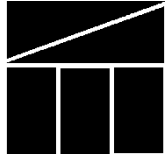


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes<sup>1</sup>  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget Economic Impact Analysis

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**18 VAC 60-21 Regulations Governing the Practice of Dentistry**  
**Department of Health Professions**  
**Town Hall Action/Stage: 4975/8498**  
April 10, 2019

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### **Summary of the Proposed Amendments to Regulation**

The Board of Dentistry (Board) proposes to change the renewal date for dentist, dental hygienist, and registered dental assistant II licenses from a set date of March 31<sup>st</sup> to the licensee's birth month, and to also reduce the license fees temporarily.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes. A slightly different design would likely yield greater benefits at about same the cost for at least one proposed change.

### **Estimated Economic Impact**

Currently, the renewal date for annual dentist, dental hygienist, and registered dental assistant II licenses is March 31<sup>st</sup> of each year. The Board proposes to change the renewal date to the licensee's birthday, in order to distribute the Board's administrative workload more evenly throughout the year. This change is expected to result in the ongoing issuance of approximately 1,125 licenses in any given month rather than simultaneously issuing 13,499 licenses in March of each year. Under the proposal, the license renewals that occur in March 2020 would cover the period from March 31, 2020 to the licensee's birth month the following year at a prorated fee

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<sup>1</sup> Adverse impact is indicated if there is any increase in net cost for any entity, even if the benefits exceed the costs for all entities combined.

schedule. In other words, when a license is renewed in 2020, the expiration date will be set at the licensee's birth month in 2021.

The main economic effect of this change would accrue to the Board as it would have a more evenly distributed license renewal workload. According to the Board staff, the birth month renewal schedule has been used by the Boards of Medicine and Nursing for many years. The proposed approach alleviates the compressed workload associated with renewals and allows staff to be more responsive to other concerns. The proposed regulatory action may also make it easier for licensees to remember to renew if it coincides with their birth month and thus avoid late fees or practicing without a valid license.

The Board also has an excess cash balance it wishes to reduce in conjunction with the renewal date change. To accomplish that goal, the Board proposes a prorated renewal fee schedule at a discounted rate. For example, the current renewal fee for an active dental license is \$285 payable by March 31st each year, which equals \$23.75 for 12 months of licensure. The proposed fee would temporarily be \$15 per month for renewal. To illustrate: in 2020, a dentist with a January birth date would pay \$150 ( $\$15 \times 10$  months); a dentist with a December birth date would pay \$315 ( $\$15 \times 21$  months). For renewals in 2021, the fee would revert to the current amount of \$285 payable in one's birth month. Essentially, the prorated transition fee schedule would provide \$8.75 (i.e.  $\$23.75 - \$15$ ) savings per month. Similarly, the prorated monthly fee for dental hygienists would be \$4 per month as opposed to current \$6.25 monthly rate and for dental assistant IIs would be \$3 instead of current \$4.16. The prorated transition fee schedule would benefit licensees in that they would experience a temporary relief in the amount of fees they pay to the Board. Assuming a uniform distribution of birth months, dentists, dental hygienists, and dental assistant IIs would realize \$1,012,169, \$209,598, and \$467 respectively from this total one-time fee relief.

This one time relief, however, would be uneven among the licensees depending on their birth month. Those who have a birth month in the early part of the year would receive a smaller savings compared to those with a birth month in the later part of the year. For example, a dentist with a January birth date would realize \$87.50 in savings ( $\$8.75 \times 10$ ) while a dentist with a December birth date would benefit \$183.75 ( $\$8.75 \times 21$ ). Similarly, the one time savings range for dental hygienists would be between \$22.50 ( $\$2.25 \times 10$ ) for January birth month and \$47.25

(\$2.25 X 21) for December birth month, and for dental assistant IIs it would be between \$11.16 (\$1.16 X 10) and \$24.36 (\$1.16 X 21). While it would be possible to devise a prorated fee schedule that would more evenly distribute the excess fee revenues among the licensees, such a mechanism would likely not be as administratively efficient as the scheme proposed.

Another unintended consequence of this regulatory change is the possible administrative inconvenience that would be imposed on some dental practices. As raised in public comments, group practices that manage renewals for their members simultaneously on March 31<sup>st</sup> would no longer have the ability to do so. Such practices would have to manage renewals on a monthly basis depending on the birth months of their member practitioners. This will require tracking all member birth months and the associated renewal schedules individually, and then cutting multiple checks instead of just one check. Though they will also avoid a large cash outlay at one time. According to a Virginia Dental Association executive, the number of group practices in Virginia is in the “hundreds” which suggests the impact of this change could be significant. Similarly and in addition to the group practices, the proposed renewal in the birth month could be inconvenient for single practitioners if their birth month happens to fall in a month they are particularly busy or have limited time. For example, someone with a birth month during holidays or tax filing season might have less time to renew their license simply because there are fewer business days or more things to do. The Board acknowledges that the change would require adjustment but believes birth month would be eventually be easier for dental practices rather than an arbitrary date. However, the ongoing nature of this particular unintended consequence and its likely prevalence demands consideration.

### **Businesses and Entities Affected**

There are 7,463 licensed dentists, 6,010 dental hygienists, and 26 dental assistant IIs in Virginia.

### **Localities Particularly Affected**

The proposed regulation would not affect any particular locality more than others.

### **Projected Impact on Employment**

The proposed changes should not have a significant impact on employment.

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

No significant effect on the use and value of private property is expected.

## **Real Estate Development Costs**

No impact on real estate development costs is expected.

## **Small Businesses:**

### **Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

### **Costs and Other Effects**

The vast majority of dental practices are small businesses. As described above, the proposed changes to license renewal dates would increase administrative costs for some dental practices.

### **Alternative Method that Minimizes Adverse Impact**

As raised in public comments and discussed above, the proposed regulation would likely have the unintended consequence of introducing an administrative inconvenience for a number of group practices and individual practitioners. Once the transition to birth month renewal is completed and the Board’s administrative workload is spread more evenly throughout the year, the Board could eliminate this unintended consequence by allowing the licensees to request a renewal month that better accommodates their busy schedules.

## **Adverse Impacts:**

### **Businesses:**

As described above, the proposed changes to license renewal dates would increase administrative costs for some dental practices.

### **Localities:**

The proposed amendments would not adversely affect localities.

### **Other Entities:**

The proposed amendments would not adversely affect other entities.

## **Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 14 (as amended, July 16, 2018). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.