



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

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**18 VAC 85-20 – Regulations Governing the Practice of Medicine, Osteopathic Medicine,  
Podiatry and Chiropractic**  
**Department of Health Professions**  
October 5, 2006

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

Under the current regulations applicants for licensure in medicine who use passage of the United States Medical Licensing Examination (USMLE) for licensure qualification must pass Steps 1, 2, and 3 of the USMLE within seven years, except for good cause shown. The Board of Medicine (board) proposes to increase the time limit to ten years, eliminate the “for good cause shown” language, and specify that applicants who are board-certified in a specialty approved by the American Board of Medical Specialties or the Bureau of Osteopathic Specialists of the American Osteopathic Association are exempt from the time limit.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

According to the Department of Health Professions (department), the average domestic medical school graduate completes Steps 1 and 2 of the USMLE during medical school and Step 3 during residency. Hence, all three steps are typically completed within three years.

The current regulations require that applicants for licensure in medicine who use passage of USMLE for licensure qualification must pass Steps 1, 2, and 3 of the USMLE within seven years, except for good cause shown. According to the department, approximately 15 to 20 individuals per year who have taken more than seven years to complete all three steps apply to

the board to waive the seven-year time limit. All or nearly all applicants who currently apply for waiver of the time limit for good cause are approved.<sup>1</sup>

The board proposes to increase the time limit to ten years, eliminate the “for good cause shown” language, and specify that applicants who are Board-certified in a specialty approved by the American Board of Medical Specialties or the Bureau of Osteopathic Specialists of the American Osteopathic Association are exempt from the time limit. In recent years nearly all applicants who have applied for waiver of the seven-year time limit have completed all three steps within ten years.<sup>2</sup> Thus, the proposed amendments will in practice cause very little change in terms of who qualifies for licensure. The small number of applicants who currently need to apply for waiver of the time limit for completion of the USMLE will no longer need to apply for a waiver. These applicants will save on time and preparation efforts.

Most member boards of the American Board of Medical Specialties or the Bureau of Osteopathic Specialists require licensure as a precondition for board certification. Also, no other states are currently known to permit more than ten years for medical licensure applicants to pass all three steps of the USMLE.<sup>3</sup> Thus, the proposed language that specifies that applicants who are board-certified in a specialty approved by the American Board of Medical Specialties or the Bureau of Osteopathic Specialists of the American Osteopathic Association are exempt from the time limit is unlikely to have much impact in practice.

## **Businesses and Entities Affected**

The proposed amendments affect medical license applicants who have taken more than seven years to pass all three steps of the USMLE. According to the department, approximately 15 to 20 persons annually appeal for waiver of the current 7-year limit on time to pass all three steps. The proposed amendments would affect most of these individuals.

## **Localities Particularly Affected**

The proposed regulations affect all Virginia localities.

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<sup>1</sup> Source: Department of Health Professions

<sup>2</sup> Ibid

<sup>3</sup> Ibid

## **Projected Impact on Employment**

The proposed amendments will not significantly affect employment. All or nearly all applicants who currently apply for waiver of the time limit for good cause are approved. Nearly all of these applicants have completed all three steps within ten years. Thus, the proposed amendments will in practice cause very little change in terms of who qualifies for licensure. Consequently, employment will not be significantly affected.

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

A small number of applicants who currently need to apply for waiver of the time limit for completion of the USMLE will no longer need to apply for a waiver. These applicants will save on time and preparation efforts.

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

The proposed amendments do not significantly affect small businesses.

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

The proposed amendments do not significantly 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 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.