



## Economic Impact Analysis Virginia Department of Planning and Budget

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**18 VAC 60-20 – Regulations Governing the Practice of Dentistry and Dental Hygiene**  
**Department of Health Professions**  
March 29, 2006

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### Summary of the Proposed Amendments to Regulation

The Board of Dentistry (board) proposes to raise fees for dentists and dental hygienists.

### Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section.

### Estimated Economic Impact

Section 54.1-201.4 of the Code of Virginia (1950), as amended (Code), grants regulatory boards under the Department of Health Professions (DHP) the authority to levy and collect fees sufficient to cover the expenses of a board. In addition, Code § 54.1-113 (the “Callahan Act”) stipulates the conditions under which health regulatory boards must adjust their fees:

Following the close of any biennium, when the account for any regulatory board within the Department of Professional and Occupational Regulation or the Department of Health Professions maintained under § 54.1-308 or § 54.1-2505 shows expenses allocated to it for the past biennium to be more than ten percent greater or less than moneys collected on behalf of the board, it shall revise the fees levied by it for certification or licensure and renewal thereof so that the fees are sufficient but not excessive to cover expenses.

The second and third columns of Table 1 (see below) display board expenditures and revenues, respectively, for the last four completed fiscal years.<sup>1</sup> The fourth column, labeled Callahan Percentage, displays the percentage by which expenditures exceed revenues for the two year period ending in the fiscal year listed on the cell in question’s row. Since the most recent

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

Callahan Percentage exceeds ten percent, the Callahan Act directs the board to raise its fees to cover expenses.

Table 1

Fiscal Year	Expenditures	Revenues	Callahan Percentage
FY02	998,003	798,347	
FY03	1,088,963	1,098,757	10.0%
FY04	1,150,843	1,067,445	3.4%
FY05	1,360,332	1,115,755	15.0%

Giving consideration to future revenue and expenditure projections, the agency has determined that it needs to raise fees as detailed in Table 2 in order to avoid a deficit and to remain in compliance with the Callahan Act.

Table 2

Category	Current	Proposed
Dentistry Renewal (active)	\$150	\$315
Late Fee	\$50	\$105
Dental Hygiene (active)	\$50	\$80
Late Fee	\$20	\$26
Dentistry Renewal (inactive)	\$75	\$158
Dental Hygiene (inactive)	\$25	\$45
Temp. Resident Application	\$55	\$60
Reinstatement of Revoked Dentistry License	\$750	\$1,050
Reinstatement of Revoked Dental Hygiene License	\$500	\$250
Reinstatement of Suspended Dentistry License	\$350	\$790
Reinstatement of Suspended Dental Hygiene License	\$250	\$420
Dental License by Exam	\$225	\$420
Dental License by Credentials	n/a	\$525
Dental Hyg. Lic. by Exam	\$135	\$185
Dental Hyg. Lic. by Endorsement	\$135	\$290
Duplicate Wall Certificate	\$25	\$65
Duplicate License	\$10	\$21
Restricted License	\$150	\$315
Returned Check	\$25	\$35
Oral Surgeon Registration	\$175	\$185
Oral Surgeon Registration Reinstatement	\$175	\$360

The Department of Health Professions (department) points out that without adequate funding, the licensing of practitioners could be delayed, and dental care in the Commonwealth would be less accessible. In addition, sufficient funding is essential to carry out the investigative and disciplinary activities of the board in order to protect public health and safety. Thus there are both clear benefits and clear costs introduced by the fee increases. It is not clear whether or not the benefits exceed the costs. Since regulation of professions is not a market good, there is not an obvious market price at which speedier license processing and disciplinary investigations are valued.

### **Businesses and Entities Affected**

The proposed regulations affect the Commonwealth's 5,552 licensed dentists, 4,079 licensed dental hygienists, 175 registered oral-maxillofacial surgeons, their patients, and individuals intending to apply for licensure or registration.<sup>2</sup> All or most dental practices qualify as small businesses.

### **Localities Particularly Affected**

The proposed regulations affect all Virginia localities.

### **Projected Impact on Employment**

The proposed fee increases are unlikely to significantly affect employment.

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

The proposed fee increases will moderately reduce the value of dental practices.

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

All or most dental practices likely qualify as small businesses. The proposed fee increases will commensurately increase costs for these businesses.

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

The board could increase fees by a smaller amount. But a smaller total fee increase would reduce the speed by which the board and department could conduct license processing and disciplinary investigations.

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<sup>2</sup> Figures provided by the Department of Health Professions.

## 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.