

**OSTEOPATHIC MEDICAL BOARD OF CALIFORNIA
POSTGRADUATE TRAINING LICENSE FEE**

INITIAL STATEMENT OF REASONS

Hearing Date: November 19, 2019

Subject Matter of Proposed Regulation: Creation of fee for new license type: Postgraduate Training License (PTL).

This proposed regulatory action amends the Board's current fee regulation to add a non-refundable application and processing fee to implement the new PTL required by Business and Professions Code (BPC) section 2064.5, effective January 1, 2020.

Section Affected: Division 16, Title 16 of the California Code of Regulations (CCR) section 1690.

Problem being addressed and specific purpose of each adoption, amendment, or repeal: Chapter 775, Statutes 2017 (Hill, SB 798) and Chapter 571, Statutes 2018 (Hill, SB 1480) requires the Board to create a new license type and authorizes the Board to charge a non-refundable application and processing fee to cover the costs of implementation and ongoing workload for this new license type. The Board estimates the total annual cost of implementing and ongoing management of this new license type will be \$145,000 per year. The fee must be implemented in order for the Board to recoup costs to comply with the mandate required by BPC section 2064.5.

Anticipated benefits from this regulatory action: This fee will offset the Board's costs for implementation and ongoing management of this new license type. The increased revenue will ensure that the Board can appropriately regulate and enforce the PTL license. This will be consistent with the Board's mission of protecting the public.

Factual Basis/Rationale: The Board is proposing the new fee to cover increased expenditures related to implementation and ongoing management of this new PTL. The Board will utilize two staff members to process all of the PTL workload. The cost of the two positions to process the PTL workload is \$145,000 per year. The Board estimates that there will be approximately 297 applicants the first year. This estimate is based on the number of licenses issued in fiscal year 2017-18 (891) and the number of residency years that a DO must complete (3). The Board estimates that there are approximately 297 DOs in each year of the three-year residency required by the Board. In the first year, this fee will generate approximately \$145,827. Additionally, the Board estimates a ten percent increase in PTL licenses each year. The estimated annual increase

of PTL licenses is consistent with the upward trend of the Board's license total.

The Board chose a fee amount of \$491 in part to match the PTL application and processing fee charged by the Medical Board of California. In setting the proposed fee amount of \$491, the Board balanced the interests of the Board's fiscal need to charge a fee that covers the increased expenditures with the interests of the postgraduate training programs. The Board also felt comfortable with the fact that the fee will offset the increased expenditures (\$145,827 out of the projected \$145,000 increased expenditure). Given the fact that the current full license fee is \$437 for two years, \$491 for a three-year PTL is a reasonable amount. The \$491 fee balances the Board's need to cover its expenses related to this new license type without over charging trainees to apply for the license.

The Board is currently running a structural deficit that is eroding the Board's reserves. This fee is needed to offset the costs of the PTL license. Additionally, since the Board currently has a structural deficit, the Board anticipates implementing a general fee increase in 2021-22, at the earliest, to correct its budget.

Underlying Data

Minutes September 27, 2018 Board meeting

Business Impact

This regulation will not have a significant or adverse economic impact on businesses. This fee will only impact individual postgraduate trainees, not businesses. No other business or individuals will be impacted by this fee. The Board estimates the number of postgraduate trainees to be subject to this fee to be approximately 297 the first year and thereafter an annual ten percent increase in the number of PTLs.

Cost Impact on Representative Private Person or Business

The Board has determined that this proposed fee regulation will not have any significant or adverse economic impact on private individuals or businesses. This fee only applies to postgraduate trainees in a training program who would be required to pay a \$491 fee to obtain a required PTL from the Osteopathic Medical Board of California. The Board estimates that for the first year there will be approximately 297 trainee applicants and thereafter the number of PTLs will increase by ten percent each year. No other individuals or businesses will be impacted by this fee.

This fee does not impact any small businesses. The fee only impacts individual postgraduate trainees, which are not small businesses. Trainees would not own their own small business because they only have a training license, not a full license.

Implementation Costs for the Board

The proposed action does not create costs for the Board. The fee partially covers the Board's expenses for the implementation and ongoing Board expenditures for the new PTL, which is required by statute. The Board estimates that it will cost \$145,000 per year to implement and manage this new license type. The proposed fee amount of \$491 charged to an estimated 297 trainees for the first year would generate \$145,827. The \$491 fee balances the Board's need to cover its expenses related to this new license type without over charging trainees to apply for the license.

Economic Impact Assessment

This regulatory proposal will not create or eliminate jobs within the State of California because the proposal establishes a nominal application fee that applies narrowly to individual PTL applicants. The fee does not affect businesses nor is it significant enough to create or eliminate jobs.

This regulatory proposal will not create new business or eliminate existing businesses within the State of California because the nominal application fee only applies to individual postgraduate osteopathic medical trainees and does not affect businesses.

This regulatory proposal will not affect the expansion of businesses currently doing business within the State of California because it narrowly applies to individual postgraduate osteopathic medical trainees and does not affect businesses.

The revenue generated due to this regulatory proposal will ensure that the Board can appropriately regulate and enforce the PTL license. This will be consistent with the Board's mission of protecting the public.

This regulatory proposal does not affect worker safety because it only applies to postgraduate osteopathic medical trainees. It does not change any worker safety laws or regulations.

This regulatory proposal does not affect the state's environment because it only applies to postgraduate osteopathic medical trainees. It does not change nor impact environmental laws or regulations nor the environment in general.

Economic Impact for "Major Regulations"

These regulations do not constitute major regulations. Thus, further analysis is not applicable.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The Board considered a lower fee, but this was rejected because it did not cover enough of the added expenditures. The proposed fee amount of \$491 will be charged to an estimated 297 trainees the first year which would generate \$145,827. The Board estimates that the number of trainees will increase ten percent each year. Even though the fee for the PTL is more, the length of the PTL license is three years, one more year than the full license. In setting the amount of the PTL at \$491, the Board balanced the interests of the Board's fiscal need to charge a fee with the interests of the osteopathic postgraduate trainees and their training programs. The Board felt this was a reasonable amount.

The Board did not consider refraining from charging a fee because the Board cannot fully absorb the projected expenditures related to this new license type. The Board is already facing a structural deficit in its budget. Without the charging a fee, the Board's need for a fee increase would be increased due to the additional expenditures.

Additionally, the Board anticipates a need for a general fee increase in 2021-22 at the earliest.