

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 672 – HB 810

February 22, 2019

**SUMMARY OF BILL:** Creates the *Graduate Physicians Act*. Defines a “graduate physician” as a medical school graduate who has completed Step 1 and 2 of the United States Medical Licensing Examination (USMLE) within the set time restrictions, but has not completed an approved postgraduate residency.

Requires the Board of Medical Examiners (BME), in consultation with the Board of Osteopathic Examination (BOE), to establish the process for licensure of graduate physicians, including licensure and renewal procedures, supervision requirements, additional requirements for graduate physician collaborative practice arrangements, and fees.

Authorizes a graduate physician to enter into a collaborative practice arrangement with a licensed physician who is board-certified in the specialty that the graduate physician is practicing, which must only include pediatrics, internal medicine, or family medicine. The duration of the collaborative practice arrangement is decided amongst the graduate physician and the licensed physician.

Under a collaborative practice arrangement, a graduate physician is authorized to provide primary medical care services in: (1) medically underserved rural areas of this state; (2) a pilot project area established for graduate physicians to practice; or (3) a rural health clinic under the federal Rural Health Clinic Services Act of 1977.

Requires the graduate physician to complete Step 3 of the USMLE within one year of obtaining a graduate physician license. Establishes that a graduate physician may receive credit towards a future residency program upon successful completion of a collaborative practice service.

Requires the licensed physician collaborating with the graduate physician to supervise the activities of the graduate physician and accept full responsibility for the primary care services provided by the graduate physician. Requires the licensed physician collaborating with a graduate physician to complete a certification course approved by the BME.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$13,400/FY19-20/Board of Medical Examiners  
\$13,400/FY20-21/Board of Medical Examiners  
\$20,400/FY21-22 and Subsequent Years/  
Board of Medical Examiners**

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**Increase State Expenditures –**

**Less than \$69,300/FY19-20/Board of Medical Examiners  
Less than \$65,000/FY20-21/Board of Medical Examiners  
Less than \$72,000/FY21-22 and Subsequent Years/  
Board of Medical Examiners**

**Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The Board of Medical Examiners had an annual deficit of \$4,714 in FY16-17, an annual deficit of \$231,445 in FY17-18, and a cumulative reserve balance of \$2,467,326 on June 30, 2018.**

Assumptions:

- Based on information provided by the Department of Health (DOH), the proposed legislation cannot be accommodated within existing resources. The DOH will require one Regulatory Board Administrative Assistant 2 position to administer the clerical needs for the new program.
- The one-time increase in state expenditures associated with the additional position is estimated to be \$4,300 (\$1,600 computer cost + \$2,700 office furniture).
- The recurring increase in state expenditures associated with the additional position is estimated to be \$51,600 (\$30,132 salary + \$11,568 benefits + \$7,900 administrative cost + \$1,400 communications + \$600 supplies).
- The collaborative practice arrangements only authorize a licensed graduate physician to provide primary medical services in pediatrics, internal medical and family medicine. Additionally, collaborative practice arrangements are only authorized in medically underserved rural areas of the state, a pilot project area established for graduate physicians to practice, or in rural health clinics under the federal *Rural Health Clinic Services Act of 1977*.
- According to the Association of American Medical Colleges, there were 401 medical school graduates in Tennessee in 2018.
- Due to the limitations on geographical area and type of medical services a graduate physician is authorized to provide, it is assumed that 10 percent or 40 of those students would apply for a graduate physician licensure.
- The BME currently assess a \$335 application fee for licensure as a physician assistant.
- It is estimated the BME would charge a fee comparable to the licensure for a physician assistant of \$335. The recurring increase in state revenue to the BME is estimated to be \$13,400 (40 applications x \$335) beginning in FY19-20.
- The increase in state expenditures associated with the new graduate physician licensure is estimated to be less than \$13,400 in FY19-20 and subsequent years.
- The graduate physician license will be renewed biennially at an estimated cost of \$175. Renewals will be required starting July of 2021.
- The recurring increase in state revenue is estimated to be \$7,000 (40 renewals x \$175) beginning in FY21-22. The increase in state expenditures associated with renewal of the

new graduate physician licensure are estimated to be less than \$7,000 in FY21-22 and subsequent years.

- The total increase in state revenue in FY19-20 and in FY20-21 is estimated to be \$13,400.
- The total recurring increase in state revenue in FY21-22 and subsequent years is estimated to be \$20,400 (\$13,400 + \$7,000).
- The total increase in state expenditures in FY19-20 is estimated to be less than \$69,300 (\$51,600 + \$4,300 + \$13,400).
- The total increase in state expenditures in FY20-21 is estimated to be less than \$65,000 (\$51,600 + \$13,400).
- The total recurring increase in state expenditures in FY21-22 and subsequent year is estimated to be less than \$72,000 (\$51,600 + \$13,400 + \$7,000).
- Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The BME had an annual deficit of \$4,714 in FY16-17, an annual deficit of \$231,445 in FY17-18, and a cumulative reserve balance of \$2,467,326 on June 30, 2018.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/vlh