

Office of Regulatory Management
Economic Review Form

Agency name	Board of Nursing, Department of Health Professions
Virginia Administrative Code (VAC) Chapter citation(s)	18VAC90-19 18VAC90-25 18VAC90-27 18VAC90-30 18VAC90-50 18VAC90-60
VAC Chapter title(s)	Regulations Governing the Practice of Nursing Regulations Governing Certified Nurse Aides Regulations Governing Nursing Education Programs Regulations Governing the Licensure of Advanced Practice Registered Nurses Regulations Governing the Licensure of Massage Therapists Regulations Governing the Registration of Medication Aides
Action title	Fee Increase 2024
Date this document prepared	7/25/2024
Regulatory Stage (including Issuance of Guidance Documents)	Proposed

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>As extensively detailed during the NOIRA stage of review, the Board of Nursing is raising fees as the current projections by our finance department indicate that current revenue will not be enough to cover costs and the board cash balance will fall into the negative. As a recap of the previous stage’s information, below are included FY2023 through FY2026 estimated revenue and expenses, largest expenditures for the board, and major factors in expenditure increases. Additional information on these fee increases was supplied during the NOIRA stage.</p> <p>Annual Revenue for the Board: FY2023: \$14,791,607 FY2024 estimate: \$14,911,011 FY2025 estimate: \$15,110,646 FY2026 estimate: \$15,314,446</p> <p>Annual Expenses for the Board: FY2023: \$17,429,617 FY2024 estimate: \$18,633,109 FY2025 estimate: \$19,768,568 FY2026 estimate: \$20,420,929</p> <p>Projected cash balance without a fee increase: FY2023: \$6,190,736 FY2024: \$2,505,463 FY2025 estimate: (\$2,548,279) FY2026 estimate: (\$8,191,878)</p> <p><u>Largest expenditures for the Board of Nursing</u></p> <table border="1"> <thead> <tr> <th></th> <th>FY18 Actual</th> <th>FY19 Actual</th> <th>FY20 Actual</th> <th>FY21 Actual</th> <th>FY22 Actual</th> <th>FY23 Actual</th> <th>FY24 Budget</th> </tr> </thead> <tbody> <tr> <td>Direct salaries and benefits: Board of Nursing</td> <td>2,826,893</td> <td>3,265,664</td> <td>3,536,690</td> <td>3,398,885</td> <td>4,072,006</td> <td>4,651,916</td> <td>5,093,840</td> </tr> <tr> <td>Enforcement expenditures including ENF salaries and benefits</td> <td>2,679,550</td> <td>2,631,764</td> <td>3,134,155</td> <td>3,034,843</td> <td>3,062,386</td> <td>3,664,488</td> <td>4,001,025</td> </tr> <tr> <td>IT, including</td> <td>1,605,572</td> <td>2,038,950</td> <td>1,881,115</td> <td>1,643,236</td> <td>1,982,768</td> <td>2,309,803</td> <td>2,498,138</td> </tr> </tbody> </table>								FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Budget	Direct salaries and benefits: Board of Nursing	2,826,893	3,265,664	3,536,690	3,398,885	4,072,006	4,651,916	5,093,840	Enforcement expenditures including ENF salaries and benefits	2,679,550	2,631,764	3,134,155	3,034,843	3,062,386	3,664,488	4,001,025	IT, including	1,605,572	2,038,950	1,881,115	1,643,236	1,982,768	2,309,803	2,498,138
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IT salaries and benefits							
All else	5,244,009	5,161,375	5,149,948	5,497,544	6,160,673	6,803,409	7,770,134
Total expenditure for Board	12,356,024	13,097,754	13,701,908	13,574,508	15,277,833	17,429,617	19,363,138

Major factors in expenditure increases

Subject	Description
Salary increases	<ul style="list-style-type: none"> • Compounded increases from 2020 – 2025 (projected): 5% in 2020; 5% in 2021; 5% in 2022; 5% in mid-2023 and another 2% compounded later in the year; 3% in 2024; 3% in 2025 projected • Increased expenditures include not just GA salary increases, but promotions within the five year time frame, benefit increases as a result, changes in pay bands
Hiring	<ul style="list-style-type: none"> • Hiring: increase in licensee types (licensed certified midwives and clinical nurse specialists), disciplinary cases (approximately 21%), application numbers (39% increase since 2017), required additional staff <ul style="list-style-type: none"> ○ Since 2018: 7 new FTE, 5 new part-time positions, 3 long-term temporary employees (24% increase from 63 employees) ○ Board of Nursing uses a significant number of part-time employees as probable cause reviewers (discipline), agency subordinates (discipline), and education inspectors (compliance). Most part-time employees used are equivalent in Board cost to FTEs due to the following: <ul style="list-style-type: none"> ▪ Part-time employees are highly specialized and therefore highly paid, generally \$55-60/hour ▪ BON’s part-time employees have labor-intensive, complex jobs ▪ Example: survey visits for an education inspector can take up to 60 or more hours for preparation and onsite work ▪ An agency subordinate can work multiple days of 10 hour case loads

	<ul style="list-style-type: none"> ▪ High hourly rate coupled with amount of work done creates an employee cost that is comparable to a lower level FTE • Note: new hires also received salary increases • New practice group will be registered in 2025 pursuant to legislation (HB349)
IT Costs	<ul style="list-style-type: none"> • IT costs have also increased due to salaries – any state employees received the same salary increases and therefore the IT department simply costs more to employ the same number of people • IT costs. Boards and agency have gone paperless for disciplinary cases • Huge shift in technology to cloud • Cases are confidential, contain medical information, can be very large, and often have particular information such as x-rays • Cannot PDF, must have specialized system • Costs for conversion to cloud cannot be differentiated from standard IT costs
Disciplinary cases	<ul style="list-style-type: none"> • Increase in disciplinary cases at Board level • Requires numerous other costs that are not related to Nursing staff <ul style="list-style-type: none"> ○ OAG cost for both Board counsel and prosecutor (note: OAG salaries increased as well, both by GA action and within the OAG, and charges to agencies have increased accordingly) ○ Per diem for Board members ○ Rental of hearing space ○ Court reporters ○ Food for participants (hearings are extremely long)
Previous fee reductions	<ul style="list-style-type: none"> • The Board reduced fees for the renewal period of 2017 – 2019 • Resulted in a decrease of revenue of \$2,395,212
<p>The Board also considered additional information at their recent meeting:</p>	

- CNA Registry Expenditures:
 - Large discrepancy between reimbursements for registry and expenditures.
 - FY2022:
 - Expenditures of \$2.015 million and allowed reimbursements of \$542,235.
 - Deficit of \$1.473 million.
 - FY2023:
 - Expenditures of \$2.827 million and allowed reimbursements of \$553,954.
 - Deficit of \$2.273 million.
 - FY2024:
 - Expenditures for 11 months up to May 2024 were \$2.918 million. Expected total expenditures for FY2024 will be over \$3 million. Allowed reimbursements of \$556,722.
 - Expected deficit of \$2.443 million
- HPMP costs: almost \$4,000/person/year covered by Board. Current cost approximately \$640000/year; projected increase to \$2.2 million with expansion of HPMP to estimated 550 participants

The Board was presented with detailed breakdowns of fees relative to neighboring states, however due to length and constraints of the form, that information cannot be included here. It is available on the Board agenda on TownHall on pages 157-174.

Percentage Increase in Fees

At its' July 23rd meeting, the Board was presented with options for how much to increase fees by and how long the increase will sustain the Board until internal projections indicate a new fee increase will be needed. The Board voted on a higher increase percentage in an effort to fund the Board longer and push off the need for a new fee action until 2031, when a new regulatory action will likely begin. With this option, the Board voted on around 65%-70% increases, with select fees and chapters seeing higher increases. Fees such as late renewal and reinstatement saw the largest increases of around 100% across all practice groups as they are associated with actions that are not standard actions and something to be discouraged. Massage therapists saw the largest average increase of 100% as their enforcement costs are the greatest percentage of licensees the Board regulates. Complete fee changes are impractical to include in this brief form but will be communicated as part of this action in the Agency Background Document and in the proposed language on TownHall.

Below is a summary of how the selected fee increases will provide revenue to the Board:

Option	Total Anticipated Revenue	By chapter
1	\$10,318,475	Chapter 19 – \$8,407,460 Chapter 25 – \$256,000 Chapter 27 – \$35,750 Chapter 30 – \$922,000 Chapter 50 – \$508,715 Chapter 60 – \$188,550

(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Fees are set to be raised an average of 65%-70% although some fees and practice groups will be more.	(b) Allowing the board to cover its costs and stay out of the red, which will keep the board from having to obtain an emergency treasury loan and causing more financial hardship on the practitioners the board regulates
(3) Net Monetized Benefit	Positive; Keeping the board solvent will allow our licensing and discipline processes to continue operating and will result in the advancement of a safe and competent healthcare workforce being present in Virginia	
(4) Other Costs & Benefits (Non-Monetized)	Increased healthcare safety in the Commonwealth. Preventing a delay in licensing that will occur if the board runs out of money, which would go against a stated goal of the Governor.	
(5) Information Sources	Previously provided information, internal discussions with Finance on fee increase action	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	The Board of Nursing would be unable to cover its costs and would need to take out an emergency treasury loan, which will only require greater fee increases to pay that loan back with interest as required and cover board costs. This has the potential to affect all of DHP as well as Nursing is one of the larger boards and a financial strain there could ripple into the rest of the department.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Incalculable, but significant	(b) None
(3) Net Monetized Benefit	Extreme Negative	
(4) Other Costs & Benefits (Non-Monetized)	Agency may function at a reduced capacity until an emergency treasury loan that would be taken out, depending on timing. Reduced capacity may mean fewer licensees issued and longer time to resolve disciplinary cases.	
(5) Information Sources		

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	There is no alternative approach to consider. The only way to amend fees is through board action.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources		

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	There is no impact on local partners	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	N/A	
(4) Assistance		

(5) Information Sources	
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Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	Families who include a practitioner regulated by the Board of Nursing would be required to pay a higher fee, however this fee increase is not likely to meaningfully impact their livelihood.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Varies depending on license type, but compared to expected salary of practice type should be minor	(b) Keeping the board afloat
(3) Other Costs & Benefits (Non-Monetized)		
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	There is no impact on local partners	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	N/A	

(4) Alternatives	
(5) Information Sources	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
18VAC90-19	(M/A):				
18VAC90-25	(D/A):				
18VAC90-27	(M/R):				
18VAC90-30	(D/R):	755	0	0	0
18VAC90-50					
18VAC90-60					
18VAC90-70					
Grand Total of Changes in Requirements:					(M/A):
					(D/A):
					(M/R):
					(D/R): 755

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).