

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE

House Bill 309 (Delegate Cullison)
 Health and Government Operations

State Board of Occupational Therapy Practice - Renewal of Licenses

This bill requires the State Board of Occupational Therapy Practice to stagger the terms of licenses and establish a two-year renewal cycle.

Fiscal Summary

State Effect: Special fund revenues for the State Board of Occupational Therapy Practice increase in FY 2017 only due to the change in the license term. Special fund expenditures for the board increase by \$3,800 in FY 2016 from one-time costs to update the database to reflect biennial renewals and by \$4,200 in FY 2017 and 2018 to print and mail new licenses. Out-year costs depend on whether the board has to further modify its licensing system.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
SF Revenue	\$0	-	\$0	\$0	\$0
SF Expenditure	\$3,800	\$4,200	\$4,200	-	-
Net Effect	(\$3,800)	(\$4,200)	(\$4,200)	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: On or after July 1, 2016, and before July 1, 2017, a license expires on a date set by the board and may be renewed for either a one- or two-year term depending on a licensee's birth date. During that year only, licenses for licensees born in years ending with odd numbers get a one-year renewal term, and licensees born in years ending with

even numbers get a two-year renewal term. Beginning July 1, 2017, all licenses expire two years after the renewal date.

Current Law/Background: The board reduced the license cycle from two years to one year by regulation in 2010. Concurrently, the board adjusted the continuing competency requirements to correspond to a one-year renewal term. However, in 2014, the board established by regulation that individuals who maintain a current certification with the National Board of Certification in Occupational Therapy are exempt from Maryland's continuing competency requirements. Since establishing an annual renewal cycle, the board experienced a 10% increase in the rate of renewals, which has provided a steadier source of revenue for the board. The annual licensing fee for occupational therapists is \$170, and the fee for occupational therapy assistants is \$150. The board advises there are only approximately 400 licensed occupational therapy assistants. In 2013, the board switched to "infinity licenses" to save on mailing and processing costs as well as to reduce waste. These licenses have an expiration date of June 30 yearly. License renewals are processed through the electronic system by updating the renewal year, which can be verified using the board's website.

State Revenues: Currently, licensees renew their licenses in June for the period June 30 through June 29. Under the bill, after July 1, 2016, and before July 1, 2017, a license expires on a date set by the board and may be renewed for either a one- or two-year term depending on a licensee's birth year. Thus, in fiscal 2017, special fund revenues increase because one-half of licensees must renew for two years, and one-half renews for one year. Assuming that approximately one-half of all licensees were born in even-numbered years and that the annualized fee remains the same (that is \$340 or \$300, depending on type of licensee, for a two-year term), the additional revenues realized in fiscal 2017 represent a 50% increase for that year only (which could be as much as \$315,600 under these assumptions). Then, beginning July 1, 2017, all licensees renew for a two-year period. Since licensees are split into two renewal periods based on their birth year, roughly one-half of the licensees continue to renew annually and revenues stabilize at prior-year levels. Future annual special fund revenues associated with licensing are not expected to change because licensee fees increase correspondingly with the two-year renewal period.

State Expenditures: Special fund expenditures for the board increase in fiscal 2016 by \$3,750 for one-time programming costs to update the board's database to reflect biennial renewals by birth year. Additionally, due to the bill's requirements, the board must re-send "infinity" licenses because renewal years are no longer the same for each applicant. Thus, the board must reprint and send new infinity licenses to approximately one-half of its 3,760 licensees receiving the two-year renewal in fiscal 2017, and the other half in fiscal 2018. Thus, special fund expenditures for fiscal 2017 and 2018 increase by \$4,227 to print and mail licenses. Future years reflect increases in ongoing operating expenses.

This analysis assumes that the board can continue to use “infinity” licenses. However, the board is unsure whether, in practice, this form of licensing will be feasible since licensees will have varying expiration dates based on year. Currently, all licenses expire on the same date so the process is more straightforward. Thus, to the extent that the board must continue mailing and printing licenses annually, these costs continue in future years.

Additional Information

Prior Introductions: None.

Cross File: SB 244 (Senator Nathan-Pulliam, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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md/jc

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