



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 112-20 – Rules Governing the Practice of Physical Therapy Department of Health Professions October 17, 2005

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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board of Physical Therapy (board) proposes to amend the Regulations Governing the Practice of Physical Therapy to recognize more than one credentialing organization through which graduates of non-approved (foreign) physical therapy programs may gain approval for licensure. The board also proposes to add a new avenue to licensure for physical therapists that are licensed in other U.S. jurisdictions.

Estimated Economic Impact

Current regulation mandates that all physical therapists who graduate from non-approved (foreign) physical therapy programs must have their credentials verified by the Foreign Credentialing Commission on Physical Therapy (FCCPT) before licensure. The FCCPT is required to verify that an applicant 1) has education and training equivalent to what he would have gotten from an approved program, 2) has been prescreened for a work visa 3) is proficient

in English and 4) does not have a history of unprofessional conduct or substandard practice, if licensed in another country. Foreign applicants for licensure have experienced delays in their application process which can likely be attributed to there being only one recognized credentialing body. In addition, applicants have complained about the complexity of the credentialing process.

In response to these concerns, the board proposes to allow applicant evaluation by any credentialing agency who is approved by the board and who uses the performance criteria set out in the proposed regulation. According to the Department of Health Professions, there are between 5 and 10 credentialing agencies that are competent to evaluate applicants for licensure and that are not approved to do so under current regulation. The proposed regulatory change will allow foreign applicants for licensure to choose among competing credentialing agencies; the winners in this competition will likely be those agencies which shorten and simplify the licensing process for their applicants. This regulatory change will benefit foreign physical therapists who wish to be licensed in the Commonwealth and will also benefit citizens who will then have more options in choosing a physical therapist.

Current regulation allows physical therapists to be licensed by endorsement if they currently hold an unrestricted license from any territory of the United States or from Canada; they must, however, be able to document that they have the same education as other applicants for licensure. This requirement has proven to be difficult for physical therapists that graduated many years ago and can not get transcripts and other documents from the schools that they attended.

The proposed regulation will allow a physical therapist who currently holds an unrestricted license from any territory of the United States or from Canada to get a license to practice his trade in Virginia if he has at least 5 years of active clinical experience in physical therapy prior to applying for a license in the Commonwealth. Proof of experience can be used in lieu of documentation of education. This regulatory change will benefit competent physical therapists who wish to be licensed by the Commonwealth but who cannot easily get school transcripts and will also benefit citizens who will then have more options in choosing a physical therapist.

Businesses and Entities Affected

There are 4,697 licensed physical therapists in the Commonwealth; of these, 351 hold licenses obtained in the last fiscal year. All currently licensed physical therapists and all physical therapists who will seek licensure from the Commonwealth in the future will be affected by the proposed regulation.

Localities Particularly Affected

The proposed regulation will affect all localities in the Commonwealth.

Projected Impact on Employment

To the extent the proposed regulatory change increases the number of physical therapists licenses issued, more physical therapists will be able to seek employment in their chosen field. The market for physical therapists is increasingly tight in the Commonwealth and employers of physical therapists are, consequently, fairly insensitive to labor costs. Because of this, allowing more physical therapists to be licensed is likely to have the near term effect of easing labor shortfalls without unduly affecting the wage that can be commanded. In the long run wages will likely fall, or at least increase less than they otherwise would have, as the market adjusts to an increased labor supply.

Effects on the Use and Value of Private Property

The net worth of physical therapists as a group is likely to increase due to the proposed regulatory change. Given the current market for physical therapists and an increasing population of senior citizens in the Commonwealth, the increase in the net worth of physical therapists that are licensed using the new avenues of licensure allowed by the proposed regulation is likely to overwhelm any possible decrease in the market wage of physical therapists.

Small Businesses: Costs and Other Effects

Physical therapists who apply for licensure under the new sections of the proposed regulation will likely find that the licensure process is less expensive and burdensome than it has been in the past.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulation will decrease the compliance burden on the regulated community.