BPQA.

Disciplinary hearings are conducted by the Office of Administrative Hearings. BPQA must create an individual profile on each licensee, including information on disciplinary actions taken by BPQA and a description of any final disciplinary action taken by a licensing board in any other state or jurisdiction.

**Background:** The bill's provisions stem from several recommendations made in the *Sunset Review of the Board of Physician Quality Assurance* (October 2001).

**State Revenues:** The bill changes several fund allocations, both within the BPQA fund and among certain State agencies.

*Repeal of \$50 assessment to fund MedChi:* BPQA special fund revenues would decrease by \$76,342 in fiscal 2003 and SSA special fund revenues would increase by the same amount. The bill repeals a separate \$50 assessment on BPQA licensure fees that is used to fund MedChi's peer review and rehabilitation committee services because MedChi is no longer required to provide these services. BPQA would still be responsible for contracting with other entities to provide peer review and rehabilitation committee services, but the \$50 assessment would no longer be earmarked for MedChi. BPQA must fund these services with monies directly from its fund.

Currently, BPQA builds this \$50 assessment into its license and renewal fees, and cannot reduce these fees without seriously jeopardizing its fund balance. BPQA would continue to collect these funds as part of the licensure fees. Since the bill eliminates the separate \$50 assessment, \$50 of each licensure and renewal fee would become subject to standard BPQA fee distribution. The Comptroller would distribute 86% of licensure fees back to

the BPQA fund and the remaining 14% are distributed to the SSA. It is estimated that BPQA would collect \$545,300 from the \$50 fee in fiscal 2003, 14% of which, or \$76,342, would be diverted to SSA.

*Repeal of the 14% Diversion to SSA in Fiscal 2004:* Assuming the Governor includes \$750,000 in the Loan Assistance Repayment Program, BPQA special fund revenues could increase by \$1,156,769 and SSA special fund revenues would decrease by the same amount from repealing the 14% diversion. Under the bill, 100% of the fiscal 2004 estimated licensure fees of \$8,262,634 would go to BPQA. Future year estimates reflect BPQA's biennial licensure process and assume 1% inflation in licensure fees.

*Retained Interest:* BPQA special fund revenues from interest earned and retained in the BPQA fund could increase by an estimated \$19,508 in fiscal 2003, and general fund revenues would decrease by the same amount. The Comptroller currently earns interest on BPQA special funds, which the bill permits BPQA to retain. This estimate assumes the BPQA fund will earn 3.4% interest on its fund balance of \$573,775. Future year estimates assume 3.4% interest annually, and 1% inflation in licensure fees.

**State Expenditures:** BPQA special fund expenditures could increase by an estimated \$170,906 in fiscal 2003, which reflects the bill's July 1, 2002 effective date. This estimate reflects the cost of hiring one part-time assistant Attorney General and one-part-time administrative officer to assist with disciplinary hearings that have been assigned to a subcommittee of the board, and one computer analyst to update and maintain BPQA's physician profile website to comply with the bill's requirements. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$76,159
Contractual Services for Website	50,000
Other Operating Expenses	<u>44,747</u>
<b>Total FY 2003 State Expenditures</b>	<b>\$170,906</b>

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:** None.

**Cross File:** None, although HB 846 is similar.

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

**Fiscal Note History:** First Reader - February 19, 2002  
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