



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**18 VAC 90-20; 30 –Regulations Governing the Practice of Nursing; Regulations Governing the Licensure of Nurse Practitioners**  
**Board of Nursing, Department of Health Professions**  
July 30, 2006

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### **Summary of the Proposed Regulation**

The proposed regulations will allow issuance of inactive nursing licenses. The rules for obtaining an inactive license, restrictions on practice, and the requirements for reactivation to active status will also be established.

### **Result of Analysis**

The benefits likely exceed the costs for at least one of the proposed changes.

### **Estimated Economic Impact**

The proposed regulations will allow nurses with a current, unrestricted license to take an inactive status. A \$50 fee will be established for an inactive license and a \$15 fee for late renewal of an inactive license. Nurses in inactive status will also be required to take 15 hours of continuing education. A nurse with an inactive license will not be allowed to perform work even in a voluntary status.

The proposed regulations do not impose any requirements on nurses but rather provides an option to obtain an inactive license provided certain criteria are met. Currently, nurses who do not practice nursing but want to maintain their license must either pay the \$95 biennial licensure renewal or give up their license. According to the Department of Health Professions (DHP), some nurses (especially retired nurses) desire to maintain their “registered nurse” or “licensed practical nurse” titles even though they may not be practicing the profession. The proposed regulations will allow a nurse to take an inactive status.

While making a decision to obtain the inactive status, a rational nurse is expected to compare the value of being an inactive nurse to the cost of obtaining this status. The main costs

of inactive licensure status include \$50 inactive license fee, the fees paid for obtaining 15 hours of continuing education, and the time spent on the application procedure and on the continuing education requirements. Because a rational nurse would apply for inactive status if the benefits from such status outweigh the costs, the proposed regulations are expected to produce net benefits for the applicant nurses.

The net fiscal impact of the inactive licensure on DHP is uncertain. Using the statistics available from inactive doctors of medicine, DHP estimates that approximately 805 Licensed Practical Nurses and 3,026 Registered Nurses may take the inactive license status. If this occurs, the revenue loss would be \$86,198 per year or 1.3% of the total revenues. However, some nurses who would otherwise allow their licenses to lapse may now choose to obtain an inactive status creating additional revenues for DHP. Thus, the net revenue impact depends on the magnitude of the two opposing revenue effects.

In addition, DHP expects to incur approximately \$2,900 in administrative costs in order to reconfigure the information system to set up a new license type under the Board of Nursing.

### **Businesses and Entities Affected**

The proposed regulations are estimated to affect approximately 805 Licensed Practical Nurses and 3,026 Registered Nurse who may be interested in obtaining an inactive license under the proposed regulations.

### **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

### **Projected Impact on Employment**

The proposed regulations are not expected to affect unemployment as an inactive nurse is not allowed to practice nursing.

### **Effects on the Use and Value of Private Property**

The proposed regulations are not expected to have significant effect on the use and value of private property.

## **Small Businesses: Costs and Other Effects**

The proposed regulations are not likely to create any costs or other effects on small businesses.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed regulations are not expected to affect small businesses.

## **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 21 (02). 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.