

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 4649**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: DECEMBER 2, 2021

**SUMMARY**

**Synopsis:** Requires health care professional licensing boards to utilize National Practitioner Data Bank.

**Type of Impact:** Annual State expenditure increase. Potential State revenue increase.

**Agencies Affected:** Department of Law and Public Safety, Division of Consumer Affairs.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost Increase</b>		Indeterminate	
<b>State Revenue Increase</b>		Indeterminate	

- The Office of Legislative Services (OLS) finds that the bill will cause indeterminate increases in annual State expenditures; however, OLS estimates that any expenditures will be offset by increased fees established at the discretion of the various Division of Consumer Affairs boards. The OLS, however, cannot assess the net effect of the two increases given the absence of information on the future cost of National Practitioner Data Bank (NPDB) fees and potential increased fees set forth by the respective boards.
- The bill’s requirement to utilize the NPDB during the initial and renewal license period for health care professionals may increase the workload of the staff at the Division of Consumer Affairs by an indeterminate amount and an indeterminate cost.
- The bill’s requirement to utilize the NPDB will result in additional State expenditures from various NPDB user fees. The NPDB has established a \$2 user fee per practitioner query and an annual \$2 user fee per practitioner to utilize the continuous query function.

**BILL DESCRIPTION**

This bill requires professional and occupational licensing boards within the Division of Consumer Affairs in the Department of Law and Public Safety to utilize the NPDB, which is maintained by the United States Department of Health and Human Services.

The NPDB is a web-based repository of reports containing information on medical malpractice payments and certain adverse actions related to health care professionals. The mission of the

NPDB is to prevent health care professionals from moving from state to state without discovery of prior bad acts.

The bill requires professional and occupational licensing boards to:

- (1) not issue an initial license or other authorization to practice a health care profession to any applicant unless the board first determines that no information exists on file in the NPDB which may disqualify the applicant; and
- (2) utilize the continuous query function of the NPDB for each person issued a license or authorization to practice a health care profession.

The bill provides that boards may not issue or renew or, if renewed, must revoke or suspend a license or other authorization to practice a health care profession that is regulated by that board if the board determines through use of the NPDB that there is cause to refuse to issue or suspend or revoke any license or authorization of a health care professional.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS finds that the bill will cause indeterminate increases in annual State expenditures; however, OLS estimates that any expenditures will be offset by increased fees established at the discretion of the various Division of Consumer Affairs boards. The OLS, however, cannot assess the net effect of the two increases given the absence of information on the future cost of NPDB fees and potential increased fees set forth by the respective boards.

**State Expenditure Increase:** The State will incur an annual expenditure increase with the establishment of the requirement to utilize the federal NPDB.

Based on information in the 2020 Governor's FY 2020 Budget, this bill would affect an estimated 420,000 health care professionals. The bill's requirement to utilize the NPDB during the initial and renewal license period for health care professionals may increase the workload of the staff at the Division of Consumer Affairs by an indeterminate amount and an indeterminate cost. A health care professional includes professionals regulated by any of the 18 boards enumerated in section nine of P.L.2005, c.83 (C.45:1-34).

According to the NPDB website, there are no registration fees associated with establishing the State as an eligible entity with the NPDB. Additionally, there are no fees to submit a report of medical malpractice payment, adverse action, or judgment or conviction to the NPDB. The OLS estimates that the State will be charged user fees to utilize the NPDB. There is, however, a \$2 user fee per practitioner to query the NPDB and an annual \$2 user fee per practitioner to utilize the continuous query function.

The majority of State health care professional licensees are licensed for two-year periods. The OLS estimates that for the active licenses, the State would expend nearly \$840,000 per year for continuous queries for 420,000 licenses. The OLS estimates that any expenditures will be offset by increased fees established at the discretion of the various Division of Consumer Affairs boards.

As noted on the NPDB website, the U.S. Congress identified the need to restrict the ability of certain incompetent health care professionals moving from state to state without disclosure or discovery of the professional's previous damaging or incompetent performance. The OLS estimates that the use of the NPDB may decrease the board's regulatory activities, assuming that bad actors are discovered earlier in the licensure process leading to additional, likely marginal,

decreases in State expenditures. The OLS, however, cannot determine the magnitude of the decrease due to uncertainty regarding the number of health care professionals who may be discovered earlier in the process.

*Section: Law and Public Safety*

*Analyst: Kristin Brunner Santos  
Lead Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).