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**INDEPENDENT REGULATORY REVIEW COMMISSION**  
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

May 27, 1999

Honorable James Irrgang, Chairman  
State Board of Physical Therapy  
116 Pine Street  
Harrisburg, PA 17105

Re: IRRC Regulation #16A-655 (#2017)  
State Board of Physical Therapy  
Fees

Dear Chairman Irrgang:

Enclosed are our Comments on your proposed regulation #16A-655. They are also available on our website at <http://www.irrc.state.pa.us>.

The Comments list our objections and suggestions for your consideration when you prepare the final version of this regulation. We have also specified the regulatory criteria which have not been met. These Comments are not a formal approval or disapproval of the proposed version of this regulation.

If you want to meet with us to discuss these Comments, please contact John Jewett at 783-5475.

Sincerely,

  
Robert E. Nyce  
Executive Director

REN:keg  
Enclosure  
cc: Joyce McKeever  
Robin Stanley  
Kim Pizzingrilli  
Dorothy Childress  
Office of General Counsel  
Office of Attorney General  
Pete Tartline

# **COMMENTS OF THE INDEPENDENT REGULATORY REVIEW COMMISSION**

**ON**

## **STATE BOARD OF PHYSICAL THERAPY REGULATION NO. 16A-655**

### **FEES**

**MAY 27, 1999**

We have reviewed this proposed regulation from the State Board of Physical Therapy (Board) and submit for your consideration the following objections and recommendations. Subsections 5.1(h) and 5.1(i) of the Regulatory Review Act (71 P.S. § 745.5a(h) and (i)) specify the criteria the Commission must employ to determine whether a regulation is in the public interest. In applying these criteria, our Comments address issues that relate to fiscal impact, consistency and clarity. We recommend that these Comments be carefully considered as you prepare the final-form regulation.

#### **1. Section 40.5. Fees. - Fiscal Impact, Consistency and Clarity**

##### *Administrative overhead costs*

In the proposed regulation's fee report forms, there are significant differences in the costs covered by different fees except for "Administrative Overhead" costs. According to staff at the Department of State and its Bureau of Professional and Occupational Affairs (BPOA), the allocated share of overhead cost for each fee category is calculated by dividing total overhead costs by the number of active licensees. This methodology for overhead cost allocation is not unreasonable and has been consistently applied. On the other hand, the staff cost allocations are based on estimates of the actual time BPOA staff spends performing the tasks related to each fee.

For overhead cost allocations, there appears to be no relationship to the services covered by the fees or frequency of fee payments. Therefore, there is no indication that the fees will recover actual or projected overhead costs. In addition, the allocated costs are based on past expenditures rather than estimates or projections of future expenditures. Hence, there is no certainty that the fees' "projected revenues will meet or exceed projected expenditures" pursuant to Section 8(b) of the Physical Therapy Practice Act (63 P.S. § 1308(b)).

We question the use of a constant overhead cost allocation that appears to be unrelated to the actual costs of activities covered by different fees. Even though this process was used to determine other fees, why should BPOA maintain this approach? The Board and BPOA should specifically identify the overhead costs, or portion of the total overhead, to be recouped by these fees, and review their methodology for allocating these overhead costs. Is it the Board's goal to allocate all overhead costs by category to each fee? If so, we do not believe the current allocation formula gives the desired result.

##### *Board duties for certification and verification*

The House Professional Licensure Committee requested additional information from the Board in two areas. First, it questioned the Board's role in the certification of scores, licensure, certification and registration. In addition, it noted that the description of Board staff functions in

the fee report forms for certification and verification fees were the same. However, there was a significant difference in the staff time and costs for these fees. Staff time for certification equaled 45 minutes at a cost of \$15.23. Staff time for verification was 4.8 minutes at a cost of \$1.62.

Why does the Board certify scores? What is the difference between certification and verification? How much work is required to provide these services? The Board should explain in detail the answers to these questions when it submits the final-form version of this regulation.