

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 721 HCS

SHORT TITLE: Occupational Licensing Fees & Per Diem Changes

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	(\$)				
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
General Fund	* No General Fund Impact *				
Board of Exam.					
For Optometry	58,900	117,800	117,800	117,800	117,800
Board of Chiropractic					
Examiners	43,450	100,100	100,100	100,100	100,100
Medical Board	331,050	675,300	688,800	702,575	716,625
EXPENDITURES					
Board of Exam.					
For Optometry	116,173	130,265	148,805	130,265	148,805
Board of Chiropractic					
Examiners	Schedule of Increase Not Determined				
Medical Board	no estimate available				
PRINCIPAL DEPARTMENT(S) &					
PROGRAM(S) AFFECTED: NC Board of Examiners in Optometry, NC Medical Board, and the NC Board of Chiropractic Examiners.					
EFFECTIVE DATE: January 1, 2002.					

BILL SUMMARY: The bill makes several changes to the statutes relating to the Boards and Examining Boards of Optometry, Medicine, and Chiropractors. Specifically it updates the Optometry Practice Act to conform to administrative changes that have occurred within the Board and authorizes the Board to increase fees and the per diem allowances of its Board members. It also increased the annual registration fee required of all NC Medical Board licensees from \$100.00 to \$125.00, and increases that Board's per diem allowance. Finally,

the bill increases the per diem payments to Chiropractic Board members and increases their annual fees as well.

ASSUMPTIONS AND METHODOLOGY: The primary fiscal changes relate to fees and per diem allowances. The Board of Optometry will also incur increases in other operating expenses.

Revenues:

Board of Optometry: This portion of the bill amends G.S. 90-123 by making the following changes to the fees collectible by the North Carolina Board of Examiners in Optometry.

	G.S. 90-123	PCS of SB 721
Examination fee/Application	\$400.00	\$800.00
Optometry license renewal fee	\$250.00	\$300.00
Certificate of license issued to optometrist moving to another state	\$200.00	\$300.00.
License issued to a practitioner of another state to practice in NC	\$250.00	\$350.00.
License fee to resume practice in NC	\$250.00	\$350.00
Optometric assist. Registration fee	\$50.00	\$100.00
Optometric assist. renewal fee	\$50.00	\$100.00
Optometric tech. registration fee	\$50.00	\$100.00
Optometric tech. renewal fee	\$50.00	\$100.00
Each duplicate license or renewal thereof for each branch office	\$50.00	\$100.00

Optometry fees have not been updated since Session Law 1987-645.

The Board reports that they expect an average of sixty (60) exam applications per year. This exam rate suggests revenue of \$24,000 from the current \$400 examination fee. By increasing the fee to \$800 the Board will see an annual increase over current exam revenue of \$24,000.

The second major optometry fee to be adjusted by SB 721 is a license renewal. The bill allows for an increase in this fee from \$250 to \$300. The Board estimates that while the number of licensees vary, 1,000 is a reasonable estimate of an annual number of renewals. Therefore, this change will result in an annual revenue increase of \$50,000 (1,000 renewals x \$50 increase).

The third major optometry fee raised in the bill relates to the fee for each duplicate license or renewal for a branch office. Currently the fee is \$50 for each of the 876 branch offices in the state. The bill raises the fee to \$100, a \$50 increase. Using the current number of branch offices as a proxy, increasing the fee would generate \$43,800 annually (876 branches x \$50 increase).

The bill also increases the maximum fee allowed for optometric assistance registration and renewal fees, as well the registration and renewal fees charged to optometric technicians. Both the cost of a certificate to change states and the fee changed to out of state doctors practicing in North Carolina are increased by \$100. However, the Board reports that they currently have no or very limited applications for these licenses. Therefore, no revenue from these increases is included in the analysis.

The revenue increase expected for the Optometry Board is as follows:

	2001-02	2002-03	2003-04	2004-05	2005-06
Exam	24,000	24,000	24,000	24,000	24,000
Renewal	50,000	50,000	50,000	50,000	50,000
Branch	43,800	43,800	43,800	43,800	43,800
All Others	-	-	-	-	-
TOTAL	117,800	117,800	117,800	117,800	117,800

The 2001-02 revenue in the fiscal impact box represents six months of increased revenue.

Expenditures:

In addition to increases in per diem for board members and clinical examiners, the Board anticipates increases in other operating expenses. The following outlines the specific adjustments in the Board’s budget: 1) moving a part time position to full time status at a cost, including benefits, of \$10,632 in FY 01-02 and \$21,265 annually in subsequent years; which will be adjusted further as the rate of compensation is increased; 2) budgeting the increased cost to administer the examination by \$12,000 in FY 01-02 and \$24,000 in subsequent years; 3) increasing per diem to \$200 per day resulting in an \$8,000 adjustment in FY 01-02 and \$16,000 in subsequent years - \$7,000 for Board members and \$9,000 for clinical examiners; 4) funding support for an examination retreat every two years, beginning in FY 01-02, for 7 Board members, 2 staff, 5-7 practicing clinicians, and honorarium for 1-2 educational consultants and a Psychometric Consultant at a cost of \$18,541, which includes expenses set at the State allowance per G.S. 93B-5, as reimbursement at actual rates is allowable with permission from the State Budget Director per G.S. 136-8; 5) budgeting funds to meet expanding computer costs to provide hardware and software upgrades by \$19,000, which is the midpoint of a range in cost from \$7,000 to \$31,000 per year, effective FY 01-02; and 6) budgeting \$40,000 annually for legal expenses, which range from \$35,000 to \$45,000, effective FY 01-02. Additionally, providing funds to support the increase in general operating costs, specifically, utilities, telephone, postage, printing, office supplies, equipment lease, retirement, payroll taxes, health & life insurance, audit, cost, etc. The operational costs would increase approximately 7% to 10% or \$7,000 to \$10,000 annually, and begin in FY 02-03.

Board of Chiropractic Examiners

The bill increases two fees related to the Board of Chiropractic Examiners. First, the legislation increases the maximum license renewal fee for doctors of chiropractic from \$100 to \$150. The Board indicates that they currently have 1,650 licensees, suggesting 1,650

potential renewals. Using this number as a proxy suggests an annual revenue increase of \$82,500.

The bill also increases the maximum application fee for licensure from \$100 to \$300. The Board indicates they receive between 75 and 100 applications annually. Using the mid-point of 88 as a proxy suggests a revenue increase of \$17,600 (88 applicants x \$200 increase). This amount is used as the out year estimate. However, representatives of the Board indicate that it is very unlikely the Board will increase the fee to the maximum amount in the first year. Therefore, a smaller increase of \$50 is used to generate the first year revenue increase of \$4,400.

The total new revenue stream for the Board of Chiropractic Examiners is as follows:

	2001-02	2002-03	2003-04	2004-05	2005-06
Renewal	82,500	82,500	82,500	82,500	82,500
Application	4,400	17,600	17,600	17,600	17,600
TOTAL	86,900	100,100	100,100	100,100	100,100

The 2001-02 revenue in the fiscal impact box represents six months of increased revenue.

Expenditures:

The Board has regular meetings on a quarterly basis and holds disciplinary hearings 2-4 times annually. To increase the per diem to \$200 per day would result in added cost per year of \$2,800 for regular meetings and \$2,800 for disciplinary hearings for a total cost of \$5,600. At this time, the Board has not determined a schedule for increasing the per diem.

NC Medical Board: The bill increases the annual registration fee for physicians from \$100 to \$125. The Official Report of Board Actions for 2000 reported the licensing of 25,963 physicians in North Carolina. This number includes 18,201 doctors living in the state and 7,762 living outside the state. Staff of the North Carolina Medical Board estimates that the number of physicians licensed in the state increases 2% a year. The chart below shows the projected five-year growth in physicians and the increased revenue from the \$25 fee increase.

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Licenses	25,963	26,482	27,012	27,552	28,103	28,665
Fee Increase		\$662,050	\$675,300	\$688,800	\$702,575	\$716,625

For 2000, the Medical Board’s operating expenditures exceeded operating revenues by \$80,769. The Board’s 2000 budget was balanced with interest income from its cash reserves. As of October 31, 2000, the Medical Board had a total fund balance of \$5,832,499 designated as follows:

Designated for litigation	\$800,000
Designated for capital purchases	\$43,359
Designated for building	\$700,000
Undesignated	<u>\$3,983,955</u>
Total Fund Balance	\$5,832,499

Expenditures:

Additional funds will be used to improve the Physicians Health Program for impaired physicians and other health practitioners, to increase the number of legal staff and investigative staff, and to increase monitoring of continuing medical education requirements. The Board is also building up a legal reserve fund to handle potential legal expenses.

FISCAL RESEARCH DIVISION 733-4910

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