

## MEMORANDUM

To: Honorable Janet Ancel, Chair  
House Ways & Means

From: Harry Chen, MD, Commissioner 

Re: Department of Health 2015 Executive Fee Bill Submission

Date: January 20, 2015

The 2015 Executive Fee Bill proposes changes to fees for three regulatory activities carried out by the Department of Health.

### X-ray Equipment Annual Registration:

The Health Department has responsibility for administering a radiation control program for the protection of public health. The program requires registration of all X-ray machines and conducts inspections of facilities using x-ray equipment. 18 VSA § 1652 establishes a registration fee to be deposited in a special fund and used to offset the cost of administering the registration and inspection program. The current registration fee is \$45 per year. This fee was last changed in 2012.

There are about 1,600 registered machines. They are located in medical, dental, and veterinary offices.

In FY 2014, program costs exceeded registration revenue by \$55,000. Without an increase in the registration fee, the program deficit is forecast to be \$60,000 in FY 2016. The fee bill proposes to change the registration fee to \$85 per machine, raising an additional \$64,000.

### Food & Lodging Licensure:

Establishments that prepare and serve food or offer lodging to the public are required to have a license to operate from the Department of Health. 18 VSA § 4353 requires licensing fees to be deposited in a special fund and used to offset the cost of administering the licensing and inspection program.

Program costs have exceeded fee revenue for the past three years, despite a fee increase enacted in 2012. The estimated program deficit for FY 2016 is \$560,000. The fee bill proposes increases in all license categories that would raise an additional \$570,000.



### **Board of Medical Practice:**

The Board of Medical Practice is an office within the Department of Health. The board administers the licensing and regulation of allopathic physicians, physician assistants and podiatrists, and certifies anesthesiologist assistants and radiologist assistants.

The budget of the board is included in the Health Department Administration and Support Appropriation. The board's revenue is deposited into the Board of Medical Practice Regulatory Fee Fund (21470) and is used to cover the costs of professional regulation and responsibilities of the board. To ensure that revenues derived by the department are adequate to offset the cost of regulation, the law requires the Commissioner of Health to review fees from time to time, and present proposed fee changes to the General Assembly.

The majority of the board's receipts come in the form of biennial license renewals. Revenue will be higher than expenses in fiscal years when physicians' licenses renew, and will be less than expenses in non-renewal years. The department maintains a year-end cash reserve in the Board of Medical Practice Regulatory Fee Fund sufficient to cover expenses in non-renewal years; and to provide for unbudgeted costs of contested disciplinary actions.

We estimate that board expenses will exceed revenue for the FY 2015-16 biennial license cycle. The license fee changes proposed in the executive fee bill will increase revenue by \$190,000, or 8% and will fund the board's expenses through the FY 2017-2018 biennial license cycle.

