

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2736

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Tim Walker
Reviewed by: Haylee Morse-Miller
Date: 02/24/2023

Measure Description:

Enacts interstate Occupational Therapy Licensure Compact.

Government Unit(s) Affected:

Occupational Therapy Licensing Board

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis: This measure enacts the Occupational Therapy Licensure Compact, which allows Occupational Therapists and Occupational Therapy Assistants to be licensed in their home state and to practice in other states by compact privilege, either in-person or via telehealth. Compact licensees must meet any jurisprudence requirements established by the remote state but bypass the continuing education and general requirements in the remote state; compact licensees are required to meet continuing education, background check, and other requirements as part of their home state licensing process. States may choose to charge a fee to grant compact privilege.

The measure also establishes the Occupational Therapy Compact Commission. Each state must send a delegate to the Commission, which meets at least annually, and the Commission may levy and collect an annual assessment from each member state, or impose fees on other parties, to cover the cost of Commission activities and operations.

The measure modifies allowable uses for funds in the Oregon Occupational Therapy Licensing Board Account to include use of funds for the purpose of meeting the financial obligations imposed on the State of Oregon as a result of the state's participation in the Occupational Therapy Licensure Compact. This applies to moneys received by OTLB on and after the operative date of the measure. Any assessments levied, or financial obligations imposed under the compact are effective against the State only to the extent that moneys necessary to pay the financial obligation have been deposited in the Occupational Therapy Licensing Board Account.

The measure takes effect on the 91st day after the Legislature adjourns sine die and is largely operative on January 1, 2024.

The Occupational Therapy Licensing Board (OTLB) anticipates a loss of renewal income, endorsement application fee income, and revenue from active licensees who live out of state and use telehealth. OTLB currently licenses a total of 2,680 Occupational Therapists, 634 of which reside outside of Oregon. For the purposes of this fiscal, OTLB assumed that only residents in the neighboring states of Washington and Idaho would choose compact licensure, as well as half of licensees who live outside of the state and practice via telehealth. OTLB estimates a total loss of revenue of \$51,800. Compact privileges for licensees are anticipated to be available in late 2023 or early 2024, so the Board anticipates that the full effect of this loss of revenue will not be felt until the 2025-27 biennium.

This loss of income would be partially offset by an increase in privilege to practice fees, which are fees that a remote state may charge privilege holders for working in Oregon. OTLB notes that the Compact Commission does not have a required amount for this fee but that it must be reasonable. For the purposes of this fiscal, OTLB assumes a fee of \$75 though the fee has not yet been set; the average amount charged by Boards in other states is \$58. A privilege to practice fee of \$75 would offset the revenue loss by approximately \$18,240, so the Board's total loss of revenue under these assumptions would total approximately \$33,560.

OTLB has proposed a fee increase to cover operations in the current biennium. OTLB may need to raise fees in future biennia to cover the loss of revenue and additional costs generated by Compact licensure. The Board currently does not have an ending fund balance to cover the additional expenses or lost revenue. The annual fee payable to the Compact Commission is not reflected in the fiscal since it has not been officially set by the Compact. Additionally, the Board will be required to send a board member or administrator to an annual commission meeting. It is unclear if the Compact or the Board would be required to cover this cost. OTLB also notes that licensees seeking compact privilege must pay a fee to the Commission to work in a remote state, and that the Occupational Therapy Compact Commission then will send a monthly check to the states for the practice fees collected, though this transfer of funds does not seem to be specifically addressed in this legislation.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on the OTLB Budget.