

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number SB920

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Byrne

3. Committee Passed Both Houses

4. Title Health regulatory board investigations

5. Summary/Purpose: Requires the Department of Health Professions (DHP) to investigate all reports of disciplinary actions and certain disorders of health professionals received from hospitals and other healthcare institutions. The hospitals and other healthcare institutions shall make such reports within 30 days, except that reports concerning the commitment or admission of a health professional as a patient shall continue to be made within 5 days of when the chief administrative officer learns of the commitment or admission. Civil penalties for failure to report are increased up to a maximum of \$25,000 for hospitals and health institutions.

6. Fiscal impact estimates are final (see item 8)

7. Budget amendment necessary: No. Note: Prior impact statements indicated that a budget amendment was necessary, and such action would still be preferred, however additional appropriation can be provided administratively until sufficient appropriation is added to the Appropriation Act.

8. Fiscal implications: The reporting requirements contained in this legislation will likely increase the number of investigations conducted by DHP. The department estimates that a high percentage of those (75 percent or 750 cases) will result in cases being sent to a board (about 65 percent to Medicine, 30 percent to Nursing and 5 percent to Pharmacy).

It is estimated that the impact of additional cost related to an increased number of reports and disciplinary cases will fall primarily on doctors of medicine, osteopathy, podiatry and chiropractic, and secondarily on the licensees of the Board of Nursing and Pharmacy. To fund the additional costs for the first two fiscal years, the Board of Medicine would need to increase the biennial renewal fee for doctors by approximately \$73 or an increase of 28 percent. For doctors of medicine, osteopathy, and podiatry, the fee would go from \$260 per biennium to \$333 and for doctors of chiropractic from \$235 to \$308. That figure is calculated based on 60 percent of the estimated costs attributable to doctors (\$1,705,000 + \$1,625,000 = \$3,330,000 × 60 percent = \$1,998,000 / 27,433 doctors with active licenses = \$73). If 30 percent of the increased costs fall to the Board of Nursing, the biennial renewal fees for registered and licensed practical nurses would increase by approximately \$18 with the renewal fee increasing from \$70 to \$88 for a 26 percent increase.

$(\$3,330,000 \times 30\% = \$999,000 / 111,725 \text{ nurses with active licenses} = \$18)$. If 10 percent of the costs fall to Pharmacy, the annual renewal fee for pharmacists would increase by approximately \$21 with the renewal fee increasing from \$100 to \$121. (The Board of Pharmacy has just doubled the annual renewal fee from \$50 to \$100, so this would represent another 21 percent increase.) $(\$3,330,000 \times 10\text{ percent} = \$333,000 / 7803 \text{ active pharmacists} = \$43 \text{ per biennium})$.

The department also assumes that this legislation will significantly increase the monetary penalties and enforcement actions for failure to adhere to the revised reporting requirements. For example, failure to report misconduct by healthcare practitioners, a lack of specificity about information that is reportable and immunities for reporting will generate a minimum of 1,000 additional investigations each year. The department currently receives approximately 4,000 reports per year, with the majority coming from consumers. Approximately 20 percent come from required reporters (hospitals, nursing homes, etc.) or about 800 per year. Of the 200 licensed hospitals in Virginia, 42 percent have never made a report to DHP, so it is certainly possible that five additional reports per hospital will be generated by this legislation.

9. Specific agency or political subdivisions affected: Department of Health Professions

10. Technical amendment necessary: No

11. Other comments: None

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cc: Secretary of Health and Human Resources