

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4328

STATE OF NEW JERSEY 221st LEGISLATURE

DATED: DECEMBER 26, 2024

SUMMARY

- Synopsis:** Enters New Jersey into Interstate Physician Assistant Licensure Compact.
- Type of Impact:** Annual increase in State expenditures; annual decrease in State revenues.
- Agencies Affected:** Department of Law and Public Safety.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that annual State expenditures will increase by an indeterminate amount for the State to enter into the Interstate Physician Assistant Licensure Compact. The net fiscal impact of the bill cannot be quantified at this point, given that the compact was activated in July 2024, and is not anticipated to begin accepting applications from physician assistants for privileges to practice until early 2026.
- Factors that will affect the State’s operational expenses under the bill include costs for the Physician Assistant Advisory Committee of the State Board of Medical Examiners, within the Department of Law and Public Safety’s Division of Consumer Affairs, to align its physician assistant licensing data with the licensure data system that all compact member states will be required to utilize under the bill.
- The OLS also cannot anticipate the number of physician assistants, licensed in a compact member state but practicing in the State under a compact privilege, that the committee and the board will be required to regulate subsequent to the bill’s enactment. To the extent that the committee and the board set the fee assessed for a compact privilege to practice at an amount that approximates the State’s fee for an initial or a renewal license, any additional administrative or regulatory costs incurred by these entities will be at least partially offset.

- To the extent that physician assistants who currently live in a compact member state relinquish their existing State license for a compact privilege to practice, State revenues could potentially decrease. The revenue impact of such a shift by out-of-state physician assistants will largely hinge on the comparative costs of a compact privilege to practice in the State versus State licensure.

BILL DESCRIPTION

The bill would enter New Jersey into the Interstate Physician Assistant Licensure Compact, which will allow a physician assistant, who is licensed and residing in a compact member state, to practice in other compact member states without the need for multiple state licenses. The purpose of the compact is to enhance the portability of a physician assistant license and permit active duty military personnel and their spouses to obtain a compact privilege to practice based on an unrestricted license in good standing from another compact member state.

The bill establishes the PA Licensure Compact Commission as an instrumentality of the compact member states, with each member state allocated one representative, selected by the state's licensing board, on the commission. The commission is granted broad authorities, including the power to: establish bylaws and promulgate rules; hire staff; contract for services; apply for grants; accept donations, including of equipment and services; lease, purchase, and accept gifts or donations of property; sell, mortgage, or otherwise dispose of property; establish a budget and make expenditures; and borrow money.

The bill authorizes the commission to assess an annual fee from each compact member state, in addition to a fee from applicants for a privilege to practice, in order to cover the cost of the commission's operational and administrative activities, minus any revenue provided by outside sources. The aggregate annual assessment charged to the compact member states will be allocated based on a formula to be determined in regulations promulgated by the commission.

As of November 1, 2024, 13 states have enacted the compact, while three additional states, including New Jersey, have compact legislation pending.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that annual State expenditures will increase by an indeterminate amount and State revenues may decrease by an indeterminate amount under the bill. Given that the compact became effective in July 2024, the compact commission is in the early stages of organizing and does not anticipate granting compact privileges to practice to physician assistants until early 2026. As such, the OLS cannot determine the net fiscal impact of the bill's provisions on the Physician Assistant Advisory Committee of the State Board of Medical Examiners, due to the uncertainties detailed below.

1. *Increased operational and administrative expenditures for the committee and the board to regulate an unknown number of out-of-state physician assistants who may be granted a compact privilege to practice in the State.* At this time, the OLS cannot anticipate the number of physician assistants, licensed in one of the 13 current compact member states or in states that may adopt the compact during the upcoming year, who may seek a compact privilege to practice in the State. As such, the OLS cannot determine the committee's future operational costs to regulate and take adverse actions against physician assistants with a privilege to practice in the State and State-licensed physician assistants who have a compact privilege to practice in a remote state. For context, the National Commission on Certification of Physician Assistants reported that the 13 states currently participating in the compact had a combined total of 36,062 licensed physician assistants in 2022.

The bill authorizes compact member states to assess a fee from applicants for a compact privilege to practice. The OLS assumes that the committee and the board will charge physician assistants a fee, set at a level to fully offset the State's operational and administrative costs to process compact privilege to practice applications, regulate out-of-state physician assistants issued a privilege to practice in the State, and provide updated licensure and disciplinary information on State-licensed physician assistants to compact member states.

The committee and the board will incur one-time costs to align the State's existing physician assistant licensure data system with the requirements of the data system that the commission will ultimately select to manage data on physician assistants with, or applying for, a compact privilege to practice. Without information on the extent to which the State's existing licensure data system meets the requirements of the data system ultimately selected by the commission, the OLS cannot estimate the costs associated with this requirement.

The bill also authorizes the commission to assess an annual fee from participating states, in order to cover the compact's operational and administrative expenses. However, a representative from the Council of State Governments, which provides technical assistance to compact member states, reports that the compact's operational and administrative expenses will likely be covered by other funding sources, such as applicant fees and donations from affiliated organizations. According to the representative, it will therefore be unlikely that the commission will assess a fee from compact member states.

2. *Reductions in State revenues from licensing fees assessed on physician assistants, currently living in a compact member state, who may relinquish their existing State license for a compact privilege to practice in the State.* Although the OLS cannot anticipate the number of licensed physician assistants who may seek to convert a State license to a compact privilege to practice, this number is likely mitigated by the fact that neither New York nor Pennsylvania have adopted the compact or have pending legislation to do so; to date, Delaware is the only state bordering New Jersey that has joined the compact.

The revenue impact of any shift by out-of-state physician assistants will be determined by the comparative costs of a compact privilege to practice versus State licensure. To the extent that the State's fee for a privilege to practice matches or approximates the \$220 that the board charges biennially for an initial or renewal physician assistant license, State revenues may be only marginally affected. The board additionally charges \$50 to prepare licensure certification paperwork for State-licensed physician assistants who are applying for licensure in additional states. If the board were to continue to charge this fee to State-licensed physician assistants who apply for a compact privilege to practice in a remote state, State revenues would increase by an indeterminate amount.

As of July 2, 2024, the State regulated 6,200 physician assistants; however, it is unknown how many of the physician assistants have active versus inactive licenses. Data compiled by the

National Commission on Certification of Physician Assistants indicates that 1,376 State-licensed physician assistants held licenses in additional jurisdictions as of 2022, which is the most recent year for which data are available.

New Jersey currently participates in five interstate professional licensure compacts for health professionals: the Nurse Licensure Compact, the Interstate Medical Licensure Compact, the Psychology Interjurisdictional Compact, the Physical Therapy Licensure Compact, and the Interstate Counseling Compact. Moreover, additional bills that would enter the State into various health professional interstate licensure compacts have been introduced during the current legislative session.

Section: Human Services

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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.).