

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 573** HLS 15RS 678

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 12, 2015	4:57 PM	<b>Author:</b> HAZEL
<b>Dept./Agy.:</b> La. State Board of Medical Examiners		<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Provide for violation investigation/adjudication by LSBME		

BOARDS/COMMISSIONS OR INCREASE SG EX See Note Page 1 of 2  
Provides for the investigation and adjudication of violations by the Louisiana State Board of Medical Examiners

Present law provides for duties, powers and quorum of the La State Board of Medical Examiners (LSBME); provides for implied consent by certain licensure applicants; provides for refusal to issue, suspension or revocation of licensure or permits; provides for certain fees and fines; provides for disposition and enforcement of adjudications; and provides for administrative remedies. Proposed law amends the quorum; provides for adjudicative action and required votes to do so; provides for activity restrictions; provides for additional duties and powers; restricts LSBME's power to require physical or mental examinations except in certain circumstances; provides for causative requirements to refuse to issue, suspend or revoke licensure or permits; restricts certain fees and fines; removes authorization to disclose a consent order; authorizes for summary suspension of a license under certain circumstances; provides for complaint and complainant requirements; restricts ability by the board to act on certain complaints; provides for duties and prohibited activities of board members; provides for investigatory limits; provides for complaint review; provides for confidentiality; provides for settlement conferences and administrative hearings; provides for investigation closures and issuance of decisions; provides for rehearing or reconsidering decisions; and establishes expert physician review panels and sets forth procedures. Effective upon gubernatorial signature or time lapse.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law is likely to result in a significant increase in SGR expenditures by the Louisiana State Board of Medical Examiners (LSBME). Proposed law expands adjudicatory and appeals processes, provides for increased duties of board members and restricts the board's access to certain resources used in its current operation. LSBME estimates first year costs to be approximately \$13M and out year costs of approximately \$7M.

The LFO is unable to ascertain whether the assumptions included in the expenditure estimates provided by LSBME regarding increased workload and expenditure requirements (see page 2) are accurate, but does believe the costs to be significant even if not rising to the level of the estimates provided. The component of LSBME's cost estimate that lends the greatest uncertainty is with regard to usage of the USMLE (administered by FSMB) and whether proposed law restricts the use of that instrument for licensure of MDs in the state. The LFO was unable to locate any contemporary information with regard to the development of a test of this nature for the verification and credentialing of medical doctors. To the extent that development of a test is necessary, the total cost could potentially be lower or higher than the LSBME's estimate. To the extent that an alternative exam were not necessary, the first year cost projections by the LSBME would be significantly lowered to \$1.14M from \$13.14M, and the out year costs would be reduced by \$6M annually.

**CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

Proposed law restricts the board's capacity to issue fines not to exceed \$5,000 to adverse decisions, and eliminates its ability to issue a fine as part of a consent order or other agreed order. This will result in an indeterminable decrease in SGR revenues to the LSBME. NOTE: According to budget documents submitted by LSBME, the projected total revenues projected in calendar year 2015 are \$125,875 from fines derived from adverse decisions, consent orders and other agreed orders combined.

While proposed law is silent regarding other factors that may impact projected SGR revenues, the LFO assumes the board would be required to significantly increase license application and license renewal fees to provide for increased expenditures projected by LSBME. According to budget documents submitted by LSBME, the projected total revenues in calendar year 2015 derived from licensing fees are \$6,769,235. The projected annual cost increase in the expenditure section above exceeds current total licensing revenues (projected \$7M increase compared to \$6.8M current licensing collections). It is unclear by what methodology the LSBME could attempt to cover the additional \$6M in one-time costs associated with development and acquisition of a replacement to the USMLE if necessary (see item #7 in expenditure section, page 2).

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|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}                 |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

*Evan Brasseaux*  
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**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

The Louisiana State Board of Medical Examiners (LSBME) reports that proposed law will increase SGR expenditures above current year projections as follows (see explanatory note on page 2):

	FY16	FY17	FY18	FY19	FY20
Personal Services (4 positions, salary and benefits)	\$157,566	\$163,869	\$170,424	\$177,241	\$184,331
Personal Services (medical review panel)	\$450,000	\$525,000	\$600,000	\$675,000	\$750,000
Travel (board member travel to hearings/conferences)	\$40,000	\$40,800	\$41,616	\$42,818	\$44,055
Operating Services (IT Software and Maintenance)	\$215,000	\$15,000	\$16,500	\$18,000	\$19,500
Professional Services (Legal fees)	\$168,000	\$176,400	\$185,220	\$194,481	\$204,405
Other Charges (Board Member per diem and NPDB queries)	\$105,146	\$106,706	\$108,266	\$109,826	\$111,408
Other Charges (Develop and administer exam)	\$12.0M	\$6.0M	\$6.0M	\$6.0M	\$6.0M
	\$13.14M	\$7.03M	\$7.12M	\$7.22M	\$7.31M

LSBME reports its projected expenditure increase based on the following assumptions:

- 1) Proposed law provides that the board shall not cause any funds of the board to be expended directly or indirectly on any activity or function which is sponsored, supported or in any manner associated with, in whole or in part, the Federation of State Medical Boards (FSMB). LSBME interprets this restriction to impact certain resources used in its current operations as reflected in items #2, 3, 6 and 7 below.
- 2) LSBME will be required to shift to primary source verification for licensure applications and renewals without access to the FSMB verification system and processes, requiring an additional two licensure staff to process approximately 25,000 transactions annually. (personal services - 2 positions, salary and benefits)
- 3) LSBME will be required to create or modify computer applications at an estimated one-time cost of approximately \$200,000, and an ongoing maintenance cost of approximately \$15,000, to process initial and renewal applications. This process currently imports automated verification documents from the FSMB. The process of uploading data will require one additional licensing staff person. (Personal services - 1 position, salary and benefits; operating services - IT software and maintenance)
- 4) The appointment of a Board Member to serve as a supervisor to all cases will require additional per diem payments and travel to board members and one additional investigative employee to assist the rotating, designated supervisor with adjudicatory hearings and investigative processes. According to the LSBME, approximately 1,400 complaints are filed annually. (Personal services - 1 position, salary and benefits; other charges - per diem/travel)
- 5) LSBME will require two additional lawyers at a rate of \$175/hour at 10 hours per week to handle increased regulatory requirements, adjudicatory hearings, and an anticipated increase in litigation expenses. (Professional services - legal fees)
- 6) Proposed law requires the board to appoint or designate physicians to serve on expert physician review panels for the purpose of assisting the board with complaints and investigations relating to medical competency by acting as expert physician reviewers. LSBME anticipates the Medical Review Panel will handle approximately 30 cases per year at an average cost of \$15,000 per case (personal services - medical review panel). LSBME estimates the average current cost of an expert to serve in an investigatory function to be \$5,000 per case.
- 6) LSBME will be required to submit individual queries to the National Practitioner Database (NPDB) that it currently pulls from the FSMB, which will incur a per-query cost of \$3.00 (Other charges - NPDB).
- 7) Under LSBME's interpretation of proposed law (§1269.B), the board will be required to develop and acquire a replacement to the United States Medical Licensing Exam (USMLE) which is administered through the FSMB. All Medical Doctors "MDs" wishing to practice in the United State must currently pass the (USMLE) and no alternative currently exists on the market (A Doctor of Osteopathic Medicine - "DO" may take the USMLE for licensure but an MD may not take the Comprehensive Osteopathic Medical Licensing Exam to the same effect). LSBME projects an initial year expenditure of \$12M to develop and administer a new exam and an estimated \$5-6M annually to maintain and administer the exam, which in turn may or may not be transferable to other states. (Other charges - develop and administer exam)

Senate

Dual Referral Rules

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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