



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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|------------------------|--|-------------------------------|
| <b>Bill Number:</b>    | H. 3101  | Introduced on January 8, 2019 |
| <b>Author:</b>         | G. M. Smith  |                               |
| <b>Subject:</b>        | Interstate Medical Licensure Compact                   |                               |
| <b>Requestor:</b>      | House Medical, Military, Public, and Municipal Affairs |                               |
| <b>RFA Analyst(s):</b> | A. Martin  |                               |
| <b>Impact Date:</b>    | September 16, 2019 Updated for Revised Information     |                               |

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### **Fiscal Impact Summary**

This bill will increase Other Funds expenditures by \$45,217 in FY 2019-20 and \$43,867 each year thereafter for the addition of 1 FTE for the Department of Labor, Licensing and Regulation (LLR). This bill will increase Other Funds expenditures by an undetermined amount for additional meetings of the Board of Medical Examiners and the Interstate Commission.

This bill will increase Other Funds revenue by an undetermined amount due to the issuance of additional licenses. This bill will increase General Fund revenue by at least \$4,522 in FY 2019-20 and \$4,387 each year thereafter because LLR is required to remit an amount equal to 10 percent of board expenditures to the General Fund.

### **Explanation of Fiscal Impact**

**Updated for Revised Information on September 16, 2019**  
**Introduced on January 8, 2019**

#### **State Expenditure**

This bill allows South Carolina to enter into the Interstate Medical Licensure Compact (compact). The compact allows qualified physicians to practice medicine in all member states by applying for an expedited license through the licensure board of the physician's principal state. Under current law, a physician must apply for licensure with the licensure board of each state in which he wishes to practice medicine. The licensure board for South Carolina is the Medical Board of Examiners (board), which is regulated by LLR.

This bill requires applicants for expedited licensure to undergo a criminal background check to include fingerprint or other biometric data checks. This level of background check is currently required by the board before a physician may practice in this state.

**Department of Labor, Licensing and Regulation.** The Interstate Commission (commission) is responsible for the administration of the Interstate Medical Licensure Compact. The commission consists of two voting representatives (commissioners) appointed by each member state. The commission will meet at least once each calendar year. Annual expenditures related to the travel costs of the two delegates are undetermined due to the unknown location, timeframe, and frequency of the meetings. During FY 2017-18, the commission held four full commission meetings. Current compact by-laws state that commissioners may participate in meetings by telephone or other means of telecommunication or electronic communication.

This bill requires the board to review applications for expedited licenses to determine qualification of the applicant, and to issue a letter of qualification or denial to the Interstate Commission. The board must also handle appeals to their decisions and report to the Interstate Commission any public action or complaints against a physician who has either applied or received an expedited license through the compact. The board must also share complaint or disciplinary action concerning a physician upon request of another member board. This oversight will require additional board meetings. Each meeting of the board requires a court reporter at an estimated cost of \$2,156 per meeting. The board consists of thirteen members. Each member is allowed \$35 per diem and mileage reimbursement at 58 cents per mile. The number of additional meetings required is unknown.

This bill creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will need 1 additional FTE to assist the board with day-to-day activities associated with licensure and administrative functions directly related to the expedited license. Salary and fringe benefits for a Program Assistant will total \$43,867. Non-recurring infrastructure costs associated with this position will total \$1,350. Therefore, this bill will increase Other Funds expenditures by \$45,217 in FY 2019-20 and \$43,867 each year thereafter.

The number of additional board meetings and travel costs associated with the meetings of the Interstate Commission are unknown. Therefore, the total expenditure impact on Other Funds is undetermined. This bill will have no expenditure impact on the General Fund or Federal Funds.

### **State Revenue**

A physician applying to the commission is required to pay a \$700 fee, \$300 of which is remitted to the licensure board of the physician's state of principal license (SPL). The SPL is defined as the member state where a physician holds a license to practice medicine and has been designated by the physician as his SPL. Therefore, the Medical Board of Examiners will receive \$300 for each applicant who considers South Carolina as his principal state and is licensed by South Carolina. The board cannot anticipate the number of physicians in South Carolina that will apply to the commission. Therefore, the revenue generated by the fee is undetermined.

This bill allows LLR to collect a fee from out-of-state physicians for licenses issued or renewed through this interstate compact. LLR is required, pursuant to Section 40-1-50(D), to adjust fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. The fee amount for the expedited license has not yet been determined. In addition, LLR cannot predict the increase in demand for licenses as a result of this compact. Therefore, the revenue generated by application fees for out-of-state physicians is undetermined.

In addition, the licensure board for physicians falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2018-19 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Therefore, this bill will increase General Fund revenue by at least \$4,406 in FY 2019-20 and \$4,286 each year thereafter due to expenditures for additional personnel. However, because the total increase of expenditures is unknown, the total revenue increase to the General Fund is undetermined.

## **Local Expenditure**

N/A

## **Local Revenue**

N/A

## **Introduced on January 8, 2019**

### **State Expenditure**

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**Department of Labor, Licensing and Regulation.** This bill creates the Interstate Commission (commission), which is responsible for the administration of the Interstate Medical Licensure Compact. The commission consists of two voting representatives (commissioners) appointed by each member state. The commission will meet at least once each calendar year. Annual expenditures related to the travel costs of the two delegates are undetermined due to the unknown location, timeframe, and frequency of the meetings. During FY 2017-18, the commission held four full commission meetings. Current compact by-laws states that commissioners may participate in meetings by telephone or other means of telecommunication or electronic communication.

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This bill creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will need 1 additional FTE to assist the board with day-to-day activities associated with licensure and administrative functions directly related to the expedited license. Salary and fringe benefits for a Program Assistant will total \$43,867. Non-recurring infrastructure costs associated with this position will total \$1,350. Therefore, this bill will increase Other Funds expenditures by \$45,217 in FY 2019-20 and \$43,867 each year thereafter.

The number of additional board meetings and travel costs associated with the meetings of the Interstate Commission are unknown. Therefore, the total expenditure impact on Other Funds is undetermined. This bill will have no expenditure impact on the General Fund or Federal Funds.

### **State Revenue**

A physician applying to the commission is required to pay a \$700 initial application fee, \$400 of which is remitted to the licensure board of the physician's state of principal license (SPL). The SPL is defined as the member state where a physician holds a license to practice medicine and has been designated by the physician as his SPL. Therefore, the Medical Board of Examiners will receive \$400 for each applicant who considers South Carolina as his principal state and is licensed by South Carolina. The board cannot anticipate the number of physicians in South Carolina that will apply to the commission. Therefore, the revenue generated by the initial application fee is undetermined.

This bill allows LLR to collect a fee from out-of-state physician for licenses issued or renewed through this interstate compact. LLR is required, pursuant to Section 40-1-50(D), to adjust fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. The fee amount for the expedited license has not yet been determined. In addition, LLR cannot predict the increase in demand for licenses as a result of this compact. Therefore, the revenue generated by application fees for out-of-state physicians is undetermined.

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### **Local Expenditure**

N/A

### **Local Revenue**

N/A



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Frank A. Rainwater, Executive Director