



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 150-20 – Regulations Governing the Practice of Veterinary Medicine
Department of Health Professionals
August 30, 2007

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 754 of the 2007 Acts of the Assembly, the Board of Veterinary Medicine (Board) proposes to add rules for registration of equine dental technicians to its Regulations Governing the Practice of Veterinary Medicine. At the same time, the Board proposes to delete obsolete fees from these regulations.

Result of Analysis

The costs likely exceed the benefits for these legislatively mandated proposed changes.

Estimated Economic Impact

During its 2007 session, the General Assembly passed legislation which made it illegal for anyone to plane or level a horse's teeth without being registered as an equine dental technician (or being licensed as a veterinarian). This legislation also set forth criteria that the Board must use when registering equine dental technicians and directed the Board to set up regulations to 1) carry out the provisions of the legislation, 2) set fees for registration applications and renewals and 3) set requirements for evidence of continued competence (for registration renewal). Per statute, individuals who want to register as equine dental technicians will have to have:

- Written recommendation from two licensed veterinarians “with practice bases that are at least 50% equine” and
- Either 1) current certification from the International Association of Equine Dentistry (IAED) 2) evidence of completion of a Board approved certification or training program or

3) evidence of at least five years of practice as an equine dental technician as well as “proof of continued competency satisfactory to the Board”.

The Board is proposing to amend its regulations to meet legislative requirements. In addition to adding language to these regulations that is non-discretionary (for example: language that is directly copied from the statute), the Board proposes to require, as proof of continuing competency for individuals seeking registration after five years of work experience, 16 hours of relevant continuing education completed sometime during the five years before application for registration is made. The Board also proposes to require, before registration can be renewed each year, proof of 16 hours of continuing education completed within the three years before the application for renewal is made. Individuals who are seeking a new registration will be subject to a \$100 registration fee; each year these individuals will have to pay a \$50 renewal fee. Individuals who fail to renew their registration in a timely manner will be subject to a \$20 late renewal fee or a \$120 reinstatement fee (depending on whether the individual renews within 30 days of the January 1 renewal deadline). Additionally, and at its discretion, the Board proposes to require that initial applicants for registration provide recommendations from two veterinarians licensed in Virginia.

There will likely be costs and benefits associated with this registration program that fall broadly into two categories: 1) general costs and benefits that are likely associated with all state mandated monopolies and 2) costs and benefits that apply specifically to this registration program because of the current set up of private certification programs and dispersion of educational opportunities in this field right now.

Some costs will likely accrue because, generally, any state-mandated licensure/registration/certification program can be expected to serve as a barrier-to-entry for individuals who wish to work in the field being licensed/registered/certified. This barrier will be large if the requirements for licensure/registration/certification are large (for instance, if many years of education and experience are required before full licensure). Alternately, this barrier will be small if the requirements for licensure/registration/certification are minimal (for instance, if the state only requires a competency test for certification). Barriers to entry tend to restrict the supply of individuals engaged in the work that will be licensed/registered/certified. Applying this general effect to the registration of equine dental technicians, if there is not a corresponding

decrease in demand as supply drops, the cost of equine dental services will likely rise and horse owners will likely have to pay more to have their horse's teeth cared for. Individuals who would like to work in this field but who are kept from doing so because of the cost/bother of state imposed entry restrictions will also incur costs associated with not being able to do the job they would ideally want to. These costs may be monetary if they end up earning a lower wage, at the job that is their next best option, than they would earn planing and leveling horse teeth. If there is no wage differential between the two jobs, the costs will be less explicit: these individuals may have a lower level of job satisfaction, for instance.

In general, individuals who are able to get state licensure/registration/certification for their field benefit the most. These individuals generally garner some prestige because of the exclusionary nature of licensure/registration programs and will likely be able to command higher wages because they will likely face less competition. To the extent that state-imposed requirements for licensure/registration/certification forestall incompetent practice, consumers of the licensed (etc.) services will accrue benefits that will partially, or even completely, offset the costs they incur.

There are also costs associated specifically with the requirements of this registration program for equine dental technicians. The legislature is allowing three paths to registration: individuals must have either 1) current certification from the IAED 2) evidence of completion of a Board approved certification or training program or 3) evidence of at least five years of practice as an equine dental technician as well as "proof of continued competency satisfactory to the Board.

The certification requirements of the IAED are based on demonstrated ability and experience. As of July 1, 2007 it is illegal in Virginia for a non-veterinarian to engage in equine dental work without being registered as an equine dental technician. So individuals who might want to seek certification from the IAED cannot get certification without working on horse teeth, but they cannot legally work on horse teeth without first gaining the certification (or meeting other requirements of one of the other paths to licensure).

Individuals seeking registration may also, according to statute, complete a Board approved training program. The Department of Health Professions (DHP) reports, however, that

there are currently no programs in the Commonwealth that would be eligible for Board approval. DHP reports that there is an eligible program in Idaho but that has not been approved yet. Taking this route to registration at this time would likely be very expensive and disruptive to the life of an individual seeking registration. These costs may fall if a Board approved training program is started in or near the Commonwealth; given the small number of individuals that were doing this work before registration was mandated, however, there may not be enough demand to make such a program economically viable.

It appears, given the issues with two of these three paths, anyone who did not already have either certification from the IAED or five years of experience working on horse teeth before July 1, 2007 will have great difficulty meeting the requirements of registration. This will likely severely restrict the supply of individuals who are legally able to practice in this field and, so, may cause a sharp increase in the cost of these services going into the future. If there is enough demand for formal training in this field that a training school starts and survives; the owners of, and workers for, that training school will have benefited from this registration program.

The Boards added restriction that veterinarians who recommend equine dental technicians be licensed in Virginia will likely serve as an additional barrier to entry for individuals who live in other states and work in this field.

Weighing both categories of costs and benefits, it is likely that the costs that will accrue to citizens of the Commonwealth because of this registration program outweigh the benefits.

Businesses and Entities Affected

These regulations, and their mandating legislation, will affect all individuals who now plane and level horse's teeth or who might want to plane and level horse's teeth at some point in the future. DHP reports that there were fewer than 25 individuals engaged in this type of work in the Commonwealth before registration was mandated.

Localities Particularly Affected

Localities that have large numbers of horses will be particularly affected by this proposed regulation.

Projected Impact on Employment

Employment opportunities in the equine dental field will likely be less under this registration program.

Effects on the Use and Value of Private Property

DHP reports that individuals who currently plane and level horse teeth are all independent contractors (sole proprietors). The value of businesses owned by individuals who can not, immediately, meet requirements for registration will likely fall to \$0. The value of businesses owned by individuals who will meet requirements for registration will likely increase as the number of such businesses decreases.

Small Businesses: Costs and Other Effects

DHP reports that all (less than 25) individuals working in this field likely qualify as small businesses. These individuals will have to pay registration fees as well as the costs associated with meeting registration requirements. In particular, individuals who have planed and leveled horse teeth for less than five years before July 1, 2007 will likely incur extremely large expenses if they choose to pursue registration.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The costs of this registration program might be mitigated if the legislature reconsiders the paths to licensure that they have mandated. The Board might also want to consider ways to more freely allow registration of individuals from other states by allowing veterinarians licensed outside of Virginia to submit recommendations.

Real Estate Development Costs

These proposed regulations will likely have no impact on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities

to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.