

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1414 (First Edition)

SHORT TITLE: Medical Board Fees.

SPONSOR(S): Senator Purcell

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES					
General Fund			No Fiscal Impact		
Medical Board	\$1,700,527	\$1,738,554	\$1,779,555	\$1,823,863	\$1,871,857
EXPENDITURES					
	See ASSUMPTIONS AND METHODOLOGY				
POSITIONS: (cumulative)					
	No Estimate Available				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Medical Board					
EFFECTIVE DATE: This act becomes effective November 1, 2004.					

BILL SUMMARY: The proposed bill amends GS 90-15 to increase the fee to practice medicine and surgery and to increase the fee for limited license to practice in a medical education and training program. The bill amends GS 90-15.1 to increase the annual registration fee for the practice of medicine and the penalty for failure to register.

ASSUMPTIONS AND METHODOLOGY:

Justification for Fee Increase

According to the NC Medical Board (Board) report issued in May 2004, the main reason for the fee increase is the necessity to meet the Board's growing staffing requirements. In particular, the report indicates that the Board's Licensing Department has .28 full time employees (FTEs) per 1,000 practicing in-state physicians, which is below the national average of .65 FTEs. Similarly, the employees-physicians ratio in the Board's Investigative Department is .85 FTEs per 1,000 physicians that is below the national average of 1.46 FTEs per 1,000 physicians. The report also cites the Board's Legal Department is being understaffed. During the past five years, the number

of cases referred to the Legal department has increased by 60 percent. Furthermore, the Legal Department staff responds to numerous outside inquiries from members of the public, physicians, and attorneys. In addition, the Legal Department advises the Board in connection with internal matters such as investigations, licensing applications, and committee reports. Currently the Legal Department does not have adequate human resources to effectively handle its workload, which leads to increasing number of pending cases. As of May 2004, there were 208 such cases.

To meet its current workload requirement, the Board needs one additional attorney and one additional staff person in that department. The Board’s Medical Director also needs a part-time staff physician to assist in complaint review, malpractice payment reports, and investigations.

According to the Board’s estimate by the year 2005, its expenses will exceed revenues with only conservative adjustments for inflation and salaries, even if no additional staff is hired. The Board believes the fee increases requested in this bill will give it the resources necessary to meet its needs until the year 2010.

According to the Board, the amount of requested fees increase is reasonable. Thus, North Carolina ranks 10th in physician population but only 38th in annual registration fees. Even with an increase to \$175, the state would be ranked 22nd in annual registration fees and its registration fee would be comparable to the national average of \$171. The national average application fee for license by endorsement is \$317 and for a license by examination is \$328. A fee of \$350 for both types of licenses, requested by the Board, would more closely mirror the national average and would more closely approximate the actual costs to process these applications, according the Board’s estimate.

Proposed Fee Changes

The changes in fees requested by the Board are presented in Table 1.

Table 1. Proposed Fee Changes

Fee	Current Fee	Proposed Fee
License to practice medicine by examination (GS 90-9 and GS 90-10)	Up to \$400	\$350
License to practice medicine without examination (GS 90-13)	Up to \$250	\$350
Resident training license (GS 90-12)(License to practice in a medical education and training program)	\$25	\$100
Annual registration fee to practice medicine (GS 90-15.1)	\$125	\$175
Additional fee for late registration	\$20	\$50

Table 2 contains information for the last five years on the number of licenses for each category, the number of physicians who registered late, as well as the average percentage change for each category, based on the five-year data.

Table2. Change in Number and Percentage of Licenses

License type	1999	2000	2001	2002	2003	Average Percent Change
License to practice medicine by examination	352	396	390	420	340	-0.1%
License to practice medicine without examination	1,278	1,213	1,329	1,196	1,168	-2.0%
Resident training license	1,412	1,583	1,667	1,744	2,001	9.2%
Annual registration fee to practice medicine	26,295	28,735	25,963	26,581	27,307	1.2%
Additional fee for late registration	N/A	N/A	N/A	1,444	1,665	15.3%

For this analysis, it is assumed that the number of licenses for each category will continue to change at the same average rate as shown in Table 2. Based on this rate, Table 3 provides estimates of the annual revenue for the next five years generated from issuing the licenses at current rates.

Table3. Estimated Revenue from Licenses at the Current Rate

License type	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
License to practice medicine by examination	\$135,874	\$135,748	\$135,622	\$135,497	\$135,371
License to practice medicine without examination	\$286,254	\$280,620	\$275,098	\$269,684	\$264,377
Resident training license	\$54,624	\$59,645	\$65,129	\$71,116	\$77,654
Annual registration fee to practice medicine	\$3,453,859	\$3,494,823	\$3,536,273	\$3,578,214	\$3,620,653
Additional fee for late registration	\$38,396	\$44,273	\$51,049	\$58,862	\$67,870
Total	\$3,969,007	\$4,015,110	\$4,063,171	\$4,113,373	\$4,165,926

Finally, Table 4 provides estimates of the annual revenue for the next five years generated from issuing the licenses at proposed rates and annual revenue gain for the Board.

Table4. Estimated Revenue from Licenses at the Current Rate

License type	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
License to practice medicine by examination	\$118,890	\$118,780	\$118,670	\$118,560	\$118,450
License to practice medicine without examination	\$400,755	\$392,869	\$385,137	\$377,558	\$370,128
Resident training license	\$218,495	\$238,582	\$260,515	\$284,464	\$310,615
Annual registration fee to practice medicine	\$4,835,402	\$4,892,752	\$4,950,782	\$5,009,500	\$5,068,914
Additional fee for late registration	\$95,991	\$110,682	\$127,622	\$147,154	\$169,676
Total	\$5,669,534	\$5,753,664	\$5,842,725	\$5,937,236	\$6,037,783
Revenue Gain	\$1,700,527	\$1,738,554	\$1,779,555	\$1,823,863	\$1,871,857

SOURCES OF DATA: North Carolina Medical Board.

TECHNICAL CONSIDERATIONS: None

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Signed Copy Located in the NCGA Principal Clerk's Offices