

**VERMONT SECRETARY OF STATE
OFFICE OF PROFESSIONAL REGULATION**

NLC Impact Assessment

Pursuant to Act 64 of 2021

January 12, 2024

Act 64 of 2021 requires the Office of Professional Regulation (OPR) to report to the House Committee on Health Care, the House Committee on Government Operations and Military Affairs, the Senate Committee on Health and Welfare, and the Senate Committee on Government Operations concerning the implementation of the Nurse Licensure Compact (NLC).

OPR finds that the NLC has worked well facilitating interstate practice for nurses. However, the NLC has also resulted in a significant negative fiscal impact on the state. OPR is unable to mitigate or alleviate these fiscal impacts through administrative efficiencies or increased licensing fees. The Office welcomes further discussion about how to continue to support the NLC while addressing the fiscal impact on Vermont.

Act 64 (2021) Sec. 1a

On or before January 15, 2024, the Office of Professional Regulation shall report to the House Committees on Health Care and on Government Operations and to the Senate Committees on Health and Welfare and on Government Operations concerning the implementation of 26 V.S.A. chapter 28, subchapter 5, including:

(1) the number of compact licensees and single state licenses issued annually following the adoption of the Nurse Licensure Compact and noting how many of those license fees were paid by a licensee and how many were paid by an employer or other entity on behalf of a licensee;

(2) the resources necessary to implement the Nurse Licensure Compact;

(3) the fiscal impact on the Vermont State Board of Nursing's special fund; and

(4) if the Office of Professional Regulation determines that implementation of the Nurse Licensure Compact has resulted in a reduction of revenue available to the Vermont Board of Nursing, the Office shall include in its report:

(A) a proposal to manage the reduction through administrative efficiencies; and

(B) if the Office is not able to manage the reduction in revenue through administrative efficiencies, a proposal to address the reduction through an increase in the license fee for a compact multistate license only.

NLC Implementation: Licensing Trends and Fiscal Impact

As of February 1, 2022, the Office of Professional Regulation began offering multi-state compact licenses to Vermont resident registered nurses (RN) and licensed practical nurses (LPN). As of January 3, 2024, nearly two years later, OPR has 3,294 active multi-state licensees, and 6,517 single-state (Vermont only) licensees. OPR is unable to determine whether the fees for these licenses were paid by the individual professional or another entity (e.g., an employer) on the licensee’s behalf.

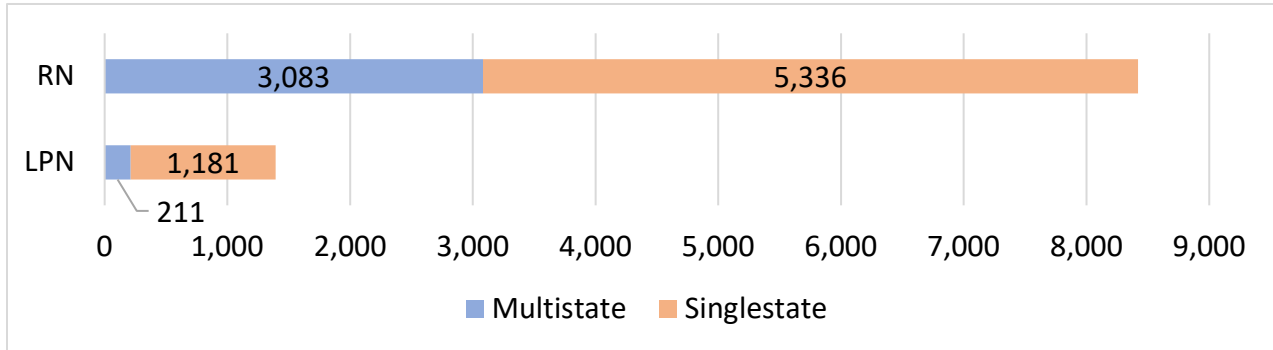


Figure 1: Credential counts of Vermont resident RN and LPN.

The implementation costs associated with the NLC totaled \$225,653. These costs of the NLC implementation were paid in full through a grant from the National Council of the State Boards of Nursing. Costs incurred to implement the NLC include, but are not limited to, software development for new compact license application workflows, data-transfer capabilities with the NURSYS database, the incorporation of FBI background check workflows, and licensing software data reporting functionality.

Nevertheless, enacting the NLC resulted in a significant fiscal impact on the Vermont State Board of Nursing’s due to lost revenue without a corresponding decrease in operating expenses. In accordance with NLC Rules, nurses with active multistate licenses from other compact member states may not maintain a Vermont single state license. Consequently, 8,630 Vermont state licenses belonging to non-resident nurses expired. OPR estimates the further loss of 283 LPN licensees during the January 2024 LPN renewal period. (See LPN from NLC member states who renewed their Vermont licenses prior to learning about the NLC; Appendix A.) The loss of these 8,913 nursing licenses totals an ongoing \$1,689,295 decrease in biennial revenue from licensing fees.

Ongoing Fiscal Impact of NLC

Biennial Revenue Loss:
\$1,689,295

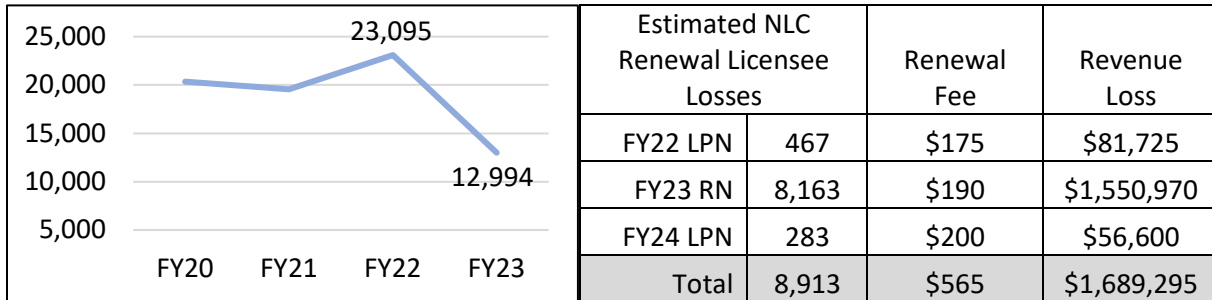


Figure 2: Total RN and LPN licensure by fiscal year and estimated biennial revenue loss due to NLC.

At the same time, Vermont licensees and OPR remain responsible for all costs associated with regulating nurses practicing in Vermont through the NLC. The 8,913 non-resident nurses who hold a multi-state license from their home state (and no longer hold a Vermont license) can still practice in Vermont and Vermont is responsible for regulating the practice of those nurses. If, for example, an NLC nurse engages in unprofessional conduct in Vermont, OPR incurs all enforcement costs associated with addressing the complaint.

OPR is a special fund agency meaning its operating expenses are covered by revenues from fees and fines. OPR’s revenues come from the licensees, in this case Vermont nurses. See 3 V.S.A. § 124(a). Yet, the fee increase necessary to offset the reduction of revenue due to the NLC would be excessive and contrary to the State’s efforts to reduce barriers to nursing.

Given the fiscal impact of the NLC among other factors, the Board of Nursing’s special fund has been destabilized and is projecting a -\$3.5 million deficit by FY2026.

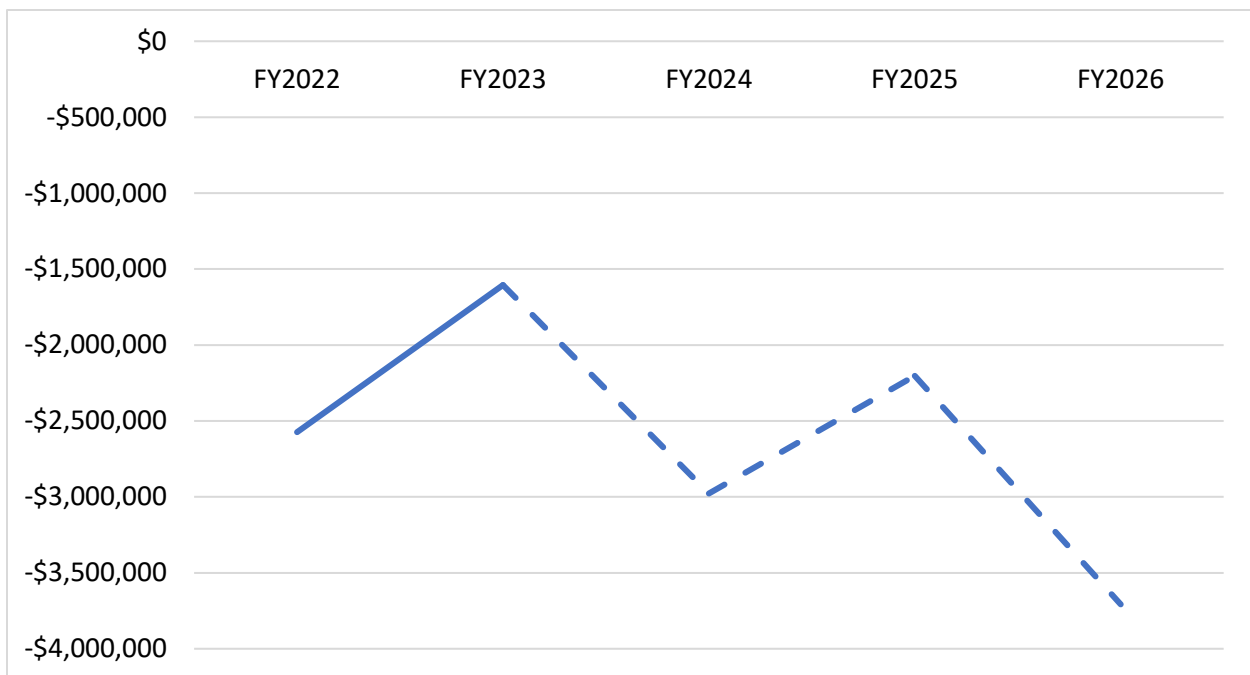


Figure 3: Vermont Board of Nursing’s projected fund balance (Revenue – Operating Expenses).

Budget Sustainability

Act 64 (cont.)

* * *

If OPR determines that implementation of the NLC has resulted in a reduction of revenue, Act 64 of 2021 requires this report to include a proposal to manage the reduction through:

- a) Administrative efficiencies, and*
- b) Fee increase for compact multistate licenses.*

It is not possible for the Office of Professional Regulation to manage this revenue loss through administrative efficiencies, or through an additional fee increase solely on multistate licenses. OPR continuously reviews its administrative efficiency to ensure fiscal responsibility and has always been a cost-efficient agency. Information technology projects are regularly reviewed and streamlined. With a staff of only 40, OPR regulates and oversees approximately 80,000 licensees and 51 licensing programs. Any additional funding reductions will compromise OPR's ability to maintain its statutory public protection duties. OPR will continue to focus on efficient and lean management of its fiscal resources. However, it is not possible by 2026 to achieve \$1.69 million in savings through administrative efficiencies.

Additionally, OPR does not recommend offsetting the loss in nurse licensing revenue with a fee increase on nurses. If OPR were to only raise fees on the Vermonters who hold a multi-state license, the necessary fee increase would make the multi-state license unobtainable for most professionals: raising biennial renewal fees to over \$700. Alternatively, OPR could distribute the cost of the compact onto all multi-state and single-state RN and LPN licenses, at the cost of almost doubling current renewal fees. However, raising Vermont nurses' fees to compensate for revenue lost to the NLC will unfairly burden Vermont's resident nurses with the regulatory costs of their non-resident peers. Moreover, doing so would put Vermont's RN and LPN licensing fees significantly above those of our sister states.

Table 1: NLC costs applied solely to multi-state licenses ("Multi-State Only NLC Cost") and NLC Costs allocated among all Vermont and Multi-State RN and LPN Licenses ("Shared NLC Cost").

Credential Type	Count	Current Renewal Fee	Multi-State Only NLC Cost	Shared NLC Cost
Single-state RN	5,336	\$220	\$220	\$397
Multi-state RN	3,083	\$220	\$733	\$397
Single-state LPN	898	\$200	\$200	\$377
Multi-state LPN	211	\$200	\$713	\$377

Conclusion

The NLC is a good public health policy. It achieves its goal of reducing barriers for nurses to work in Vermont and for Vermont nurses to work in other member states. However, implementation of the NLC has resulted in a significant financial loss for the state. OPR has and will continue to focus on lean and efficient management of its financial resources. Unfortunately, administrative efficiencies and increased licensing fees for multi-state licensees will not address the full financial impact of the NLC. OPR looks forward to continuing to work with the Vermont General Assembly to find ways to support the policies of the NLC while mitigating the financial impacts on the state and Vermont licensees.

Appendix A: NLC RN and LPN renewal losses by nurse state of primary residence

Table 1: Estimated credential renewal losses by member state.

State	LPN	RN
AL	4	99
AR	10	78
AZ	10	331
CO	5	165
DE	4	38
FL	121	1,042
GA	39	365
IA	1	50
ID	0	22
IN	10	102
KS	5	58
KY	6	137
LA	50	67
MD	5	118
ME	10	156
MI	13	84
MO	13	405
MS	37	94
MT	2	24
NC	30	826
ND	0	17
NE	0	34
NH	125	698
NJ	15	113
NM	3	24
OH	48	478
OK	7	33
SC	13	113
SD	1	88
TN	31	315
TX	99	1,506
UT	1	73
VA	10	196
WA	6	51
WI	1	91
WV	14	63
WY	1	9
Total	750	8,163

