

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 4, 2021**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1616** by Bonnen (Relating to the Interstate Medical Licensure Compact; authorizing fees.), As Engrossed

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1616, As Engrossed : a positive impact of \$483,336 through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$203,818
2023	\$279,518
2024	\$897,018
2025	\$897,018
2026	\$1,452,018

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
	<i>1</i>	<i>1</i>	
2022	(\$477,182)	\$681,000	7.0
2023	(\$401,482)	\$681,000	7.0
2024	(\$338,982)	\$1,236,000	7.0
2025	(\$338,982)	\$1,236,000	7.0
2026	(\$338,982)	\$1,791,000	7.0

**Fiscal Analysis**

The bill would amend Subtitle B, Title 3 of the Occupations Code to add new Chapter 171 related to the Interstate Medical Licensure Compact.

The bill would authorize the state of Texas to participate in the Interstate Medical Licensure Compact, to participate in the Interstate Medical Licensure Compact Commission (IMLCC) to administer the compact, and to issue expedited licensure to qualified and eligible applicants seeking to practice medicine in multiple states under the terms and provisions of the compact. A physician that does not meet certain eligibility requirements could obtain a license to practice medicine in a member state if the individual complies with all laws and

requirements, other than the compact, relating to the issuance of a license to practice in that state.

The bill would authorize a member state issuing an expedited license authorizing the practice of medicine in that state to impose a fee for a license issued or renewed through the compact. The bill would enable participating physicians to complete the renewal process with the interstate commission if that physician meets certain qualifications. The interstate commission would collect any renewal fees charged for the renewal and then distribute the fees to the applicable state member board.

The bill would authorize the interstate commission to levy and collect an annual assessment from each member state to cover the cost of the operations and activities of the interstate commission and its staff.

## **Methodology**

Assumptions regarding licensing and revenue data are based upon analysis of Interstate Licensure Medical Compact Commission (ILMCC) data from a mid-sized state already participating in the Compact.

The Texas Medical Board (TMB) estimates receiving 1,500 applications each year of the first biennium through the Compact. Licenses would have a biennial renewal structure which TMB estimates would result in at least 1,500 renewals annually beginning in the third fiscal year if the application rate remains consistent, resulting in 3,000 applicants/renewals in years three and four, and 4,500 in year five. Applicants would be required to pay the TMB registration fee of \$370 at issuance and renewal.

TMB projects approximately 420 providers per year will designate Texas as their state of principal license (SPL). The ILMCC would pay the state \$300 per SPL designation for an estimated total of \$126,000 in annual revenue. The agency indicates that SPL revenue could be higher in the initial biennium of the program as some Texas licensees begin to utilize the Compact and designate Texas as their SPL. This increased revenue cannot currently be estimated.

To expedite licensing per the Compact's provisions, TMB anticipates that it would need six new Licensure and Registration FTEs: one Program Supervisor III, one Program Specialist I, one Licensing and Permit Specialist VI, and three Licensing and Permit Specialist IIIs. These additional positions would oversee all agency Compact activities and staff, serve as liaisons with the IMLCC, process and manage applications and renewals, process SPL requests, issue Letters of Qualification, field complex inquiries, and handle call center and email correspondence related to the Compact. In addition, the agency anticipates that one new FTE dedicated to enforcement, an Administrative Specialist III, would be needed to process and review disciplinary actions related to Texas licensees that are disciplined in other states through the Compact. Salary and benefit expenses for these seven FTEs would total \$338,982 per fiscal year.

## **Technology**

TMB reports implementing the bill would result in significant changes to the agency's licensing software. Custom licensing, renewal, and disciplinary interfaces between the Compact's coordinated information system and the agency's would be required. The Interstate Licensure Medical Compact Commission (ILMCC) requires regular data transfers which would often include confidential and federally protected information, necessitating increased security capacity. TMB also notes that its licensing system would require modifications to track and collect new data not previously utilized by the agency. The agency estimates altering its licensing interface and software would total 1000 hours of labor in fiscal year 2022 and 500 hours in fiscal year 2023, amounting to agency IT expenses of \$125,000 and \$62,500 in each fiscal year respectively. Further costs for maintenance cannot be estimated at this time.

TMB anticipates that there will be technology costs associated with purchasing new equipment for the additional FTEs hired to implement the bill, representing a one time cost of \$13,200 in fiscal year 2022.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 503 Texas Medical Board

**LBB Staff:** JMc, AKI, EJ, MB