

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 420 (Delegate Hurson)
(Chairman, Health and Government Operations Committee)
Health and Government Operations Education, Health, and Environmental Affairs

State Board of Dental Examiners - Sunset Extension and Program Evaluation

This bill: (1) extends the termination date for the State Board of Dental Examiners from July 1, 2006 to July 1, 2011; (2) revises the board's membership by adding a licensed dental hygienist; and (3) requires another evaluation by July 1, 2010. Uncodified language in the bill requires the board to report by October 1, 2006 to the Senate Education, Health, and Environmental Affairs Committee and the House Health and Government Operations Committee on its progress in implementing the recommendations in the Department of Legislative Services' (DLS) 2004 sunset evaluation report. Uncodified language in the bill also states that the dental hygienist board member's term expires in 2009.

Fiscal Summary

State Effect: Special fund expenditures and revenues would be maintained for the board beyond FY 2006. The board's FY 2006 budget allowance is \$1,513,982.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The State Board of Dental Examiners terminates July 1, 2006. Legislation in 1884 established the State Board of Dental Examiners to: limit the practice of dentistry to those who are competent to engage in it; maintain a registry of certified practitioners; provide reasonable opportunity to qualified persons who wish to practice in Maryland; support an acceptable standard of dental practice; and protect the public

interest. In 1947 the board's regulatory authority was expanded to include dental hygienists. Today the board is composed of 15 members, 9 of whom are licensed dentists, 3 are licensed dental hygienists, and 3 are consumers. Board members serve a term of four years with members serving staggered terms.

Background: The board issues a variety of licenses, permits, and certificates generally renewable on a biennial basis. In fiscal 2005, the board projects that more than 5,000 dentists and 2,500 dental hygienists will hold a license. In addition, almost 3,400 dental radiation technologists and 2,600 dental assistants will hold a certificate. The DLS sunset review made various recommendations, most of them administrative in nature. In addition to extending the board's termination date by five years to July 1, 2011, the DLS sunset evaluation report recommends the board:

- expedite its processing of incomplete applications for new and renewal licensure by tracking applications that have been pending for more than 30 days, closing incomplete applications after a reasonable period, requiring resubmission, and issuing cease and desist orders to renewal applicants otherwise barred from practicing;
- expedite its certification process for radiation technologists;
- continue its bulk licensure renewal process, but periodically consider if changing to a year-round renewal process would be more efficient and whether there are sufficient staff and resources to change the process;
- continue strictly imposing sanctions for late licensure renewals and notify licensees in its newsletter of the need for timely licensure renewal as well as the board's intent to strictly enforce sanctions;
- work with the Department of Health and Mental Hygiene (DHMH) to assess customer service issues;
- work with DHMH to fill the board's vacant investigative staff position;
- work with the Maryland Insurance Administration (MIA) to determine a formal policy for case referral to MIA;
- investigate enhancements and alternatives to the current case management software;
- continue regulating the practice of dental hygiene and be mindful of taking full consideration of dental hygiene-related matters;
- assess its computer, communication, and automation needs, and use monies from its current fund balance to make hardware and software purchases as necessary;
- examine its schedule of fees, paying particular attention to initial application fees for dental hygienists, and if necessary, reduce licensure fees to spend down its excessive fund balance; and

- use the Office of Legislative Audits' (OLA) upcoming audit to review its accounting practices and systems.

Board's Fiscal Status

The DLS sunset review also analyzed the board's revenues, expenditures, and fund balance. The board became self-supporting in 1992 when the General Assembly established special funds for most of the health occupations boards. The board's special fund is supported entirely by fees collected from licensees and certificate holders. As shown in **Appendix 1**, the board's fiscal 2004 ending fund balance was \$882,164, much higher than the 20% target amount of \$256,745. This target level was set by DHMH in a 1999 report to the chairmen of the budget committees. By year-end fiscal 2005, the fund balance is expected to increase to about \$893,830.

Fees were last examined by the board in 2002, at which time, a variety of fees were increased because expenditures were outpacing revenues at a sufficient enough pace to deplete the fund balance necessary to cover costs during a biennial licensure cycle. The sunset report found that this fee increase seemed reasonable in 2002 since fiscal 2001 revenues were almost insufficient to cover expenditures and fiscal 2002 revenues did not cover expenditures that year. While the board's biennial licensure renewal process is split fairly evenly between successive years, there can be significant revenue fluctuation each year. Therefore, a sufficient fund balance is necessary for years in which renewal fee revenue is not as high. However, the report contends that the 2002 fee increase has resulted in excess revenues.

In 2002, the board increased all fees by 50%. However, the report found that applying this rate of increase uniformly across the spectrum of fees resulted in disproportionately high dental hygienist licensure fees when compared to national licensure fees for this profession. Based on data from the American Dental Hygienists Association (ADHA), average dental hygienist licensure renewal fees are \$56 annualized, compared to Maryland's annualized fee of \$92.50. Additionally, initial application fees are \$450 for dentists and \$375 for dental hygienists. While the initial application fee for dentists seems reasonable compared to renewal fees (\$415), the \$375 initial application fee for dental hygienists seems prohibitive, given their \$185 biennial renewal fee.

The report found the initial application fee for dental hygienists excessive given the relatively small percentage of the board's time and resources that go toward handling dental hygienist licensure, complaints, and other issues. For example, dentist licenses outnumber dental hygienist licenses two to one. Of the 343 new complaints received by the board in fiscal 2004, only 14 were against dental hygienists.

The Maryland Dental Hygienists' Association stated that the initial application fee for dental hygienists is prohibitive in written testimony before the Senate Education, Health, and Environmental Affairs Committee last year.

The board has been aware of its rapidly increasing fund balance over the past fiscal year; it is exploring a variety of ways to help reduce the fund balance and prevent such surpluses in the future. For example, the board is considering further adjustments to its fee schedule or a temporary reduction in fees and has assumed a minor reduction in its fiscal 2005 estimate.

State Fiscal Effect: Special fund revenues for the board will be maintained beyond fiscal 2006 because the bill proposes to continue the board. By year-end fiscal 2005, the board's fund balance is expected to be about \$893,830. The board's annual revenues have been steadily increasing, from \$1,733,095 in fiscal 1999 to \$2,402,153 in fiscal 2005, a 38.6% increase. Special fund revenues to the board from assessments on licensees are dependent on the number of licensing professionals.

Special fund expenditures will be maintained beyond fiscal 2006 because the bill proposes to continue the board. Board expenditures have increased as well, from \$910,934 in fiscal 1999 to \$1,508,323 in fiscal 2005, a 65.6% increase. The fiscal 2006 budget allowance for the board is \$1,513,982.

Additional Information

Prior Introductions: None.

Cross File: SB 248 (Senator Hollinger) (Chair, Education, Health, and Environmental Affairs Committee) – Education, Health, and Environmental Affairs.

Information Source(s): Department of Health and Mental Hygiene; Maryland Dental Hygienists' Association; *Sunset Review: Evaluation of the State Board of Dental Examiners*, Department of Legislative Services, October 2004

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Appendix 1
Fiscal Status of the State Board of Dental Examiners
Fiscal 1999 – 2005

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Starting Fund Balance	\$552,946	\$822,161	\$295,255	\$385,266	\$177,122	\$547,847	\$882,164
Revenues Collected	1,180,149	859,119	1,253,640	1,021,600	1,702,175	1,618,044	1,519,989
Total Revenues	1,733,095	1,681,280	1,548,895	1,406,866	1,879,297	2,165,891	2,402,153
Total Expenditures	910,934	1,384,025	1,163,629	1,229,744	1,331,450	1,283,727	1,508,323
Direct Costs	704,714	1,169,170	944,367	1,002,669	1,036,624	1,220,518	1,439,763
Indirect Costs	206,220	214,855	219,262	227,075	294,826	63,209	68,560
Annual Surplus/ (Deficit)	269,215	(524,906)	90,011	(208,144)	370,725	334,297	11,666
Biennial Surplus/(Deficit)		(255,691)		(118,133)		705,022	
Ending Fund Balance	\$822,161	\$297,255	\$385,266	\$177,122	\$547,847	\$882,164	\$893,830
Target Fund Balance	\$182,187	\$276,805	\$232,726	\$245,949	\$266,290	\$256,745	\$301,665

Notes: Fiscal 1999 – 2004 are actual. Fiscal 2005 is budgeted. Fund balance carry-overs from fiscal 2000 to 2001 do not balance due to ongoing audit and reconciliation of accounts. Yearly revenues and expenditures are exclusive of general fund transfers under annual budget reconciliation acts.

Source: State Board of Dental Examiners
