

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1049 (Second Edition)

**SHORT TITLE:** Physician Licensure

**SPONSOR(S):** Rep. Miller

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>
<b>REVENUES</b>					
Board Operating Account	\$732,743	\$747,397	\$762,345	\$777,592	\$793,144
<b>EXPENDITURES</b>					
Board Operating Account		Not yet determined			
General Fund AOC		No significant impact			
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> North Carolina Medical Board, Administrative Office of the Courts (AOC)					
<b>EFFECTIVE DATE:</b> The bill is effective when it becomes law.					

**BILL SUMMARY:** The bill amends various laws pertaining to the licensure of physicians. Included in the changes is an amendment to raise the annual registration fee from not more than \$100 to an amount not more than \$125. The bill also changes the criminal statutes to make practicing without license a Class I felony.

**ASSUMPTIONS AND METHODOLOGY:**

**Fee Increase**

Section 4 of the bill increases the annual registration fee for physicians from \$100 to \$125. There are currently 28,735 physicians licensed in North Carolina. This number includes 19,638 doctors living in the state and 9,097 living outside the state. Staff of the North Carolina Medical Board estimates that the number of physicians licensed in the state increases 2% a year. The chart below shows the projected five-year growth in physicians and the increased revenue from the \$25 fee increase.

	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>
Licenses	28,735	29,310	29,896	30,494	31,104	31,726
Fee Increase		\$732,743	\$747,397	\$762,345	\$777,592	\$793,144

For 1999, the Medical Board’s operating expenditures exceeded operating revenues by \$52,709. The Board’s 1999 budget was balanced with interest income from its cash reserves. As of October 31, 1999, the Medical Board had a total fund balance of \$5,543,290 designated as follows:

Designated for litigation	\$700,000
Designated for capital purchases	\$43,359
Designated for building	\$600,000
Undesignated	<u>\$4,199,931</u>
Total Fund Balance	\$5,543,290

The unrestricted, undesignated fund balance of \$4.2 million equals 84.7% of the Medical Board’s 1999 operating budget. The Board plans to use part of the increased revenue for additional investigators and attorneys.

**Judicial/Corrections**

Section 5 of the bill amends G.S. 90-18 to elevate the unlicensed practice of “medicine or surgery, or any branch thereof” to a Class I felony. Under current law, the unlicensed practice of medicine is a Class 1 misdemeanor. The Administrative Office of the Courts (AOC) data does not indicate the number of defendants who might be charged with the more serious felony offense pursuant to the bill, but the AOC does not anticipate a large number of such charges. Additionally, the impact on the court system would be lessened by the fact that misdemeanor violations of G.S. 90-18 are already handled in superior court.

The bill also adds performance of medical precertification, utilization review, or evaluation of medical management of a patient by a medical graduate as “practicing medicine.” Though broadening the definition of “practicing medicine” could mean an increase in Class I felony offenses, AOC is unable to estimate the extent to which broadening this definition would impact the courts.

Since this offense appears to infrequently result in charges and/or convictions and since the proposed bill increases the penalty to a Class I felony, the Sentencing and Policy Advisory Commission estimates that it will have no significant impact on prison populations.

**TECHNICAL CONSIDERATIONS:**

Based on an opinion by the Attorney General in 1992, the AOC believes that the acts covered by amended 90-18 (b) do not constitute the “practice of medicine.” The amendment states that a person who has graduated from a medical or osteopathic college and who performs certain acts, such as utilization review, shall be regarded as “practicing medicine.” Clearly then, the performance of those acts by a graduate without a license would now constitute a felony. However, the amendment is not clear with regard to whether or not the performance of those acts by someone who is not a medical or osteopathic college graduate would be the practice of medicine.

**FISCAL RESEARCH DIVISION 733-4910**  
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**DATE:** June 26, 2000



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