# **Department of Legislative Services**

Maryland General Assembly 2024 Session

# FISCAL AND POLICY NOTE First Reader

House Bill 1054 (Delegates Hill and Simmons)

Health and Government Operations

## **Physicians - Licensing - Foreign Practicing Physicians**

This bill generally creates a licensure pathway for a "foreign practicing physician" (FPP) that exempts an FPP from specified educational requirements if certain other requirements are met. The Maryland Board of Physicians (MBP) must establish a Consortium of Postgraduate Medical Education Programs by regulation with the purpose of developing, implementing, and administering an examination to assess the ability of an FPP to meet the standard of care for the independent practice of medicine in the State.

## **Fiscal Summary**

**State Effect:** Special fund expenditures for MBP increase by *at least* \$89,200 in FY 2025 for staff to implement the new licensure pathway. Future years reflect annualization, inflation, and elimination of one-time costs. Special fund expenditures increase further (as much as \$500,000 annually – not shown below) beginning in FY 2025 for contractual services, as discussed below. Beginning in FY 2026, special fund revenues increase from new license fee revenues, assumed to be set to be sufficient to cover estimated expenditures going forward, as discussed below.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$0	-	-	-	-
SF Expenditure	\$89,200	\$75,000	\$78,400	\$81,800	\$85,400
Net Effect	(\$89,200)	(\$-)	(\$-)	(\$-)	(\$-)

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

Local Effect: None.

Small Business Effect: Meaningful.

### **Analysis**

## **Bill Summary/Current Law:**

### Licensure Requirements

Pursuant to § 14-307 of the Health Occupations Article, in order to qualify for a license as a physician, an applicant must be at least age 18, of good moral character, meet specified education requirements, pass an examination, submit to a criminal history records check (CHRC), and meet any other requirements MBP establishes through regulations. An applicant must (1) have a doctoral degree of medicine that is accredited by an MBP-recognized organization and submit acceptable evidence to MBP of successful completion of one year of training in a postgraduate medical training program that is accredited by an MBP-recognized organization or (2) have a doctoral degree of osteopathy from a school of osteopathy in the United States, its territories or possessions, Puerto Rico, or Canada that has standards for graduation equivalent to those established by the American Osteopathic Association and submit acceptable evidence to MBP of successful completion of one year of training in a postgraduate medical training program that is accredited by an MBP-recognized organization.

However, under current law, an applicant for a physician license is exempt from the above specified educational requirements if the applicant:

- has studied medicine at a foreign medical school;
- is certified by the Educational Commission for Foreign Medical Graduates or its successor as approved by MBP;
- passes a qualifying examination for foreign medical school graduates required by MBP;
- meets any other qualifications for foreign medical school graduates that MBP establishes in its regulation for licensing of applicants;
- submits acceptable evidence to MBP of any requirements established in regulation;
  and
- meets at least one of the following requirements: (1) the applicant graduated from any foreign medical school and submits acceptable evidence to MBP of successful completion of two years of training in a postgraduate medical education program accredited by an MBP-recognized organization or (2) the applicant successfully completed a fifth pathway program and submits specified evidence to MBP.

The bill adds an additional pathway for licensure as an "FPP applicant." "FPP applicant" means an individual who graduated from a foreign medical school and submits evidence acceptable to MBP that the applicant (1) has practiced as a medical professional and

performed the duties of a physician outside of the United States, its territories or possessions, Puerto Rico, or Canada for at least five years before the date of the application and (2) is in good standing with the medical licensing or regulatory authority in the individual's licensing country.

Specifically, an FPP applicant must meet current law provisions and submit evidence acceptable to MBP that the applicant (1) has an offer of employment as a physician from a health care provider in the State that operates a postgraduate medical education program accredited by an MBP-recognized organization and (2) meets any other qualifications for an FPP applicant established in MBP regulations.

If an applicant qualifies for licensure through this new pathway, the FPP must achieve a passing score on a specified examination and, until the passing score is achieved, must be employed as a physician for a health care provider in the State that operates a postgraduate medical education program accredited by an MBP-recognized organization.

#### Licensure Renewal

Pursuant to § 14-316 of the Health Occupations Article, the term of a physician license may not exceed three years. MBP must send a licensee a renewal notice at least one month before the license expires. Before a license expires, a licensee may renew it for an additional term if the licensee (1) is otherwise entitled to be licensed; (2) is of good moral character; (3) pays a renewal fee; (4) submits a renewal application; and (5) submits satisfactory evidence of compliance with any continuing education requirements. Specified renewal applicants must also submit to a CHRC.

The bill adds additional renewal requirements for the *initial* license renewal of an FPP. MBP must renew the license of an FPP only if the FPP achieves a passing score on the consortium administered examination without any additional restrictions on the license. If an FPP does not achieve a passing score on the examination (1) MBP may extend the license of the FPP for one year for purposes of preparing for and repeating the examination based on the recommendations of the consortium, as specified and (2) the FPP must complete any additional education recommended by the consortium, comply with any license restrictions recommended by the consortium, and repeat the examination within one year. MBP may not renew the license of an FPP who fails to achieve a passing score on the examination within three years.

### Consortium of Postgraduate Medical Education Programs

Under the bill, the examination developed, implemented, and administered by the consortium must require the FPP to keep a logbook of all patients seen by the FPP during the first two years of licensure. The examination must include a review of the FPP's HB 1054/ Page 3

logbook and an assessment of a subset of cases from the FPP's logbook. The consortium must also (1) determine the passing score for the examination; (2) develop procedures for repeating the examination if a passing score is not achieved; and (3) develop policies for additional education requirements or license restrictions for an FPP if a passing score is not achieved.

**State Fiscal Effect:** MBP advises that additional resources are necessary to implement the bill. Thus, special fund expenditures increase by *at least* \$89,208 in fiscal 2025, which accounts for the bill's October 1, 2024 effective date. This estimate reflects the cost of hiring one licensure analyst to review applications, track employment requirements, and assist in drafting regulations. It includes a salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and one-time only contractual information technology (IT) services to update MBP's licensure system to include the new licensure pathway.

Position	1.0
Salary and Fringe Benefits	\$56,952
Contractual IT services	25,000
Other Operating Expenses	<u>7,256</u>
Minimum FY 2025 MBP Expenditures	\$89,208

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses and the termination of one-time only costs (including contractual IT services). To the extent that additional staff is necessary, special fund expenditures may increase further.

MBP further advises that it requires an ongoing contract with a vendor to establish the consortium and develop, implement, and administer the examination at an annual cost of \$500,000. The Department of Legislative Services is unable to independently verify the cost estimate for contracting with such a vendor but acknowledges that contractual costs are likely significant. Accordingly, ongoing special fund expenditures, beginning in fiscal 2025 are likely significantly higher than the minimum estimate provided above.

This analysis assumes that MBP's available special fund balance is used to cover costs related to establishing the licensure pathway in fiscal 2025. The fund had a closing balance of \$5.4 million for fiscal 2023; the fiscal 2025 budget as introduced includes \$11.5 million for MBP.

As MBP is special funded, it must set reasonable fees for the issuance and renewal of licenses and other services it provides to licensees. Licensure fees must be set so as to approximate the cost of maintaining the licensure program. No special fund revenues are anticipated in fiscal 2025, as MBP will need time to implement the new licensure pathway before accepting applications. While this analysis assumes that license fees are collected

beginning in fiscal 2026 and set to cover the cost of the licensure pathway going forward, license fee revenues will depend on actual costs incurred by MBP and the number of individuals that seek licensure as an FPP.

Per Maryland regulations, the fee for an initial physician license application under an existing licensure pathway is \$310 and the biennial renewal fee is \$486. For illustrative purposes only, if MBP imposes similar fees for FPP's as other physicians, at least 495 individuals would need to apply and pay the \$310 license fee in fiscal 2026 to generate sufficient revenues to cover the *minimum* implementation costs (excluding contractual services costs for the consortium) for fiscal 2026 and 2027 (estimated to total \$153,438); ongoing special fund revenues increase on a biennial cycle of renewals. As MBP anticipates that the bill affects only a small number of physicians, MBP will likely need to set license fees at a much higher level just to cover the *minimum* costs. If fee revenues must also cover the contractual services costs for a consortium vendor, license fees (and revenues), are higher still.

**Small Business Effect:** Individuals are able to become licensed physicians under the bill through the alternative pathway for FPPs.

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of Health; Department of Legislative

Services

**Fiscal Note History:** First Reader - March 3, 2024

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