



Department of Health Professions

Policy Implementation(76-90)

Principles for establishment of fees(76-90.5)

Adopted Date: 5/1/2017

Approved By: _____

Policy Name	Principles for establishment of fees			Policy Number	76-90.5
Section Title	Policy Implementation	Section Number	76-90	Former Policy No.	76-5.5
Approval Authority	Agency Director			Effective Date	4/18/2017
Responsible Executive	Financial Services Director			Revised Date	4/28/2017
Responsible Office	Director's Office			Last Reviewed	4/28/2017
Responsible Reviewer	Yeatts, Elaine				

Purpose:

To provide guidance to health regulatory boards when establishing fees mandated by §§ 54.1-113 and 54.1-2400.5 of the Code of Virginia.

Policy:

Boards should promptly address the need to adjust fees to avoid both the collection of unnecessary revenue or sharp increases in fees. Rule making should rely on official estimates provided by the Budget Manager of revenue and expenditures as well as the board's cash balances.

Authority:

§ 54.1-113. Regulatory boards to adjust fees.

A. Following the close of any biennium, when the account for any regulatory board within the Department of Professional and Occupational Regulation or the Department of Health Professions maintained under § 54.1-308 or § 54.1-2505 shows expenses allocated to it for the past biennium to be more than ten percent greater or less than moneys collected on behalf of the board, it shall revise the fees levied by it for certification or licensure and renewal thereof so that the fees are sufficient but not excessive to cover expenses.

Definitions:

As used in this document the following definitions apply:

“Expired license” means a license that has not been renewed and, generally may be made current by the



David E. Brown

payment of the past due renewal fee together with a late penalty payment. Typically the time period of an expired license is no more than one renewal period from the date of its expiration.

“*Lapsed license*” means a license that has not been made current following a period of time after its expiration, usually one full renewal period. Typically, restoration of a lapsed license will require reinstatement.

“*Reinstatement*” means the return of a license after having lapsed. This typically will require the filing of an application, which is intended to present evidence that an individual is competent to practice.

“*Renewal*” means the periodic requirement to continue licensure involving payment of a fee and

Procedures:

1. Renewal fees should cover the board’s cost of discipline, inspections, the Health Practitioners’ Monitoring Program, enforcement of continued competency requirements, policy development and general overhead. Historically, renewal fees represent 80% to 90% of total board's revenue.
2. Initial application fees should be fashioned to cover the following components:
 - a. Credential review (at possibly several levels);
 - b. An appropriate portion of the license fees (renewal costs) relative to the period that the initial license will be issued prior to its first renewal;
 - c. Cost of preparation and delivery of any wall certificate; and
 - d. Other activities associated directly with initial license issue.
3. Duplicate license, wall certificate fees, and other miscellaneous fees should be based on cost estimates provided by the Budget Manager upon consideration of the need for fee adjustments.
4. Unless there is clear evidence that indicates a reason to establish fees otherwise, renewal fees for all occupations should be consistent across occupational categories within a health regulatory board. Reasons that may lead to alternative renewals may include differences in rates of discipline, requirements for inspections, document review, re-qualification as well as reasons related to fairness and equity.
5. Inactive licenses:



David E. Brown

- a. Steps should be taken to make it clear to inactive licenses (and inactive license applicants) that they may not practice.
 - b. Inactive renewal fees should typically be lower than fees associated with a corresponding active license. Estimates of costs associated with active licenses such as responding to allegations of misconduct, the Health Practitioner Monitoring Program and enforcement of continued competence requirements, should be excluded. Included in an inactive license fee would be cost of overhead, processing, newsletters etc. While each inactive fee should be board specific, the inactive renewal fee is typically 50% of the active fee.
 - c. Fees for reactivation of an inactive license should include such components as credential review fees and the difference between an active license (renewal) fee and the inactive licensing (renewal) fee.
 - d. Substantive requirements for reactivation from an inactive license should be consistent with the reinstatement of a lapsed license where the period of being inactive is the same as period of the lapse.
6. Fees for services that represent small costs (cost less than \$5.00) should be avoided. Total expenses for many such activities are an exponent of the number of applicants, licensees, examinees, etc. Therefore, small cost items may be appropriately incorporated in the determining component items when setting renewal, application and examination fees.
7. As a general policy, the issuance of a license after it has expired should require the payment of a penalty that acts as an incentive to pay promptly and remain in compliance with applicable laws. Therefore, a late penalty ranging no more than 25% to 35% of the base renewal fee may be appropriate for a license that has expired. An expired license may be renewed upon payment of a penalty fee for the single renewal period following expiration.
8. After the passage of the renewal period, reinstatement of the license (now lapsed) may be mandated, which will result in a review of credentials, re-examination or other substantive qualification requirements. In the case of reinstatement of a lapsed license that involves review of continued education hours or other evidence of competency to practice, the fee should include the renewal fee, a late fee and a credential review fee. If possible, the process for restatement of lapsed license should not create an incentive for allowing a license to lapse.