

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 791 (Chairman, Health and Government Operations Committee)
 Health and Government Operations

**Health Occupations - 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, 2003.

Fiscal Summary

State Effect: General fund revenues could decrease by \$19,500 and BPQA special fund revenues could increase the same amount in FY 2004. BPQA special fund expenditures could increase by \$129,900 in FY 2004. Net revenue and expenditure estimates reflect the bill's reallocation of funds among various State agencies.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	(\$19,500)	(\$19,700)	(\$19,900)	(\$20,100)	(\$20,300)
SF Revenue	19,500	19,700	19,900	20,100	20,300
GF Expenditure	0	750,000	0	0	0
SF Expenditure	129,900	163,200	167,700	172,400	177,400
Net Effect	(\$129,900)	(\$913,200)	(\$167,700)	(\$172,400)	(\$177,400)

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 from three to four years, specifying practice and specialty requirements, and imposing certain residency 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 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. BPQA must maintain a web site that serves as a single point of entry where all physician profile information is available to the public on the Internet.

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 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. Contingent upon the Governor's including at least \$750,000 in the fiscal 2005 budget for the Health Manpower Shortage Incentive Grant Program and the Janet L. Hoffman Loan Assistance Repayment Program, the Comptroller must distribute 100% of BPQA fees to the BPQA fund, beginning July 1, 2004.

BPQA must report to the Governor and specified committees of the General Assembly by November 1, 2003 on BPQA's financial condition. BPQA must also report to the Governor and specified committees by January 1, 2004 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 (sic) to the Senate Education, Health, and Environment Affairs and House Health and Government Operations committees on its findings.

Current Law: BPQA is subject to the Maryland Program Evaluation Act (sunset law). 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 the licensure fees to the BPQA fund. The remaining 14% are distributed to the State Scholarship Administration (SSA). 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) conducted by the Department of Legislative Services.

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

Repeal of the 14% Diversion to SSA in Fiscal 2005: Assuming the Governor appropriates \$750,000 to the SSA fiscal 2005 budget, BPQA special fund revenues could increase by \$1,014,153 and SSA special fund revenues would decrease by the same amount by repealing the 14% diversion of fees to SSA. Under the bill, 100% of the fiscal 2005 estimated licensure fees of \$7,243,948 would go to BPQA. Future year estimates reflect BPQA's biennial licensure process and assume 1% inflation in licensure fees.

Repeal of \$50 Assessment to Fund MedChi: BPQA special fund revenues would decrease by \$88,025 in fiscal 2004 only, 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. Under the bill, 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% would be distributed to SSA. It is estimated that BPQA would collect \$628,750 from the \$50 fee in fiscal 2004, 14% of which, or \$88,025, would be diverted to SSA. It is assumed that the Governor will allocate \$750,000 to SSA in the fiscal 2005 budget, thereby permitting BPQA to keep 100% of its licensure fees beginning fiscal 2005. Consequently, revenue losses from the repeal of the MedChi fee affect fiscal 2004 only.

Retained Interest: BPQA special fund revenues from interest earned and retained in the BPQA fund could increase by an estimated \$19,508 in fiscal 2004, 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 \$129,876 in fiscal 2004 which reflects the bill's July 1, 2003 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. It also reflects the cost of contractual services to maintain a web site with physician profiles. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$40,342
Contractual Services for Website	50,000
Other Operating Expenses	<u>39,534</u>
Total FY 2004 State Expenditures	\$129,876

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: A similar bill, HB 846, was introduced in the 2002 session. The bill passed the House with amendments. No further action was taken by the Senate.

Cross File: None.

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

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mam/jr

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