

**BOARD OF REGISTERED NURSING  
REVISED INITIAL STATEMENT OF REASONS**

**Hearing Date:** July 27, 2015

**Subject Matter of Proposed Regulations:** Fees Increase

**Sections Affected:** Title 16, Division 14, Section 1417

**Amend Title 16 California Code of Regulations Section 1417.**

The Board of Registered Nursing (Board) hereby specifically finds that adoption of emergency regulations to increase certain fees necessary for the immediate preservation of public health and safety, and general welfare of the citizens of California.

**Specific Purpose of Amendments, Changes and Factual Basis/Rationale:**

The Board's highest priority is consumer protection. The primary methods by which the Board achieves this goal include: ensuring applicants meet the education and training requirements for licensure, investigating complaints against registered nurses and disciplining licensees for violation of the Nursing Practice Act (NPA); monitoring nurses whose licenses have been placed on probation; and managing a Diversion Program for registered nurses, whose practice may be impaired due to chemical dependency or mental illness.

Due to the declining fund balance, the Board began an independent fee study earlier this year to determine at what level the Board should increase the statutory cap on existing fees. Based on the results of the fee study, the Board plans to pursue statutory fee cap increases and implementation via the legislative process. It was initially anticipated this statutory fee cap increase could be implemented by January 1, 2017, which in conjunction with repayment of outstanding general fund loans would ensure solvency for the fund. However, in the third quarter of FY 2014-15, the Board learned of several budgetary issues that would contribute to fund insolvency in April 2017. The Board requested an Attorney General (AG) and Office of Administrative Hearings (OAH) augmentation in February 2015 due to greater than anticipated increases in enforcement costs. In May 2015 the Board learned that there would be a one-time cost to BreZE in FY 2015-16 which resulted in an augmentation to the Board in the amount of \$485,000. This was due to increased contract costs related to a two-month delivery schedule extension and resulting need for contract re-negotiations with the project vendor. Additionally, in May 2015 the Board was informed that BreZE costs would increase by \$2.28 million in FY 2015-16, and \$2.58 million in FY 2016-17.

In May 2015 it was clear that the AG/OAH augmentation was not sufficient, and the Board would require additional redirection of costs to this line item in addition to the budget augmentation of \$2.9 million. The Board is not adequately budgeted for AG costs. The AG costs for 2014/15 totaled \$8,166,324 and the budget allocation was \$5,865,747; this is an annual deficit that adds to the Boards already structurally unsound budget that is headed for insolvency.

Currently the Board of Registered Nursing's fund is projected to go insolvent in April of 2017, The Board currently has a structural deficit of approximately \$9 million, meaning that the Board collects \$9 million less in revenue than what it is projected to expend each year. This fee increase is only estimated to bring in an additional \$4.8 million on an annual basis, which would only address half of the existing structural deficit. Once these regulations are in place the Board

will need to pursue a legislative change to increase their statutory fee caps and set new fees immediately upon the bill’s passage. This regulation will serve to push out the potential insolvency date of the Board by a little over one year.

The approval of the fee regulation will provide the Board with the resources necessary to continue to conduct business at a sufficient level and pursue the statutory fee increase needed to fully address their fund’s structural imbalance.

With the fees effective in August of 2016 (via normal regulations), the Board’s insolvency date would move up to April of 2017. The Board is solely funded by its licensing fees and, therefore, without adequate resources, the Board would be unable to operate, license, and seek appropriate discipline for those guilty of violating the NPA and endangering the public with continued practice or continue licensure activities.

**Underlying Data:**

Technical, theoretical or empirical studies or reports relied upon:

- Board Fund Condition

**AUTHORITY AND REFERENCE CITATIONS**

Authority Cited: Section 2715, Business and Professions Code. Reference: Sections 163.5, 2815, 2815.5, 2815.7, 2816, 2830.7, 2831, 2833, 2836.1, 2836.3 and 2838.2, Business and Professions Code.

**INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

Amend Section 1417.

Existing laws authorize the Board to charge fees for initial licensure and certification applications; temporary licenses, interim permits; license and certificate renewals; delinquent renewals; and returned checks. The Board is a self-supporting, special fund agency that generates its revenue from licensing fees. The Board is proposing to increase fees as detailed in the table below.

<b>Fees</b>	<b>Existing</b>	<b>Proposed</b>
Biennial license renewal fee*	\$140	\$160
Penalty fee for failure to timely renew a license	\$65	\$75
Application fee for continuing education provider approval	\$200	\$300
Biennial continuing education provider approval renewal fee	\$200	\$300
Penalty fee for failure to renew a continuing education provider	\$100	\$150
Fee for processing endorsement papers to other states	\$60	\$100
Certified copy of a school transcript	\$30	\$50
Duplicate license fee	\$30	\$50
Fee for evaluation of qualifications to use the title “nurse-practitioner”	\$75	\$150
Application fee for certificate as a nurse-midwife	\$75	\$150
Biennial nurse-midwife certificate renewal fee	\$75	\$100
Penalty fee for failure to timely renew a nurse-midwife certificate	\$37	\$50
Fee for application for nurse-midwife equivalency examination	\$100	\$200
Application fee for nurse-anesthetist certificate	\$75	\$150

Biennial nurse-anesthetist certificate renewal fee	\$75	\$100
Penalty fee for failure to timely renew a nurse-anesthetist certificate	\$37	\$50
Application fee for public health nurse certificate	\$75	\$150
Application fee for clinical nurse specialist certificate	\$75	\$150
Biennial clinical nurse specialist certificate renewal fee	\$75	\$100
Penalty fee for failure to timely renew a clinical nurse specialist certificate	\$37	\$50

\*With the proposed fee increase, registered nurses will pay \$160 at the time of license renewal. This fee includes a \$10 assessment for the RN Education Fund administered by the Office of Statewide Health Planning and Development and is not revenue to the Board.

## **FISCAL IMPACT ESTIMATES**

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Cost/Savings in Federal Funding to the State: None

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 – 17630 Require Reimbursement: None

Business Impact: The Board has determined that the fee increase will have an impact on approximately 1,400 businesses requesting Continuing Education Provider (CEP) renewals, with \$140,000 in revenue (1,400 providers x \$100 increase in renewal fees). Additionally, we estimate that approximately 240 CEP initial applications will be received each year, with \$24,000 in revenue to the Board (240 providers x \$100 increase in initial application fees). However, the Board does not consider this to be a significant adverse statewide economic impact affecting business, including the ability of California businesses to compete with businesses in other states.

Impact on Jobs/New Businesses: The Board has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Economic Impact Assessment/Cost Impact on Representative Private Person or Business: The proposed fee increase affects individuals and some small businesses (CEPs). The affected individuals are the approximately 4,795 applicants for advanced practice certificates, 182,000 registered nurses renewing their licenses biennially, and renewal of 3,070 various Board-issued certificates.

The affected small businesses are approximately 1,400 CEP biennial renewals, and approximately 240 CEP applications annually. The cost impact on the individuals varies dependent on the type of application, i.e., initial certification, renewal of a license, or renewal of certificate. The increase in fee range from \$10.00 to \$100.00 and is detailed in the above table. The Board estimates revenues will increase approximately \$2,447,000 in FY 2015-16 and \$4,894,000 in FY 2016-17 and ongoing from the fee increases.

The proposed regulation will benefit California residents by enabling the Board to be more effective in protecting them and effectively supporting the Board's functions with the revenue generated from the fee increase. The Board anticipates that these regulations will not affect worker safety, nor will it affect the state's environment.

The Board concludes that the proposal will not create or eliminate jobs within the State of California; will not create or eliminate existing businesses within the state; will not affect the expansion of businesses currently doing business within the State of California; will not affect worker safety; and does not affect the state's environment.

Effect on Housing Costs: None

Specific Technologies or Equipment:

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives:

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

1. Not adopt the regulations. This alternative was rejected because the changes proposed by this regulatory action are necessary in order to keep the Board solvent.
2. Adopt the regulation. The Board determined that this alternative is the most feasible because the proposed regulatory changes would support the Board's functions and give the Board the ability to protect the public.