



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

Updated 2/17/2022

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### **H.655 – an act relating to establishing a telehealth licensure and registration system**

*As amended by the House Committee on Health Care, Draft No. 3.2*

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Ways%20and%20Means/Bills/H.655/H.655~Jennifer%20Carbee~As%20Recommended%20by%20the%20House%20Committee%20on%20Health%20Care~2-16-2022.pdf>

#### **Bill Summary**

The bill proposes to enact regulations pertaining to the licensure and registration of out-of-state health care professionals for the delivery of services to Vermont residents using telehealth. Out-of-state providers usually pay full licensing fees, however these fees have been waived during the pandemic. This waiver ends on March 31, 2022. This bill proposes to create new telehealth license fees which would be equivalent to 75% of the renewal fee, and new telehealth registration fees which would be equivalent to 50% of the renewal fees.

This bill is estimated to have the following fiscal impacts:

- reduction of license and registration fees due to the reduced rates is \$187,130 over two years
  - FY 2024 = \$ 72,535 reduction
  - FY 2025 = \$114,595 reduction
- one-time administrative costs of approximately \$360,000 in FY 2023
- ongoing annual administrative costs of \$53,000 after FY 2023

Based on the same underlying assumptions used to estimate the potential fee revenues, we estimate it would take an increase of approximately 203 new telehealth licenses and 1,824 new telehealth registrations – across the 43 professional license types specified – to offset the estimated \$187,130 revenue difference in biennial fees. (Currently there are 9,623 licensed out-of-state health care providers.)

There are currently no appropriations in this bill. In the absence of an appropriation (and if the fees do not adequately cover the costs of the new telehealth changes), the Office of Professional Regulation will likely propose increased license and registration fees on in-state health providers next year to off-set the administrative costs and lost revenues.

#### **Background**

Act 91 of 2020 temporarily waived licensure and registration requirements for out-of-state health care professionals to provide services to patients located in Vermont through telehealth, or as part of the staff of a licensed facility provided they met certain criteria, until the termination of the declared state of

emergency.<sup>1</sup> Act 140 of 2020 extended this provision through March 31, 2021.<sup>2</sup> Act 6 of 2021 further extended this provision through March 31, 2022.<sup>3</sup> Prior to these acts, out-of-state health care professionals were required to have a Vermont license to provide these services.

Act 21 of 2021 created the *Facilitation of Interstate Practice Using Telehealth Working Group* to compile and evaluate methods for facilitating the practice of health care professionals throughout the United States using telehealth modalities.<sup>4</sup> The working group recommended both short-term and long-term telehealth policy solutions for facilitating Vermont patients’ and clients’ access to telehealth care from out-of-state providers. H.654 – an act relating to extending COVID-19 health care regulatory authority (as passed by the House) – would address the short-term recommendations of the working group by allowing temporary registration for out-of-state health care professionals at no cost to the provider for the period April 1, 2022 through June 30, 2023.<sup>5</sup> This bill – H.655 – includes long-term recommendations of the working group which recommended that “effective July 1, 2023, the General Assembly require out-of-state providers wishing to provide telehealth services in Vermont to obtain a registration, telehealth license, full or compact licenses.”<sup>6</sup> The fees proposed in H.655 are based on recommendation from the Office of Professional Regulation’s (OPR’s) for out-of-state health care providers to register and obtain licenses to practice telehealth services in Vermont beginning July 1, 2023.

## Sec. 1

- Sec. 1 proposes a biennial telehealth license fee which would be equivalent to 75 percent of the renewal fee for each of the 43 professional license types specified in the bill. It also proposes a late renewal penalty of 75 percent of the late renewal penalty established in 3 V.S.A. § 127 or in Section 1401a of the title as applicable.<sup>7</sup> And it proposes a biennial registration fee which would be equivalent to 50% of the renewal fee for the same 43 professional license types.

**Estimated Biennial Fee Revenues from out-of-state providers**

	H.655: % of renewal fees	H.655: Est. Fees	If paid at 100% for Full Vermont License	Difference (lost revenues)
License Revenue	75%	\$31,590	\$40,820	(\$9,230)
Registration Revenue	50%	\$189,500	\$367,400	(\$177,900)
<b>TOTAL</b>		<b>\$221,090</b>	<b>\$408,220</b>	<b>(\$187,130)</b>

- These estimates are based on the current population of out-of-state providers who hold a full Vermont license that may convert to a telehealth license or registration.
  - It is unknown how many of the out-of-state providers would either pursue full Vermont licensure, telehealth licensure only, or stop practicing in Vermont altogether.
  - OPR estimates that 25% of current out-of-state licensees would obtain a telehealth license or registration.
  - Note: At this time, OPR does not know how many out-of-state providers are currently

<sup>1</sup> <https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT091/ACT091%20As%20Enacted.pdf>

<sup>2</sup> <https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT140/ACT140%20As%20Enacted.pdf>

<sup>3</sup> <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT006/ACT006%20As%20Enacted.pdf>

<sup>4</sup> <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT021/ACT021%20As%20Enacted.pdf>

<sup>5</sup> <https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0654/H-0654%20As%20Passed%20by%20the%20House%20Unofficial.pdf>

<sup>6</sup> <https://sos.vermont.gov/media/3wsps0eq/facilitation-of-interstate-practice-using-telehealth-working-group-final-report-ak.pdf>

<sup>7</sup> <https://legislature.vermont.gov/statutes/section/03/005/00127>

practicing through telehealth only. Under the COVID-19 response regulations mentioned earlier, out-of-state providers who are providing telehealth only to Vermonters are not currently required to register with the state.

**Sec. 3**

- Establishes an effective date of July 1, 2023.

**Fiscal Impact**

- The following chart shows the estimated annual revenues and the difference between full license fees and the proposed H.655 fees.

**Estimated Fee Revenues FY 2023 - FY 2025**

	FY 2023	FY 2024	FY 2025	Biennium
<b>H.655 Telehealth License &amp; Registration Fees</b>	-----	<b>\$86,895</b>	<b>\$134,195</b>	<b>\$221,090</b>
Full Vermont License Fees	-----	\$159,430	\$248,790	\$408,220
<b>Difference</b>	-----	<b>(\$72,535)</b>	<b>(\$114,595)</b>	<b>(\$187,130)</b>

- As mentioned, these estimates do not take into consideration the potential take-up rate of out-of-state providers currently practicing telehealth without a license under the current emergency legislation since it unknown how many are currently practicing or how many might apply for a new telehealth license under this legislation. Currently there are 9,623 out-of-state providers with full Vermont licenses. Based on the same underlying assumptions used to estimate the potential revenues above it would take an increase of approximately 203 new telehealth licenses and 1,824 new telehealth registrations – across the various 43 professional license types specified – to offset the estimated \$187,130 revenue difference in biennial fees highlighted in the above chart.
- According to OPR, the IT costs of this proposal exceed ordinary modifications and enhancements. Other administrative costs associated with the implementation of this bill include rulemaking and staff time. OPR estimates these IT and administrative costs could range between \$250,000 and \$500,000.

**H.655 - Estimated Administrative Costs**

	One-Time Costs (FY 2023)	On-going Costs (annual)
Staff Time	\$125,000	\$40,000*
IT Costs	\$150,000 - \$200,000	\$10,000
Rulemaking	\$60,000	\$3,000
<b>TOTAL</b>	<b>\$335,000 - \$385,000</b>	<b>\$53,000</b>

\* Dependent on the ongoing volume of new telehealth registrations and licenses

Source: Office of Professional Regulations

- **There are currently no appropriations in this bill.** In the absence of an appropriation (and if the fees do not adequately cover the costs of the new telehealth changes), OPR will likely propose increased license and registration fees on in-state health providers next year to off-set the administrative costs and lost revenues.