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# Final Regulation Agency Background Document

Agency name	Board of Veterinary Medicine, Department of Health Professions
Virginia Administrative Code (VAC) citation	18 VAC 150-20-10 et seq.
Regulation title	Regulations Governing the Practice of Veterinary Medicine
Action title	Increase in fees
Date this document prepared	1/31/11

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 14 (2010) and 58 (1999), and the Virginia Register Form, Style, and Procedure Manual.

# **Brief summary**

Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation. Also, please include a brief description of changes to the regulation from publication of the proposed regulation to the final regulation.

The Board of Veterinary Medicine is proposing amendments to increase fees charged to regulants and applicants. Annual renewal fees would be increased as follows: 1) For veterinarians, the increase is \$40 per year; 2) For veterinary technicians, the increase is \$20 per year; 3) For veterinary establishments, the increase is \$60 per year; and 4) For equine dental technicians, the increase is \$20 per year. Other fees are increased proportionally. For the renewal cycle ending January 1, 2013, there would be a one-time debt reduction assessment of \$100 for veterinarians, \$200 for veterinary establishments, and \$50 for veterinary technicians and equine dental technicians. Other fees set proportionally to the renewal fees would also be increased. Licensees would be allowed to renew a lapsed license for one year (one renewal cycle) with payment of the renewal fee and a late fee; thereafter, the licensee would be required to reinstate the license and pay the reinstatement fee.

# Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency or board taking the action, and (3) the title of the regulation.

On January 19, 2011, the Board of Veterinary Medicine adopted a final action to increase fees for professions it regulates in Regulations Governing the Practice of Veterinary Medicine.

# Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

Regulations of the Board of Veterinary Medicine are promulgated under the general authority of Title 54.1, Chapter 24 of the Code of Virginia.

Chapter 24 establishes the general powers and duties of health regulatory boards including the responsibility to promulgate regulations in accordance with the Administrative Process Act which are reasonable and necessary and the authority to **levy and collect fees** that are **sufficient to cover all expenses** for the administration of a regulatory program.

*§* 54.1-2400. General powers and duties of health regulatory boards.--The general powers and duties of health regulatory boards shall be:

5. To levy and collect fees for application processing, examination, registration, certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the Department of Health Professions, the Board of Health Professions and the health regulatory boards.
6. To promulgate regulations in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.) which are reasonable and necessary to administer effectively the regulatory system. Such regulations shall not conflict with the purposes and intent of this chapter or of Chapter 1 (§ 54.1-100 et seq.) and Chapter 25 (§ 54.1-2500 et seq.) of this title.

The amended regulation is mandated by § 54.1-113.

**§ 54.1-113. Regulatory boards to adjust fees.--**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.



Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons it is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

The issue to be addressed is the need of the Board of Veterinary Medicine to increase their fees to cover expenses for essential functions of licensure, investigation of complaints against licensees and facilities, adjudication of disciplinary cases, and the inspections required for public safety in the care of animals in the Commonwealth.

Section 54.1-113 of the *Code of Virginia* requires that at the end of each biennium, an analysis of revenues and expenditures of each regulatory board shall be performed. It is necessary that each board have sufficient revenue to cover its expenditures. By the close of the 2008 fiscal year, the Board of Veterinary Medicine had incurred a deficit of \$148,069, and the board will continue to have deficits through the fiscal years going forward. Since the fees from licensees will no longer generate sufficient funds to pay operating expenses for the board, a fee increase is essential. In order to begin to reduce the deficit and have sufficient funding for the operation of the board, it is necessary to promulgate amendments at the earliest possible date. Projected revenue was calculated on an increased fee in effect for the renewal of licenses in December 2010; since that deadline was not met, the proposed increases may not be sufficient to make up the shortfall and have sufficient revenue going forward. If there is no action on fee increases, the shortfall is projected to increase to \$1.4 million by FY2014, which would seriously impact or eliminate the board's ability to investigate complaints, adjudicate disciplinary cases and issue new licenses.

#### Substance

Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. A more detailed discussion is required under the "All changes made in this regulatory action" section.

In section 75, an amendment will allow a license to be renewed with payment of a late fee for up to one year after the expiration date; thereafter, the license must be reinstated. Currently, a license must be reinstated after it is lapsed for 30 days. New language will stipulate that a license shall automatically lapse if the licensee fails to renew by the expiration date; and the practice of veterinary medicine without a current, active license is unlawful and may subject the licensee to disciplinary action by the board.

In section 100, the fees are listed with increased renewal fees as follows: 1) For veterinarians, the increase is \$40 per year; 2) For veterinary technicians, the increase is \$20 per year; 3) For veterinary establishments, the increase is \$60 per year; and 4) For equine dental technicians, the increase is \$20 per year. Other fees are increased proportionally. For the renewal cycle ending December 31, 2012, there would be a one-time debt reduction assessment as follows:

Veterinary license (active)	\$100
Veterinary technician license	\$50
Veterinary establishment	\$200

\$50

The original assumption was that increased fees would be in effect by December 2010. However, since the regulatory package was not approved in sufficient time to meet that deadline, the current assumption is a fee increase for renewal in 2011 and increased revenue for FY2012. With the one-time assessment in place in renewal year 2012, the cash balances would be projected as follows:

Cash Balance as of June 30, 2008	\$ (148,069)	Cash Balance as of June 30, 2011	(420,967)
FY09 Revenue	652,360	FY12 Projected Revenue	915,925
FY09 Direct and Indirect Expenditures	735,419	FY12 Projected Direct and Indirect Expenditures	918, 405
Cash Balance as of June 30, 2009	(231,128)	Projected Cash Balance as of June 30, 2012	(423,447)
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Cash Balance as of June 30, 2009	(231,128)	Cash Balance as of June 30, 2012	(423,447)
FY10 Budget Revenue	671,620	FY13 Projected Revenue (One-time Assessment)	1,491,475
FY10 Budget Direct and Indirect Expenditures	870,446	FY13 Projected Direct and Indirect Expenditures	932,160
Cash Balance as of June 30, 2010	(259,762)	Projected Cash Balance as of June 30, 2013	135,868
Cash Balance as of June 30, 2010	(259,762)	Cash Balance as of June 30, 2014	135,868
FY11 Projected Revenue	675,465	FY14 Projected Revenue	915,925
FY11 Projected Direct and Indirect Expenditures	836,671	FY14 Projected Direct and Indirect Expenditures	941,404
Projected Cash Balance as of June 30, 2011	(420,967)	Projected Cash Balance as of June 30, 2014	\$110,389

#### Issues

Please identify the issues associated with the proposed regulatory action, including:

1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;

2) the primary advantages and disadvantages to the agency or the Commonwealth; and

3) other pertinent matters of interest to the regulated community, government officials, and the public.

If there are no disadvantages to the public or the Commonwealth, please indicate.

- The primary advantage to the public would be that increased fees will produce adequate revenue to fund the licensing and disciplinary activities of the board. With the **shortfall** at \$231,128 at the end of FY09 and projected to increase to \$1.4 million in FY14, there could be significant delays in licensing new veterinarians and facilities; investigation and adjudication of complaints against licensees might have to be suspended. There are no disadvantages; increases in annual renewal fees ranging from \$20 to \$60 should not impact the cost of veterinary care for Virginians.
- 2) There are no disadvantages to the agency; the advantage would be that fees would be sufficient to cover expenditures, which is a requirement of the Code of Virginia.
- 3) There are no additional issues.

#### Changes made since the proposed stage

Please describe all changes made to the text of the proposed regulation since the publication of the proposed stage. For the Registrar's office, please put an asterisk next to any substantive changes.

There were no changes made to the proposed regulations.

### Public comment

Please summarize all comments received during the public comment period following the publication of the proposed stage, and provide the agency response. If no comment was received, please so indicate.

Proposed regulations were published in the Virginia Register of Regulations on August 30, 2010. Public comment was requested for a 60-day period ending October 29, 2010. A Public Hearing before the Board of Veterinary Medicine was held on October 20, 2010. There was a comment at the public hearing from Diane Carey, who made the similar comment on the Townhall which is summarized below.

The following comment was received electronically on the Virginia Regulatory Townhall:

Commenter	Comment	Agency Response
Brad Nadelstein	License fee increase is not warranted; difficult for small businesses in this economy.	The Board understands the comment and regrets the need to increase fees but it cannot continue licensing, inspections, investigations and conducting disciplinary proceedings without additional revenue to offset the accumulated deficit; expenditures have been reduced wherever possible. The Board has only one source of revenue and that is licensing fees. By law, monetary fines assessed for disciplinary action accrue to the Literary Fund for school construction. The Board is required by §54.1-113 of the Code of Virginia to have adequate revenue to cover the direct and allocated expenditures of the board.
Albert Smith	Asks about justification for increase.	Increased costs and insufficient revenue was explained in the agency statement. By the close of the 2008 fiscal year, the Board had a shortfall of \$148,069. If there is no action on fee increases, the shortfall is projected to increase to \$1.4 million by FY2014, which would seriously impact the board's ability to investigate complaints, adjudicate disciplinary cases and issue new licenses.
Bob Ugarte	Notes that the regulatory program for veterinarians is 100% self-supporting. Cost of personnel, rent and IT services have increases and are not under the control of the Board.	The agency concurs with the comment.
Diane Carey	The Board is not justified in raising	The Board has received comment from Ms. Carey at

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M. Wakefield Dr. Tregel Cockburn	fees because she believes it is not doing its job in protecting the public, based on her recent experience with a complaint she filed. Provided a detailed account of complaint she filed on which the Board took no disciplinary action. Recommends a decrease in funding because the process is not open and transparent. Asks about public opinion and benefit. Fee increasing is not the solution. Not opposed to increased fees but is opposed to annual renewal.	several of its meetings relating to the investigation and determination of her complaint. The Board handled the case consistent with its policies and within the law that requires confidentiality of investigative reports. The Board does not believe there is a relationship between her dissatisfaction with the outcome of her complaint and the need to increase fees to have sufficient revenue to conduct investigations, etc. The agency has described the need for the action and the public benefit in the agency background statement. A biennial renewal would not increase the revenue and would make it more difficult for the Board to
		have a consistent revenue stream. A biennial fee would double the amount and be more difficult for some practitioners to pay.
Little bo peep	Should divide the fee for the type of veterinary practice – depending on domestic animals or farm animals	The Board has not considered such a division.
Sam, citizen	Increase in veterinarian license fees might increase professional fees for consumers.	The increase for veterinarians is only \$40 per year; passed on to consumers, that amount could only increase professional fees by pennies per client.
Julie Catalano	Need to consider the benefit to the public; reading account by Ms. Carey of dismissal of her complaint makes her wonder if the Board is doing its job.	The Board has described the need for the action and the public benefit in the agency background statement posted on Townhall.
VA taxpayer	Provided a blog site that should be visited	The Board does not believe the blog is relevant.
Greg Munson	Increase should be earmarked to open the complaint process and make it fair; reading account by Ms. Carey of dismissal of her complaint makes her wonder if the Board is doing its job.	The Board handled the case consistent with its policies and within the law that requires confidentiality of investigative reports. The Board does not believe there is a relationship between the outcome of the Carey case and the need to increase fees to have sufficient revenue to conduct investigations, etc.
SW	No increase in regulation – should stop the ground zero mosque	The Board acknowledges the objection but does not believe the comment is relevant.
Concerned citizen	Sympathy expressed for Ms. Carey. If this type of vet is sanctioned by the state, there is no purpose for increased fees.	The Board acknowledges the opinion of the commenter.
VA Pet Owner	Comment in support of Ms. Carey.	The Board does not believe the comment is relevant.
Heather Hall	Opposed to fee increase because average worker asked to do more with no pay increase; experience with renewal on-line has not been good. Have not justified a fee increase based on what Ms. Carey describes in her complaint.	The Board has described the need for the action and the public benefit.

# All changes made in this regulatory action

Please list all changes that are being proposed and the consequences of the proposed changes. Describe new provisions and/or all changes to existing sections.

Current	Current requirement	Proposed change, rationale, and conse	equences
section number			
75	Establishes the rules for renewal and payment of fees.	Amendments would provide that a licensee or regreenew a lapsed license or registration for one rener one year by payment of the renewal fee and a later year, the person or facility must reinstate the licent registration. The Principles for Fee Development, adopted by in 1999 as a Guidance Document to provide consistenting fees, allow for renewal for one renewal cy of the renewal fee and late fee; other boards at D adopted that policy in regulation. This amendment veterinary medicine consistent with the fee principal for ensure that regulants clearly understand that lapsed license or registration is unlawful and magnicensee to disciplinary action, the board has add statement (consistent with regulations of other boards).	ewal cycle or e fee. After one nse or the department sistency in ocle by payment of Phave nt would make ples. practice on a y subject the led such a
100	Establishes the fee schedule for initial applications, renewals, and all other transactions conducted by the board.	The current and proposed fees are as follows: Veterinary application for licensure Veterinary initial license or renewal (active) Veterinary license renewal (inactive) Veterinary reinstatement of expired license Veterinary license late renewal Veterinarian reinstatement after disciplinary action Veterinary technician application for licensure Veterinary technician initial license or renewal Veterinary technician license renewal (inactive) Veterinary technician license late renewal Veterinary technician reinstatement of expired license Veterinary technician reinstatement after disciplinary action Initial veterinary establishment permit registration Equine dental technician initial registration Equine dental technician late renewal Equine dental technician late renewal Veterinary establishment renewal Veterinary establishment renewal Veterinary establishment late renewal Veterinary establishment late renewal	$\frac{\$200}{\$135} \frac{\$175}{\$175} \frac{\$65}{\$85} \frac{\$175}{\$255} \frac{\$45}{\$45} \frac{\$60}{\$300} \frac{\$450}{\$450} \frac{\$65}{\$300} \frac{\$65}{\$300} \frac{\$50}{\$50} \frac{\$50}{\$50} \frac{\$50}{\$50} \frac{\$50}{\$50} \frac{\$50}{\$50} \frac{\$15}{\$50} \frac{\$125}{\$200} \frac{\$200}{\$200} \frac{\$100}{\$200} \frac{\$100}{\$200} \frac{\$120}{\$120} \frac{\$120}{\$45} \frac{\$200}{\$45} \frac{\$75}{\$75}$

Veterinary establishment reinstatement	<u>\$100 \$350</u>
Veterinary establishment reinspection	\$200 <u>\$300</u>
Veterinary establishment – change of location	\$200 <u>\$300</u> \$200 <u>\$300</u>
Veterinary establishment – change of	<del>\$30</del>
veterinarian-in-charge	¢10 ¢17
Duplicate license	<del>\$10</del> <u>\$15</u>
Duplicate wall certificate	\$25 \$25
Returned check	\$35
Licensure verification to another jurisdiction	<del>\$15</del> <u>\$25</u>
• Currently, the application fee is the same as a The Principles for Fee Development provide	that an
application fee should be inclusive of the rene the administrative costs for reviewing and ap	proving the
application, so the application fees are set ou set at an amount to be consistent with the prin	iciples.
• Other fees – late fee, inactive fee, reinstateme based on a percentage of the renewal fee and accordingly.	0
• The establishment initial application and rend	-
to cover the costs of inspections, both the initia	-
<i>prior to opening and the routine inspections of facilities.</i>	
• A change in location requires an inspection, we costs the board at least \$300, so the fee is set	
<ul> <li><i>cost.</i></li> <li><i>Miscellaneous fees are set to cover the estimation handling the transaction.</i></li> </ul>	tted cost of
B. For the renewal of licensees and regist January 1, 2013, the following one-time debt-re- be assessed:	•
Veterinary license (active)	\$100
Veterinary technician license	<u>\$100</u> \$50
Veterinary establishment	<u>\$30</u> \$200
Equine dental technician	<u>\$200</u> \$50
Veterinary license – late fee on assessment	<u>\$60</u>
Veterinary technician license – late fee on	<u>\$20</u>
<u>assessment</u> <u>Veterinary establishment – late fee on assessmen</u>	<u>t \$75</u>
<u>Equine dental technician – late fee on assessment</u>	
In order to allow the board to have sufficient reve	nue to offset the
accumulated shortfall, a one-time assessment has	been proposed
for the renewal ending December 31, 2012. The a	additional
revenue, coupled with increased fees, should allow	w the board to
operate with a modest surplus in FY13 and FY14.	By 2012, the
board should have more a even more definitive pi	U
fiscal position, and it is hoped that the one-time fe	ee assessment

	could be reduced by an action exempt from the Administrative Process Act.

# **Regulatory flexibility analysis**

Please describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.

There are no alternative regulatory methods; promulgation of amended regulations to increase fees is the only method for obtaining revenue sufficient to cover the board's expenditures.

### Family impact

Please assess the impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

The regulatory action would not strengthen or erode the authority and rights of parents, encourage or discourage economic self-sufficiency, or strengthen or erode the marital commitment.