RULES AND REGULATIONS

Title 22—EDUCATION

STATE BOARD OF EDUCATION [22 PA. CODE CH. 2]

Corrective Amendment to School District Organization; Chapter 2

The Department of Education has discovered a discrepancy between the agency text of Chapter 2 (relating to school district organization) as deposited with the Legislative Reference Bureau and published at 1 Pa.B. 196 (August 22, 1970) and the official text as originally codified and as currently appearing in the *Pennsylvania Code*: Chapter 2 was omitted from the official text of Title 22. This corrective amendment places Chapter 2 in Title 22.

Therefore, under 45 Pa.C.S. 901 (relating to official text of published documents), the State Board of Education has deposited with the Legislative Reference Bureau a corrective amendment to Chapter 2. This will take effect immediately upon publication in the *Pennsylvania Bulletin*

The correct version of 22 Pa. Code Chapter 2 appears in Annex A as follows.

Annex A

TITLE 22. EDUCATION

PART I. STATE BOARD OF EDUCATION Subpart A. MISCELLANEOUS PROVISIONS CHAPTER 2. SCHOOL DISTRICT ORGANIZATION INTRODUCTION

§ 2.1. Statutory references.

The Public School Code (24 P.S. §§ 1-101—27-2702) carries numerous provisions for school district organization and changes in school district boundaries as follows:

- (1) In annexation for school purposes, the Board's responsibilities are found in provisions of Article II, sections 226—229 (24 P.S. §§ 2-226—2-229) and 271—277 (24 P.S. §§ 2-271—2-277).
- (2) School district reorganization authority, as it applies to joint schools, is found in Article XVII of the Public School Code. Section 224 (24 P.S. §§ 2-224) specifically deals with State Board approval of further reorganization of administrative units or school districts, or both, reorganized under Act 299 of 1963 (24 P.S. §§ 2-290—2-298) and Act 150 of 1968 (24 P.S. §§ 2-2400—2-2400.10).
- (3) To make minor changes in school district boundaries without disturbing municipal boundaries, section 242.1 (24 P.S. § 2-242.1) applies and provides for Board approval.

§ 2.2. General provisions.

(a) All aspects of the changing of school district boundaries must comply with the School Laws of Pennsylvania, the Board regulations, and have prior review and recommendations by the Department. This applies to annexations which alter school district boundaries, combinations of school districts into larger units and creation of independent districts for transfer purposes only.

(b) The Department shall establish procedures, conduct investigations, require forms, data and reports necessary to carry out the previous provisions.

ANNEXATION FOR SCHOOL PURPOSES

§ 2.21. Conditions for approval of annexations.

- (a) Changes in the boundaries of school districts, to coincide with changes in municipal boundaries already made, will be approved by the Council of Basic Education, in original applications, unless:
- (1) The change would seriously impair the educational program of either the losing school district or the annexing school district.
- (2) The loss to the losing school district in assessed valuation and tax income would impair the ability of the residual area to amortize existing debts or support its educational program.
- (3) Approval would impose an undue transportation inconvenience on the pupils of the annexed area.
- (b) The Board, when considering an annexation appeal taken from a decision of the Council of Basic Education, may make its determination upon the basis of evidence presented at the hearing before the Council of Basic Education committee and any supplemental briefs or materials it may authorize or require.
- (c) The Council of Basic Education and the Board, as the case might be, reserve the discretionary right, prior to any action, to advise all school districts concerned in the annexation, that a just and proper adjustment of property, real and personal, including funds, indebtedness and rental obligations, if any, shall be made to and among the school districts, as prescribed in sections 271—277 of the Public School Code (24 P.S. §§ 2-271—2-277).

REORGANIZATION OF SCHOOL DISTRICTS

§ 2.31. Methods of unification.

There are 3 basic methods in the Public School Code of 1949, as amended, for the unification or contracted cooperation of school districts:

- (1) Any 2 or more school districts may sign contractual agreement to form a joint board for the operation of the schools of a joint school system or for the combined operation of departments.
- (2) Any two or more administrative units or resultant school districts may combine to create a larger school district.
- (3) The mandatory combination of school districts within approved county plans of administrative units (Act 299 of 1963 (24 P.S. §§ 2-290—2-298) and Act 150 of 1968 (24 P.S. §§ 2-2400—2-2400.10)).

§ 2.32. Approval of joint schools or departments.

Under Article XVII of the Public School Code, the Board provides that:

- (1) The Department may grant approval for the establishment of joint departments to operate special education programs.
- (2) The Department may approve joint vocational-technical boards to operate such schools as are in compliance with the State Board of Career and Technical Education's state plan for career and technical education.

(3) The Department may grant approval to establish or enlarge a joint board for the operation of a joint school, K—12, only in those situations where application of section 224 of the Public School Code (24 P.S § 2-224) would result in an undue financial burden on the participating school districts.

§ 2.33. Combination of administrative units.

The Board will approve the combination of any two or more contiguous reorganized school districts or approved administrative units if all conditions of section 224 of the Public School Code (24 P.S. § 2-224) have been satisfied and no appeal has been filed or, after an appeal, if such combination is deemed in the best interest of the school system of the State and the locality.

§ 2.34. Independent districts for transfer.

In situations where a small area of a school district petitions for transfer from one school district to another, the Board will approve the creation of such independent district for transfer purposes only if the opinion of the Secretary such transfer will be advantageous from an educational point of view.

§ 2.35. County plans of administrative units.

- (a) The School District Reorganization Act of 1968, (24 P.S. §§ 2-2400—2-2400.10) (Act 150), approved July 8, 1968 directs the Board within 30 days of the effective date of the act, to adopt standards for approval of administrative units comprised of those school districts which are not in an administrative unit established as a school district under section 296 of the Public School Code of 1949 (24 P.S. § 2-296).
- (b) The plans of administrative units prepared by county boards of school directors under the provisions of Act 150, shall conform to the following standards and exceptions adopted by the Board on July 11, 1968.

§ 2.36. Delimitations.

- (a) The plans of administrative units submitted under this act shall be limited to those school districts which are in administrative units that have not established under the provisions of Act 299, the act of August 8, 1963 (24 P.S. §§ 2-290—2-298).
- (b) Exception. One or more school districts established under the provisions of Act 299, may be included in an administrative unit planned under this act only if the school district established under Act 299 agrees to the assignment.

§ 2.37. Standards for approval.

- (a) An administrative unit shall be defined as a geographic area under the control of a single board of school directors.
- (b) An administrative unit shall be planned as a contiguous geographic area. Exceptions to contiguity may be made only in situations where the administrative unit in whole or in part includes a noncontiguous geographic area which had been previously approved by the Board as an administrative unit or had operated as an administrative unit, a school district or joint school system during the 1967-1968 school year.
- (c) An administrative unit shall be planned to offer a full program of instruction, kindergarten or grade one through 12, and provide administrative leadership, supervision and instructions at a reasonable cost consistent with the local taxable wealth and state financial support available per pupil.

- (d) An administrative unit shall make available an educational program and educational opportunities to meet the varying needs, aptitudes, abilities and interests of individuals residing in the administrative unit.
- (e) An administrative unit shall embrace one or more secondary attendance centers and supporting elementary attendance centers.
- (f) An administrative unit shall be planned to include the largest feasible pupil population which assures the maximum efficiency of operation, and which justifies curricular offerings and other essential services not economically possible in smaller administrative units.
- (g) An administrative unit meeting or exceeding the mandated 4,000 pupil average daily membership as determined for the 1966-1967 school year and any administrative unit proposing a reduction of the mandated minimum pupil population shall be planned with consideration of, but not limited to, the following factors:
- (i) *Topography*. An administrative unit shall be planned so that all parts of the unit are reasonably accessible for efficient operation and supervision.
- (ii) Pupil Population. Pupil population changes may be considered in the planning of administrative units when the changes are supported by reliable studies of area development showing past pupil population trends and future projections based on recognized statistical methods. Examples of reliable studies of area development are those made by planning commissions, public utility companies and established survey agencies.
- (iii) Community Characteristics. Consideration should be given to whether a geographic area has developed characteristics of a community. Community, as used here, includes one or more municipalities and the surrounding territory from which people come for business, social, recreational, fraternal or similar reasons. Neither race nor religion shall be a factor in determining administrative unit boundaries and differences in the social and economic level of the population shall not be a basis to determine these boundaries.
- (iv) Transportation of Pupils. Distances traveled, travel conditions, time consumed, and the safety and general welfare of the pupils should be basic considerations in developing administrative units. Planning of transportation systems should avoid duplication and, insofar as practical, the transportation of pupils through the area of an adjacent administrative unit.
- (v) *Use of Existing School Buildings*. An administrative unit shall utilize existing buildings to the maximum extent practical avoiding unnecessary new construction where possible.
- (vi) Existing Administrative Units. No part of an existing school district may be separated and added to another administrative unit, except as provided in Act 383, approved December 19, 1967 or as provided in the annexation laws. Administrative units already established as school districts under Act 299 (24 P.S. §§ 2-290—2-298) may be included in administrative units planned under this act only if the existing school district so established grants consent.
- (vii) Potential Population Changes. Population changes may be considered in the planning of administrative units when the changes are supported by reliable studies of area development showing expansion of the area and by growth projections based on recognized statistical methods. Examples of reliable studies of population growth

beyond a normal projection are those made by planning commissions, public utility companies and established survey agencies.

- (viii) Capability of Providing a Comprehensive Program of Education. For purposes of reorganization planning, "capability of providing a comprehensive program of education" shall mean: The ability to educate and train each child within his capacity to the extent demanded by the immediate requirements of his growth and his relationship to the strengthening of this Commonwealth and nation, and shall include, but not be limited to, wealth per pupil, qualifications of professional staff, enrollment and diversification of curricula.
- (h) County plans shall provide for the inclusion of all the area within a county, unorganized as stated previously, into one or more administrative units and, with the concurrence of the county board or boards of school directors of an adjacent county or counties, may include contiguous area across county lines. School districts established under the provisions of Act 299 may be included in a planned administrative unit of the plan if the school district so established grants consent.

§ 2.38. Approvals.

- (a) The Board shall review all plans and approve such plans as it deems wise in the best interest of the educational system of the Commonwealth.
- (b) *Exception*. If no petition of appeal is filed by a school district, considering itself aggrieved by the plan as submitted by the county board of school directors, within thirty days after submission of the plan, the plan shall be deemed approved by the Board without further right of appeal.

§ 2.39. Procedures.

- (a) The county plan of administrative units submitted under Act 150 (24 P.S. §§ 2-2400—2-2400.10) shall be limited to those school districts which are not in an administrative unit that established under Act 299 (24 P.S. §§ 2-290—2-298), the act approved August 8, 1963 except as otherwise provided in this act.
- (b) The plan may include one or more school districts established under Act 299 if the school district so established agrees to the placement.
- (c) In the event that county boards had previously adopted resolutions transferring a school district or school districts from one county to the educational jurisdiction of another, such resolutions need not be renewed. However, if such transfers are to be rescinded or additional transfers are to be made in the current plan of administrative units, resolutions to this effect shall be adopted by each county board affected and shall accompany the plan to the Board.
- (d) The plan of administrative units shall conform to the standards for approval of administrative units adopted by the Board.
- (e) In preparing its plan, the county board of school directors shall confer with the school boards of each school district to be assigned to an administrative unit of the plan.
- (f) Completed plans shall be submitted to the Board within ninety days of the effective date of this act and not more than thirty days after the plan is adopted by the county board.

Official Note: Plans can and should be forwarded to the Board immediately upon adoption by the county board of school directors.

- (g) Plans shall be submitted on forms provided by the Board and containing such data and other information as requested thereon.
- (h) County boards of school directors shall, immediately upon adoption of the plan, notify the secretary of each school board of the school district's assignment to the plan together with the date of submission of the plan to the Board. It appears advisable that notices should be sent by registered or certified mail.

§ 2.40. Appeals.

- (a) A school district considering itself aggrieved by the plan of organization of administrative units adopted by the county board of school directors may petition the Board for a hearing setting forth the basis for such appeal.
- (b) Appeal petitions shall be filed within thirty days of the date of submission of the plan to the Board by the county board of school directors.
- (c) The Board, upon receipt of an appeal petition, shall fix the date, time and place for a hearing.
- (d) Three or more members of the Board shall constitute the State Board for hearing purposes.
- (e) The Board may hear and consider such testimony as it may deem advisable to enable it to make a decision.
- (f) After reaching a decision, the Board shall enter such order as appears, either approving the plan as submitted by the county board or approving the plan in an amended form.
- (g) If no appeal petition is filed within thirty days of the date of submission of the plan by the county board of school directors, the plan of administrative units, as submitted, shall be deemed approved by the Board without right of appeal.
- (h) A school district considering itself aggrieved by the plan of administrative units approved by the Board, except those plans against which no petitions of appeals had been filed, may, within thirty days of the date of approval by the State Board, appeal to the Court of Common Pleas of the county in which the school district is located.

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Title 49—PROFESSIONAL AND VOCATIONAL STANDARDS

STATE BOARD OF OSTEOPATHIC MEDICINE [49 PA. CODE CH. 25]

Fees

The State Board of Osteopathic Medicine (Board) amends § 25.231 (relating to schedule of fees) and deletes § 25.503 to read as set forth in Annex A.

Effective Date

This final-form rulemaking will be effective upon publication in the *Pennsylvania Bulletin*. The initial increase for application fees will be implemented immediately upon publication. Thereafter, the subsequent graduated increases for application fees will be implemented on a 2-fiscal year (FY) basis on July 1, 2022, and July 1, 2024.

The increased biennial renewal fees will be implemented beginning with the November 1, 2020—October 31, 2022, biennial renewal period for osteopathic physicians, physician assistants and acupuncturists. Thereafter, the subsequent graduated increases for osteopathic physicians, physician assistants and acupuncturists will be implemented with the biennial renewal for November 1, 2022—October 31, 2024, and for November 1, 2024—October 31, 2026.

For respiratory therapists, athletic trainers, perfusionists and genetic counselors, the increased biennial renewal fees will be implemented beginning with the January 1, 2021—December 31, 2022, biennial renewal. Thereafter, the subsequent graduated increases for respiratory therapists, athletic trainers, perfusionists and genetic counselors will be implemented with the biennial renewal for January 1, 2023—December 31, 2024, and for January 1, 2025—December 31, 2026.

Statutory Authority

Under section 16 of the Osteopathic Medical Practice Act (act) (63 P.S. § 271.16), the Board has the "power to adopt and revise such regulations as are reasonably necessary to carry out the purposes of this act in conformity with the provisions of the act of July 31, 1968 (P.L. 769, No. 240), known as the Commonwealth Documents Law. Section 13.1(a) of the act provides that "[i]f the revenues raised by fees, fines and civil penalties imposed under this act are not sufficient to meet expenditures over a two-year period, the board shall increase those fees by regulation so that the projected revenues will meet or exceed projected expenditures." Under the act, all "fees, fines and penalties imposed. . .shall be for the exclusive use by the board in carrying out the provisions of this act and shall be annually appropriated for that purpose." 63 P.S. § 271.13a(c). Thus, unlike most other professional licensure boards that fall under the Professional Licensure Augmentation Account (PLAA) (see 63 P.S. § 1401-301), the Board is fiscally independent.

Background and Purpose

This final-form rulemaking increases application fees to reflect updated costs of processing applications and increases all the Board's biennial renewal fees to ensure its revenue meets or exceeds the Board's current and projected expenses. This final-form rulemaking increases the following application fees on a graduated basis: osteopathic physicians; short-term camp osteopathic physicians; temporary training licenses or graduate training certificates; physician assistants; supervising osteopathic physicians; acupuncturists and physician acupuncturist; respiratory therapists; athletic trainers; perfusionists; reactivation of perfusionist licenses; temporary graduate perfusionist licenses; temporary provisional perfusionist licenses; genetic counselors; genetic counselor reactivations; and temporary provisional genetic counselors. Approximately 2,600 applicants will be impacted annually by the increased application fees.

The Board is also implementing graduated biennial renewal fee increases for the following licenses, certificates and registrations: osteopathic physicians; physician assistants; acupuncturists; respiratory therapists; athletic trainers; perfusionists and genetic counselors. There are approximately 12,700 individuals who possess current licenses, certificates and registrations issued by the Board who will be required to pay more to renew their licenses, certifications or registrations.

Under section 13.1(a) of the act, the Board is required to support its operations from the revenue it generates

from fees, fines and civil penalties. The act further provides that the Board shall increase fees when expenditures outpace revenue. The majority of general operating expenses of the Board are borne by the licensee population through revenue generated by the biennial renewal of licenses. A small percentage of its revenue comes from application fees, fines and civil penalties. The Board receives an annual report from the Department of State's Bureau of Finance and Operations (BFO) regarding the Board's income and expenses.

In consideration of the comments received regarding the amount of increase for osteopathic physician fees in addition to the fiscal impact of the novel coronavirus (COVID-19) pandemic, the Board asked the BFO to review the Board's current fiscal status and provide an updated financial report. The BFO found that, in addition to some increases in revenue and licensee count since 2019, the expenses incurred by the Board during the COVID-19 pandemic have decreased. During FY 2016-2017 through FY 2017-2018, the Board received biennial revenue of \$2,128,270.14, incurred expenses of \$3,221,243.36 and ended with a remaining balance of \$1,712,593.53. For FY 2018-2019 through FY 2019-2020, the Board projects receiving biennial revenue of \$2,233,122.60 and projects incurring expenses of \$3,545,185.74. At the end of FY 2019-2020, the BFO projects a remaining balance of \$400,530.39, which is only enough to cover approximately 3 months of expenditures. For FY 2020-2021 through FY 2021-2022, without an increase in fees, the Board projects revenue of \$2.339 million and projects expenses of \$3.804 million, with a deficit balance in FY 2021-2022 of (\$1,064,469.61). Thus, the updated BFO data demonstrates that the Board's revenue, even with the increases in revenue and decreased expenditures, is still not sufficient to meet or exceed its expenditures over a 2-year period.

While fee increases are still needed prior to the next renewal period for the Board to remain solvent, the Board was able to decrease biennial renewal fees for physicians, as compared to the proposed fee schedule, to ease the burden. As reflected in Annex A, the biennial renewal fees for osteopathic physicians were adjusted down from \$350 to \$330 in the November 1, 2020—October 31, 2022, biennial renewal period; from \$425 to \$420 in the November 1, 2022—October 31, 2024, biennial renewal period; and from \$475 to \$450 in the November 1, 2024—October 31, 2026, biennial renewal period.

The new fee structure is projected to produce biennial revenues of: \$3.949 million in FY 2020-2021 through FY 2021-2022, which will allow the Board to meet or exceed its projected expenditures of \$3.804 million; \$4.938 million in FY 2022-2023 through FY 2023-2024, which will allow the Board to meet or exceed its projected expenditures of \$3.918 million; and \$5.314 million in FY 2024-2025 through FY 2025-2026, which will allow the Board to meet or exceed its projected expenditures of \$4.036 million; and will then put the Board back on firm financial ground.

Summary and Responses to Comments

Notice of the proposed rulemaking was published at 50 Pa.B. 1364 (March 7, 2020). Publication was followed by a 30-day public comment period during which the Board received 36 public comments. Thirty-three of the public comments were from physicians. The Board also received a comment from the Pennsylvania Osteopathic Medicine Association (POMA) and the Pennsylvania Medical Society (PAMED). In addition, the House Professional Licensure Committee (HPLC) submitted comments and

the Independent Regulatory Review Commission (IRRC) submitted comments. The Senate Consumer Protection and Professional Licensure Committee (SCP/PLC) did not submit comments.

General Support for the Fee Increase

In the comment submitted by POMA, it recognized and "supports the need for the State Board of Osteopathic Medicine (Board) to raise its fees via regulation 16A-5334 to meet its operating expenses." Likewise, PAMED does not oppose the fee increase, but rather is concerned that there would be insufficient time to implement the fee increases beginning with the November 1, 2020—October 31, 2022, biennial renewal period for osteopathic physicians, physician assistants and acupuncturists. POMA also expressed some concern regarding the timing of the regulation given the upcoming the November 1, 2020— October 31, 2022, biennial renewal period. POMA questioned whether there would be sufficient time to promulgate the regulations before the renewal, especially given the COVID-19 pandemic. Both issues are more fully discussed as follows.

General Opposition to the Fee Increase

The Board received 16 comments from physicians expressing general opposition to the fee increases. These commenters opposed the increase in fees either because the fees were too high or were unnecessary. Two commenters opined that the physician fee increases were not in line with inflation and five commenters raised concerns about whether certain physicians could afford the increase, including part-time workers, practitioners who have practices in more than one state, and partially retired physicians who help with physician shortages. One commenter opposed the increased fees because of his concern about physician shortages in primary care and another said that the Board should not charge significantly more in biennial fees as compared to medical doctors. One commenter suggested monthly withdrawal options. Additionally, in POMA's comment, it noted that it received some general concerns with the size of the increase, but it "fell short of opposition."

As previously indicated, the BFO updated its data to ensure that the Board was appropriately considering the current fiscal picture, especially given the COVID-19 pandemic. Even with some increased revenue and decreased expenditures, the Board will not be able to meet its expenditures over a 2-year period in FY 2019-2020 and thereafter. Therefore, in addition to increased application fees, an increase in biennial renewal fees beginning in FY 2020-2021 is necessary, as set forth in Annex A. In adopting the increased fee schedules, the Board carefully reviewed the data presented by the BFO and balanced the need to remain fiscally solvent against the negative fiscal impact to licensees. With the decreased biennial renewal fees for physicians, the increases for each renewal period are projected to produce biennial revenues of: \$3.949 million in FY 2020-2021 through FY 2021-2022, which will allow the Board to meet or exceed its projected expenditures of \$3.804 million; \$4.938 million in FY 2022-2023 through FY 2023-2024, which will allow the Board to meet or exceed its projected expenditures of \$3.918 million; and \$5.314 million in FY 2024-2025 through FY 2025-2026, which will allow the Board to meet or exceed its projected expenditures of \$4.036 million; and will return the Board to a fiscally sound position.

In response to the concern that the physician fee increases are not in line with inflation, the Board agrees that it did not calculate the fee increases based on inflation. For application fees, the initial increase is designed to cover the cost to process applications. This fee is borne by individual applicants. Actual cost calculations for application fees are based upon the following formula:

number of minutes to perform the function

×

pay rate for the classification of the personnel performing the function

+

a proportionate share of administrative overhead

Application fees for FY 2020-2021 are based on time study reports created within the Bureau of Professional and Occupational Affairs (Bureau) giving each step in the process and the amount of time it takes to process one application. That amount is multiplied by the anticipated application requests for 1 year (multiplied by two since the increases are biennial). Increases which will be effective July 1, 2022, and July 1, 2024, are calculated at a 9.5% increase as pay increases for staff that process applications are 2.5% in July and 2.25% in January or 4.75% annually (9.5% biennially) and the fee is almost entirely dependent upon personnel-related costs. For osteopathic physicians, the current \$45 application fee has been in place since January 29, 2000. Raising the application fees for physicians to \$170 reflects increases in the cost of processing applications since January of 2000. This fee increase is appropriate so that the applicants, and not existing licensees, fully bear the cost of processing those applications. With regard to the increase in biennial renewal fees, the Board does not rely on inflation rates to determine these fees. Instead, the Board must consider the amount of revenue required to meet or exceed the Board's expenditures which includes Board administration, Commissioner's and Revenue office services, Departmental services, legal office services, hearing expenses, enforcement and investigation costs, Professional Compliance Office costs, board member expenses and Professional Health Monitoring Program (PHMP)

The majority of the Board's costs are personnel related and much of those costs are not within the Board's control. Staff are generally employees of the Commonwealth, most of whom are civil service personnel, and many are union positions. For these employees, the Board is bound by the negotiated contract. Personnel costs associated with investigation and enforcement depend largely on the number of complaints received that need to be investigated, and the number of those matters that result in disciplinary action. The Board has no control over the number of complaints that are filed against licensees and unlicensed individuals, nor may they control which matters are or are not prosecuted.

Over the last few fiscal years, the Board has had some sizable increases to expenses for a variety of reasons. One of the largest financial impacts for the Board was the incorporation of The Pennsylvania Justice Network (JNET), due in part to the enactment of act of February 15, 2018 (P.L. 14, No. 6) (Act 6 of 2018), which requires mandatory self-reporting of criminal convictions. The Board uses JNET to identify criminal convictions of licensees and to verify compliance with Act 6 of 2018's mandatory reporting requirement. Initially, the Board was one of three boards under the Bureau that incorporated JNET criminal notifications into their business processes. Across the three boards, there was a sizable 27.5% average increase in the number of complaints

being processed and opened for prosecution. With the additional complaints, increased expenses due to higher prosecutions, investigations, expert witness usage, and hearings resulted. Since incorporation of JNET, expenses have been relatively steady in all of these cost categories. More than likely, this new level of legal workload is one that will be part of the financial picture for the Board going forward.

In addition to the legal increases, all 29 boards and commissions under the Bureau have undergone an information technology transformation upgrade with the incorporation of the Pennsylvania Licensure System (PALS). Expenses associated with PALS, including the initial build as well as ongoing maintenance, are proportionately spread across all entities based on licensee population as a way to effectively share costs per licensee. While the initial build is in the past, it has contributed to higher administrative expenses for all boards during the last few fiscal years. Due to PALS' high functioning database with enhanced features over the Department's previous License 2000 platform, maintenance for this system requires a larger financial commitment from all boards and commissions than the previous system.

In response to those commenters who oppose fee increases with regard to part-time practitioners, practitioners who have practices in more than one state, or partially retired physicians who help with physician shortages, the Board cannot distinguish between licensees based on the number of hours they work, as the Board has no control over that number. The Board also cannot distinguish between licensees based on their annual income. Historically, the Board has taken steps to ensure that the financial burden placed on licensees is commensurate with the Board's obligations and expenditures. For example, in March of 2010, the Board reassessed the impact of the mandates under the Medical Care Availability and Reduction of Error Act (MCARE Act) (40 P.S. §§ 1303.101—1303.910) and decreased the biennial renewal fee for osteopathic physicians from \$440 to the current fee of \$220. Consistent with its continued commitment to minimize fiscal impact to its licensees, the Board has re-reviewed its fiscal needs and the changed fiscal circumstances given the COVID-19 pandemic and has decreased the proposed biennial fees for physicians to provide some relief. Additionally, the Board's graduated fee increases, as opposed to a one-time flat fee increase, minimize the initial impact of the increases.

In response to the comment that the Board should not charge significantly more that the State Board of Medicine (Medical Board) charges its physicians, the Board's initial increase in biennial fees is \$330 whereas the biennial renewal fee for medical doctors is \$360—\$30 more than the fee being proposed for osteopathic physicians in the November 1, 2020—October 31, 2022, renewal period. Regarding the comment suggesting monthly withdrawal payments, the Bureau is not currently able to facilitate that type of automatic payment plan.

Another commenter suggested that the Board obtain revenue from another source. The Board is required by the act to support its operations from fees, fines and civil penalties. Because the fees, fines and penalties imposed under the act are for the exclusive use by the Board in carrying out its duties and obligations in the act, the Board maintains a separate account, independent from the PLAA. As such, the Board's funds collected in accordance with the act are specifically allotted to the Board in a separate account and the Board determines its fees based upon the revenue it receives and the Board's expenditures. Additionally, section 13.1(a) of the act pro-

vides that "[i]]f the revenues raised by fees, fines and civil penalties imposed under this act are not sufficient to meet expenditures over a two-year period, the board shall increase those fees by regulation so that the projected revenues will meet or exceed projected expenditures." Thus, receiving funds from other sources does not appear to be a viable option.

While the Board is empathetic to all of the concerns put forth by commenters, the Board is dutybound to ensure that the Board remains fiscally sound so that is may carry out the mandates of the General Assembly set forth in the act in furtherance of the public health and safety. Without a fee increase, the BFO anticipates that by the end of FY 2021-2022 the Board will be in a deficit, and thus, increasing fees is critical to sustain the operations of the Board. The Board is statutorily obligated to increase fees by regulation when revenues raised by fees, fines and civil penalties under the act are insufficient to meet expenditures over a 2-year period. The Board meets this criterion, and thus, is required to increase its fees.

Insufficient Time to Respond and Comment; Insufficient Involvement of the Regulated Community

The Board received comments from three physicians asserting there is insufficient time for debate and vetting. Other commenters said there was a lack of notification and involvement with the regulated community. IRRC also commented that extraordinary pressures and work burden have been placed on medical professionals during the COVID-19 pandemic which necessitate additional time for the regulated community to review and comment on the proposal.

In August of 2016, the Board began discussing at its public board meetings an increase in biennial renewal fees. The proposed rulemaking was discussed at public board meetings on August 10, 2016, August 9, 2017, February 14, 2018, April 11, 2018, August 22, 2018, October 24, 2018, February 13, 2019, August 14, 2019, and December 11, 2019. Beginning in approximately 2016, the Bureau and the Board reviewed its application fees and determined that the existing fee schedule did not reflect the costs of the services provided by the Board. Based upon this determination, the Board and the Bureau evaluated the cost of processing the Board's applications, and a new fee schedule was recommended to the Board. On May 8, 2018, the Board released an exposure draft to stakeholders and interested parties that included the increased application fees as well as increased biennial renewal fees. After receiving minimal responses from the exposure draft, the Board moved forward with drafting the regulatory package. In 2019, the Board revisited the structure of its fee schedules and voted to adopt a graduated fee schedule to minimize the initial impact of increased fees on licensees and to ensure that the Board's fees are commensurate with its obligations and expenditures. The proposed regulation was considered by the Board and drafted well in advance of the COVID-19 pandemic and was published as proposed on March 7, 2020, before the COVID-19 pandemic began to have substantial impact in this Commonwealth.

While the Board recognizes the impact of the COVID-19 pandemic on its regulated community, given the timeline outlined previously, the Board believes there has been sufficient time for physicians to react and respond. Additionally, the association that represents the majority of osteopathic physicians in this Commonwealth, POMA regularly attends the Board meetings, was aware of the proposed fee increases and does not oppose the increases. While the Board understands that the COVID-19 pan-

demic has placed an additional burden on many physicians across this Commonwealth, there has been sufficient opportunity to provide input into this final-form rulemaking. Moreover, the Board has very little room for debate with regard to the fees it charges, given that application fees are based upon actual costs to process applications and increases in biennial renewal fees are based upon funds required to meet the Board's statutory obligation to produce sufficient revenue to meet expenditures over a 2-year period.

Implementation Date of the Final-form Rulemaking

POMA, PAMED and IRRC all submitted comments regarding the timing of the regulations and questioned whether there is sufficient time to promulgate regulations in time for the renewal notices that are generally sent out approximately 60 days prior to the expiration of the biennial period. POMA and PAMED asked if the Board had a contingency plan in case the regulation is not promulgated in sufficient time to proceed with the November 1, 2020—October 31, 2022, biennial renewal period. POMA and PAMED also asked detailed questions regarding the possibility of extending the biennial renewal deadline.

While the Board acknowledges that the turnaround time between the proposed rulemaking and the final-form rulemaking is ambitious, the Board remains committed to do the work necessary to promulgate the regulations within sufficient time to process renewal notices for the November 1, 2020—October 31, 2022, biennial renewal period. Regarding the question as to whether the Board has a contingency plan, absent unforeseen circumstances, the Board believes it has sufficient time to promulgate this final-form rulemaking. The Board understands that the COVID-19 pandemic makes the normal regulatory process uncertain. Procedures have been put in place by IRRC, the Legislative Reference Bureau, HPLC, SCP/ PLC, and the Office of Attorney General to effectuate electronic delivery of regulations. If, however, the Board is unable to present this regulation at the scheduled July 16, 2020 IRRC meeting, the Board may have to consider other options such as extending the biennial period. Other Boards, in conjunction with the Governor's office, have effectuated this extension because of the impact of the COVID-19 pandemic. Regarding questions relating to procedures and parameters that an extension might involve; the Board does not know whether an extension is necessary nor does it know how it might implement the terms of an extension. Those types of questions would be addressed within the context of requesting authorization and receiving approval to extend the expiration of the biennial period.

Finally, PAMED asked if there is a date by which the Board must have the regulations approved for the fee increase to go into effect. The Board has historically sent out renewal notices approximately 60 days prior to the date of the expiration of licenses. The Board's plan is to send out renewal notices by the beginning of September. Assuming both IRRC and the Office of Attorney General approve the rulemaking, the Board believes it will be able to promulgate the regulation in time to send the renewal notices out within the 60-day period.

Fees Should Not be Increased During the COVID-19 Pandemic

The Board received 14 public comments opposing the increase fees because of the COVID-19 pandemic. Commenters suggest to the Board that fees should not be raised during the pandemic. Some commenters opined

that raising fees for physicians would cause financial hardship, in part, because physicians have suffered a negative financial impact due to the pandemic because of cancelled appointments, cancelled elective surgeries and laying off staff. PAMED and one commenter asked if the Board was prepared to delay or cancel the fee increase. IRRC also commented and expressed concern that the fee increases will cause financial harm during the pandemic and asked the Board to withdraw the final-form rule-making and resubmit it at a later date. Similarly, the HPLC submitted a comment recommending that the fee increases contained in the proposed regulation be delayed until after the end of the COVID-19 pandemic.

While the Board understands the impact the pandemic has had on its licensees, including the negative financial impact that has occurred to the regulated community, the Board's work in proposing the fee increase began long before the pandemic. The Board is statutorily mandated to increase fees by regulation if the projected revenues will not meet or exceed projected expenditures. Delaying the collection of fees is not fiscally feasible because the Board expects to have a balance of \$400,530.39 at the end of FY 2019-2020 (June 30, 2020), an amount that would only be expected to cover one quarter of expenses. In addition, with the fee increases, the Board projects that it will be in a deficit situation by the end of FY 2020-2021. At that point, with no other revenue sources available to the Board, the Board would likely have to cease operations.

The Board Should Merge with the State Board of Medicine to Decrease Administrative and Overhead Costs

Nine commenters suggested combining the Board with the Medical Board to decrease administrative and overhead costs. Both the Board and the Medical Board were statutorily enacted through the act and the Medical Practice Act of 1985 (63 P.S. §§ 422.1—422.53). Neither the Board nor the Medical Board are empowered to combine the Boards; combining the respective boards is not an option without legislative action.

Questions Regarding Expenditures

Several commenters questioned the Board's oversight of its expenses and requested more information regarding the Board's expenses. POMA and one other commenter asked how the Board spent its revenue. Another commenter did not understand why the Board required an increase given the lack of services provided by the Board.

The Board is a statutorily created board which has powers and duties set forth in the act, including power to: determine qualifications and fitness of applicants; adopt and revise regulations; refuse, revoke or suspend licensees; establish fees for the operation of the board; and conduct hearings. The Board's expenses include: Bureau administration, Commissioner's and Revenue office services, Departmental services, legal office services, hearing expenses, enforcement and investigation costs, Professional Compliance Office costs, board member expenses and PHMP costs.

At least annually, the Board reviews and receives a report from the BFO regarding the Board's fiscal status, income, and expenses. These reports are done in public session and placed in the Board's minutes. Members of the public are welcome to review this information or attend Board meetings. As indicated previously, in addition to expected increases in personnel costs, the Board has had some sizable increases to expenses, including the implementation of JNET notifications which caused a 27.5% average increase in the number of complaints

across the three boards (including the Board) that implemented the JNET notifications, and technology upgrades and maintenance of the new database. The fee increases for application and biennial renewal fees will enable the Board to continue to create a small surplus in funds in their restricted account should there be any additional unknown financial impacts.

Another commenter asked if the Medical Board has the same fiscal issues as the Board. The Board and the Medical Board are separate entities and have different expenditures. The Medical Board is not experiencing the same fiscal issues as the Board and is not in need of a fee increase; however, as previously stated, in March of 2010, the Board reassessed the impact of the mandates under the MCARE Act and decreased the biennial renewal fee for osteopathic physicians from \$440 to the current fee of \$220. So, for the last 10 years the renewal fee for osteopathic physicians has been \$220 whereas the fee for medical doctors has been \$360—\$140 less than the Medical Board's biennial renewal fee. The Board took the step to decrease fees in 2010 to minimize the fiscal impact to its licensees and until this final-form rulemaking, osteopathic physician renewal fees were significantly less than the Medical Board. Even with this fee increase, the biennial fee increase will still be less than the Medical Board for the November 1, 2020—October 31, 2022, biennial renewal period. While the subsequent fee increases will raise the fee above the current Medical Board fee, this is not unexpected given the 10 years Board licensees have enjoyed the lesser fee as compared to the Medical Board. Moreover, of the surrounding states that have separate osteopathic licensing boards (Maine, Vermont and West Virginia), the Board's graduated fee increase is less than or comparable to fees charged in those states—Maine (\$500), Vermont (\$350) and West Virginia (\$400).

The PAMED asked whether the Board would consider decreasing the biennial renewal fees for the November 1, 2022—October 31, 2024, and the November 1, 2024—October 31, 2026, biennial renewal periods if the fee increases produce sufficient revenue to meet or exceed its expenditures. As previously stated, the Board is statutorily obligated to increase fees by regulation when revenues raised by fees, fines and civil penalties under the act are insufficient to meet expenditures over a 2-year period. The purpose of the fee increase is to bring the Board in compliance with the act by producing sufficient revenue to meet or exceed its expenditures over a 2-year period. The Board does not anticipate decreasing the biennial fees for the November 1, 2022—October 31, 2024, and the November 1, 2024—October 31, 2026, biennial cycles because the Board has projected that it is in need of the increases to comply with the requirements of the act and to place the Board on solid financial ground. Having said that, as the Board did in 2010, if the Board finds that the revenue collected far outpaces its expenditures, the Board will consider decreasing its fees in the future. The Board has historically taken steps to rigorously evaluate its fiscal status and will continue to do so to ensure that licensees only incur fees that are fiscally necessary.

IRRC asked for more detailed financial information, including fiscal documentation that would show that projected revenues meet or exceed projected expenses over a 2-year period. The Board generally attaches to its proposed rulemaking a copy of the BFO's financial report detailing the Board's financial status and fee report forms that provide a breakdown of costs for application fees. The Board inadvertently did not attach those documents

to the proposed rulemaking. The Board apologizes for this oversight and has attached the fiscal documents to IR-RC's Regulatory Analysis Form in this final-form rulemaking, and will make the documents available to the public on request.

Other Comments

Public comments were received that presented issues outside the scope of this final-form rulemaking. While those comments have been reviewed, the Board will not provide substantive responses to those questions and comments. For example, one commenter asked the Board to consider changes in licensure requirements. Two other commenters complained about the time to process their licensure applications. Although the Board is not responding publicly to these concerns, the Board has responded to commenters who identified issues with the processing of their applications.

Comment Received after the Public Comment Period

The Board received one of the 36 public comments after the 30-day public comment period which was from an osteopathic physician. This commenter raised similar concerns outlined previously regarding the Board's fee increase during the COVID-19 pandemic. This commenter also stated that the "membership" and patients should not be held liable for the Board's errors.

The Board's fee increase is not due to any error by the Board. As outlined previously, the Board is statutorily obligated to increase fees by regulation when revenues raised by fees, fines and civil penalties under the act are insufficient to meet expenditures over a 2-year period. The Board meets this criterion and, therefore, is obligated to increase fees. Also, the Board is a State governmental board that has powers and duties as outlined in the act. Licensees are not members and do not pay membership fees, but rather, pay fees to apply for and renew licenses to pursue and continue practice in osteopathic medicine.

Description of Amendments to the Final-Form Rulemaking

In response to comments received as well as changed fiscal circumstances, due in part to the COVID-19 pandemic, this final-form rulemaking amends § 25.231 (relating to schedule of fees) to decrease the biennial renewal fees for osteopathic physicians from \$350 to \$330 in the November 1, 2020—October 31, 2022, biennial renewal period; from \$425 to \$420 in the November 1, 2022—October 31, 2024, biennial renewal period; and from \$475 to \$450 in the November 1, 2024—October 31, 2026, biennial renewal period.

Fiscal Impact and Paperwork Requirements

The amendments will increase application and biennial renewal fees. All applicants, licensees, registrants and certificate holders will be required to comply with the regulation. The fees may be paid by applicants, licensees, registrants, or certificate holders or may be paid by their employers, should their employers choose to pay these fees. This final-form rulemaking should have no other fiscal impact on the private sector, the general public or political subdivisions of the Commonwealth.

Approximately 2,600 applicants will be impacted annually by the increased application fees. Specifically, the number of applicants affected are as follows: 1,200 osteopathic physicians; 600 temporary or graduate trainees; 60 short-term camp physicians; 500 physician assistants; 51 supervising physicians; 13 acupuncturists and physician acupuncturists; 10 perfusionists; 5 perfusionists seeking reactivation; 1 temporary graduate perfusionist; 3 temporary provisional perfusionist; 80 athletic trainers;

50 respiratory therapists; 10 genetic counselors; 5 genetic counselors seeking reactivation; and 15 temporary provisional genetic counselors.

Based upon the graduated application fee increases, the total economic impact per fiscal year is as follows:

> FY 2020-2021: \$263,780 FY 2021-2022: \$263,780 FY 2022-2023: \$ 32,275 FY 2023-2024: \$ 32,275 FY 2024-2025: \$ 43,806 FY 2025-2026: \$ 43,806 \$679,722

There are approximately 12,721 individuals who possess current licenses, registrations and certificates issued by the Board who will be required to pay more to renew their licenses, registrations and certificates. Specifically, the number individuals affected are as follows: 9,009 osteopathic physicians; 2,603 physician assistants; 159 acupuncturists; 39 perfusionists; 326 athletic trainers; 560 respiratory therapists; and 25 genetic counselors.

Based upon the previously listed biennial renewal fee increases, the economic impact is as follows:

> FY 2020-2021: \$1,086,328 FY 2022-2023: \$ 923,345 FY 2024-2025: \$ 288,830 Total: \$2,298,503

Thus, the total economic impact to applicants, licensees, registrants, certificate holders or employers, if employers choose to pay application or licensing fees, is \$2,977,218. This amount reflects the economic impact that will occur between FY 2020-2021 and FY 2025-2026.

This final-form rulemaking will require the Board to revise its printed and online application forms. The amendments will not create additional paperwork for the regulated community or for the private sector.

Sunset Date

The Board continuously monitors the effectiveness of its regulations. Therefore, no sunset date has been assigned. Additionally, the BFO provides the Board with an annual report detailing the Board's financial condition. In this way, the Board continuously monitors the adequacy of its fee schedule.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on February 21, 2020, the Board submitted a copy of the notice of proposed rulemaking, published at 50 Pa.B. 1364, to IRRC and the Chairpersons of the HPLC and SCP/PLC for review and comment.

Under section 5(c) of the Regulatory Review Act, IRRC. the HPLC and the SCP/PLC were provided with copies of the comments received during the public comment period, as well as other documents when requested. In preparing the final-form rulemaking, the Board has considered all comments from the HPLC, IRRC and the public. The SCP/PLC did not submit comments.

Under section 5.1(g)(3) and (j.2) of the Regulatory Review Act (71 P.S. § 745.5a(g)(3) and (j.2)), on July 15, 2020, the final-form rulemaking was deemed approved by the HPLC and the SCP/PLC. Under section 5.1(e) of the Regulatory Review Act, IRRC met on July 16, 2020 and approved the final-form rulemaking.

Additional Information

Additional information may be obtained by writing to Aaron Hollinger, Board Administrator, State Board of Osteopathic Medicine, P.O. Box 2649, Harrisburg, PA 17105-2649, ST-OSTEOPATHIC@pa.gov.

Findings

The Board finds that:

- (1) Public notice of proposed rulemaking was given under sections 201 and 202 (45 P.S. §§ 1201 and 1202) of the Commonwealth Documents Law and the regulations promulgated under those sections at 1 Pa. Code §§ 7.1 and 7.2 (relating to notice of proposed rulemaking required; and adoption of regulations).
- (2) A public comment period was provided as required by law and all comments were considered.
- (3) The amendments to this final-form rulemaking do not enlarge the original purpose of the proposed regulation published at 50 Pa.B. 1364.
- (4) This final-form rulemaking is necessary and appropriate for administration and enforcement of the authorizing act identified in this preamble.

The Board orders that:

- (a) The regulations of the Board, 49 Pa. Code Chapter 25, are amended by amending $\S~25.231$ and deleting § 25.503 to read as set forth in Annex A.
- (b) The Board shall submit this order and Annex A to the Office of the Attorney General and the Office of General Counsel as required by law.
- (c) The Board shall submit this order to IRRC, the HPLC and the SCP/PLC as required by law.
- (d) The Board shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.
- (e) This order shall take effect immediately upon publication in the *Pennsylvania Bulletin*.

RANDY G. LITMAN, DO,

(Editor's Note: See 50 Pa.B. 3992 (August 1, 2020) for IRRC's approval order.)

Fiscal Note: Fiscal Note 16A-5334 remains valid for the final adoption of the subject regulations.

Annex A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS ${\bf PART~I.~DEPARTMENT~OF~STATE}$

Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS CHAPTER 25. STATE BOARD OF OSTEOPATHIC MEDICINE

Subchapter F. FEES

§ 25.231. Schedule of fees.

(a) An applicant for a license, certificate, registration or service shall pay the following fees at the time of application:

		Effective August 15, 2020	Effective July 1, 2022	Effective July 1, 2024
(1) Osteopathic Physician				
	Application for unrestricted license to practice as an osteopathic physician—original, reciprocal, boundary or by endorsement	\$170	\$185	\$205
	Application for short-term camp license as an osteopathic physician	\$100	\$110	\$120
	Temporary training license or graduate training certificate	\$115	\$125	\$140
	Annual renewal of temporary training license or graduate training certificate	\$25	\$25	\$25
2) Physician Assistant				
	Application for physician assistant license	\$115	\$125	\$140
	Application for supervising physician	\$145	\$160	\$175
3) Acupuncturist				
	Application for acupuncturist registration	\$100	\$110	\$120
	Application for physician acupuncturist	\$100	\$110	\$120
	Application for supervisor acupuncturist registration	\$30	\$30	\$30
(4) Respiratory Therapist				
	Temporary permit	\$30	\$30	\$30
	Initial license application	\$100	\$110	\$120
	Licensure examination	\$100	\$100	\$100
	Reexamination	\$60	\$60	\$60
(5) Athletic Trainer				
	Application for license	\$100	\$110	\$120
(6) Perfusionist				
	Application for perfusionist license	\$120	\$130	\$145
	Application for reactivation of license	\$105	\$115	\$125
	Application for temporary graduate license	\$120	\$130	\$145
	Application for temporary provisional license	\$80	\$88	\$95

		Effective August 15, 2020	Effective July 1, 2022	Effective July 1, 2024
(7) Genetic Counselor				
	Application for license	\$120	\$130	\$145
	Application for reactivation of license	\$105	\$115	\$125
	Application for temporary provisional license	\$90	\$100	\$105
8) Miscellaneous				
	Penalty for late biennial renewal—per month or part of month	\$5	\$5	\$5
	Uncertified verification of any license, certification or permit	\$15	\$15	\$15
	Certification of any licenses, certifications, examination grades or hours	\$25	\$25	\$25
	Duplicate license or certificate	\$5	\$5	\$5
	Application for radiology examinations	\$25	\$25	\$25

(b) An applicant for biennial renewal of a license, certificate or registration shall pay the following fees:

		November 1, 2020— October 31, 2022 Biennial Renewal Fee	November 1, 2022— October 31, 2024 Biennial Renewal Fee	November 1, 2024 October 31, 2026 Biennial Renewal Fee and thereafter
(1) Osteopathic Physician				
	Biennial renewal	\$330	\$420	\$450
(2) Physician Assistant				
	Biennial renewal	\$40	\$75	\$80
(3) Acupuncturist				
	Biennial renewal	\$40	\$75	\$80
	Biennial renewal—physician acupuncturist	\$40	\$75	\$80
(4) Respiratory Therapist		January 1, 2021— December 31, 2022 Biennial Renewal Fee	January 1, 2023— December 31, 2024 Biennial Renewal Fee	January 1, 2025— December 31, 2026 Biennial Renewal Fee and thereafter
	Biennial renewal	\$40	\$55	\$60
(5) Athletic Trainer				
	Biennial renewal	\$50	\$70	\$75
(6) Perfusionist				
	Biennial renewal	\$75	\$80	\$85
(7) Genetic Counselor				
	Biennial renewal	\$125	\$155	\$160

Subchapter K. RESPIRATORY THERAPISTS

§ 25.503. (Reserved).

[Pa.B. Doc. No. 20-1101. Filed for public inspection August 14, 2020, 9:00 a.m.]

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