

Fiscal Impact Analysis
Permanent Rule Readoption without Substantial Economic Impact
10A NCAC 15, Section .1100 - Fees

Rulemaking Authority Proposing Rule Change:

North Carolina Department of Health and Human Services (Secretary)

Agency Contact Persons

Nadine Pfeiffer, DHSR Rules Review Manager – (919) 855-3811

Joel Johnson, DHHS Rule-Making Coordinator – (919) 855-4800

Lee Cox, Chief, DHSR Radiation Protection Section – (919) 814-2252

Impact Summary

Federal Government: No

State Government: Yes

Local Government: No

Private Entities: Yes

Substantial Impact: No

N.C. Administrative Code Citations and Titles of Rule Changes

**See proposed text of this rule in the Appendix*

1) Readoption with Substantive Changes:

*10A NCAC 15 .1102 Payment Due

2) Readoption without Substantive Changes:

10A NCAC 15 .1106 Radioactive Materials and Accelerator Fee Amounts

Authorizing Statutes

G.S. 104E-9(a)(8)

G.S. 104E-19(a)

Background and Rationale for Rule Readoptions

Under authority of G.S. 150B-21-3A, Periodic Review and Expiration of Existing Rules, the Department of Health and Human Services/Secretary (DHHS), Rules Review Commission and the Joint Legislative Administrative Procedure Oversight Committee approved the final Subchapter report with classifications for the rules located at 10A NCAC 15 – Radiation Protection – on November 16, 2018, April 18, 2019, and June 22, 2019, respectively. The following rules were classified as “Necessary with Substantive Public Interest” in this report: 10A NCAC 15 .1102 and .1106. Therefore, in accordance with G.S. 150B-21.3A(c)(2)(g), these rules, must be readopted as though the rules were new rules.

Of these two rules, the agency is presenting 10A NCAC 15 .1102 for readoption with substantive changes in this fiscal impact analysis. Rule 10A NCAC 15 .1106 is being readopted without substantive change; therefore, in accordance with G.S. 150B-21.3A(d)(2), no fiscal note is required for this rule and it will not be included in this report.

Rule Summary and Anticipated Fiscal Impact

Rule .1102 – Payment Due

The Agency is proposing to readopt this rule with substantive changes to include a provision for licensees and registrants to use an online bill payment service to pay annual licensing and registration fees that is provided through a third party financial institution. The remainder of the rule remains unchanged with the exception of correcting the mailing address for payments mailed through the US Post Office, and to remove the Agency's physical address from the rule. The change to this rule with an economic impact is the addition of an online payment option for licensees and registrants to pay annual license and registration invoices.

Fiscal Impact

In 2018 the Agency mailed out 10,427 invoices to collect annual fees from licensees and registrants per this rule. During that year, 1,471 payments were made online, reflecting approximately 14% of the number of invoices mailed. How payment is made, whether by check, money order, or online, has no impact on Agency revenue. Note that during this fiscal analysis discussion, the term 'regulated community' means 'licensees and registrants' and vice-versa.

Cost to the State:

For this analysis the cost to the State to distribute these invoices to the regulated community is independent from the cost to receive and process payment of these invoices. The cost to create and mail invoices for annual fees is the same regardless of how the regulated community chooses to pay. Thus, the focus of this fiscal note regarding costs to the State is on the receipt and processing costs incurred by the Agency and by the Office of the State Controller as the number of mailed versus online payments vary. Also, the online payment address is printed on each invoice, and Agency has been accepting online payments for the last six years. Anecdotal evidence suggests that the percentage of licensees and registrants taking advantage of making payments online has not changed more than a percent or two over the last four or five years. Therefore, the Agency does not expect the readoption of this rule permitting online payments to significantly change the percentage of licensees or registrants paying by check or online.

The salary base used for the cost analysis for payments received through checks is the average salary of the three individuals, plus benefits, at the Agency processing these payments on an hourly basis. The average salary for these three individuals is \$37,250/year.¹ Benefits for these individuals are estimated to be one-third of the reported salary. For convenience, a year is set at 2000 hours. Multiplying the annual salary by 1.3, then dividing that by 2000 yields an hourly cost of approximately \$24/hour. Interviews with these individuals reveals the following time/cost breakdown:

Table 1: Hours spent by Agency staff to process and deposit checks

Weeks after invoices are mailed (the interval)	Hours/Day spent processing checks	Days/Week spent processing checks	Number of staff processing checks	Sum of staff hours per five-day week	Number of five-day weeks in interval	Sum of staff hours processing checks for interval
Week 1	0.5	5	1	2.5	1	2.5
Week 2 - 5	1.4	5	2	14	4	56
Week 6 - 8	0.75	5	2	7.5	3	22.5
Week 9 - 10	0.5	5	1	2.5	2	5

¹ source: <https://www.charlotteobserver.com/news/local/article203505319.html>

As seen in the table above, the level of effort as measured by time spent processing checks and the number of staff required to process checks varies over time. This is expected. In addition to the level of effort noted in Table 1, there is a constant one-hour labor cost to the Agency over the entire ten-week period in this analysis because the checks must be deposited on the day they are received. This cost is not dependent on the number of checks processed by staff or the amount of time spent by staff processing checks. Interviews with staff indicates that approximately one hour per day for ten weeks is required for making these daily deposits. Using a five-day week, this calculates out to 50 hours over the ten-week analysis period.

Table 2: Cost to Agency for processing and depositing payments made by check or money order

Weeks after invoices are mailed (interval)	Sum of staff hours processing and depositing checks for interval	Hourly Staff Cost (hourly Salary plus Benefits)	Cost per interval (=Hourly Staff cost * staff hours)
Week 1	2.5	\$24	\$61
Week 2 - 5	56		\$1,356
Week 6 - 8	22.5		\$545
Week 9 - 10	5		\$121
Deposits	50		\$1,211

Based on the average salary plus benefits for these staff members, and the number of staff hours spent processing and depositing payments made by check, the estimated cost to the Agency over the entire ten-week period is \$3,294.

Payments made online are handled differently and have a different cost than payments by check or money order. The Office of the State Controller receives the payment online and notifies the billing lead at the Agency that online payments have been received. The base salary for the Agency billing lead is \$70,165/year.² Benefits for this individual are estimated to be one-third of the reported salary. For convenience, a year is set at 2000 hours. Multiplying the annual salary by 1.3, then dividing that by 2000, yields an hourly cost of approximately \$46/hour. Interviews with this individual reveals the following time/cost breakdown:

Table 3: Hours spent by Agency staff to process online payments

Weeks after invoices are mailed (interval)	Hours per day spent processing online payments	Number of days per week spent processing online payments	Number staff processing online payments	Sum of staff hours per five-day week	Number of five-day weeks in interval	Sum of Agency staff hours processing online payments for interval
Week 1	0.75	5	1	3.75	1	3.75
Week 2 - 5	1	5	1	5	4	20
Week 6-8	1	5	1	5	3	15
Week 9 - 10	0.5	5	1	2.5	2	5

² ibid

Table 4: Costs to the Agency to process online payments

Weeks after invoices are mailed (interval)	Sum of Agency staff hours processing online payments for interval	Hourly Staff Cost (hourly Salary plus Benefits)	Cost per interval (=Hourly Staff cost * staff hours)
Week 1	3.75	\$46	\$171
Week 2 - 5	20		\$912
Week 6-8	15		\$684
Week 9 - 10	5		\$228

In addition to the costs to the Agency, an Accounting Technician II at the Office of the State Comptroller (OSC staff) supports the online payment process. OSC staff salary is estimated to be \$34,000/year.³ Benefits for OSC staff are estimated to be one-third of the reported salary. For convenience, a year is set at 2000 hours. Multiplying the annual salary by 1.3, then dividing that by 2000, yields an hourly cost of approximately \$22/hour. Interview with the Agency billing lead indicates that OSC staff spends about a half-hour a day per day on support activities for online payment processing. Using a five-day week, this calculates out to 25 hours of OSC staff time over the ten-week analysis period. The cost for OSC staff support for the entire ten weeks is approximately \$550.

As with check processing and deposit, time spent processing online payments by the billing lead also varies over time over the ten-week period used for this analysis. Based on the average salary plus benefits for the Agency billing lead and OSC staff, and the number of staff hours spent processing online payments, the estimated cost to the State over the entire ten-week period is \$2,545.

To determine the cost-per-transaction by type for Table 5, below, the following data from 2018 is used:

Payment Online:

- 1,471 online payments were made;
- The ten-week cost to the State processing online payments was \$2,545;
- The cost to the State for each online payment is $\$2,545/1,471 = \1.73 per online payment.

Payment by Check:

- 8,956 payments by check were made (10,427 invoices sent less 1,471 online payments);
- The ten-week cost to the State processing payments by check was \$3,294;
- The cost to the State for each payment by check is $\$3,294/8,956 = \0.37 per payment by check.

Table 5: Impact on of increasing the use of the online payment versus payment by check option on costs to the State (based on 10,427 invoices sent in 2018)

Cost to State by type of Payment	0% Pay Online	10% Pay Online	20% Pay Online	40% Pay Online	50% Pay Online	60% Pay Online	80% Pay Online	100% Pay Online
Online (\$1.73/trans.)	0	\$1,804	\$3,608	\$7,216	\$9,019	\$10,823	\$14,431	\$18,039
Check (\$0.37/trans.)	\$3,858	\$3,472	\$3,086	\$2,315	\$1,929	\$1,543	\$772	\$0

³ ibid

In calculating the values in Table 5, above, it is assumed that a percent increase in the number of licensees and registrants paying online has a corresponding decrease in the number paying by check. In other words, if 40% of the Regulated Community pays online, 60% would pay by check.

Cost to the Regulated Community:

To determine costs to the regulated community, several licensees were polled to estimate the level of effort each licensee took paying invoices. It was determined that each licensee spent approximately 1 hour procuring payment and making payment to the Agency. Personnel costs in hours were determined to be roughly the same whether the payment is made by check, money order, or online. Since personnel cost (in hours) to receive, process, and make payment on each invoice is the same, this factor was ignored for this fiscal note.

To compare costs between the State and the regulated community, it was determined during this poll that the principle difference in costs for the regulated community is the cost of making an online payment (\$3.95 per online payment) versus making payment via check (estimated at \$0.54 per mailed check). No licensees polled used money orders. The cost of making an online payment is billed by the online payment processor as a 'convenience fee'. The convenience fee is charged in addition to the license or registration fee invoiced by the Agency, and the cost to each licensee or registrant is dependent only upon the number of payments made though the online payment processor, not the amount of each payment. It is assumed only one payment for fees is made by each licensee or registrant, whether by check or online.

Table 6: Impact on of increasing the use of the online payment versus payment by check option on costs to the Regulated Community (based on 10,427 invoices sent in 2018)

Cost to Regulated Community by type of Payment	0% Pay Online	10% Pay Online	20% Pay Online	40% Pay Online	50% Pay Online	60% Pay Online	80% Pay Online	100% Pay Online
Online (\$3.95/trans.)	\$0	\$4,119	\$8,237	\$16,475	\$20,593	\$24,712	\$32,949	\$41,187
Check (\$0.54/trans.)	\$5,631	\$5,068	\$4,504	\$3,378	\$2,815	\$2,252	\$1,126	\$0

It is assumed that a percent increase in the number of licensees and registrants using the online payment option has a corresponding percent decrease in the number of licensees and registrants paying by check. That is, if 60% of the Regulated Community pays online, 40% will pay by check.

Fiscal Note Summary:

There is no fiscal impact on federal or local governmental operations associated with the readoption of this rule as amended, and the impact on the State and the Regulated Community is not expected to be significant.

As seen in Tables 5 and 6 of this fiscal note, the cost per transaction (to both the State and the Regulated Community) is constant for each type of payment. Changes in cost vary only by payment type and the change in the number of payments made using that payment type, and an increase in the use of one type of payment has a decrease in the use of the other. The maximum cost to the State and the Regulated Community occurs when only the online payment option is used. Due to this observation and differences in cost-per-transaction on an individual transaction level, the Agency does not expect a significant change in the number of licensees and registrants choosing to pay online over mailing in a check. Therefore, costs are not expected to change significantly with the readoption of this rule with these changes.

10A NCAC 15 .1102 is proposed for readoption with substantive changes as follows:

10A NCAC 15 .1102 PAYMENT DUE

- (a) All fees established in this Section shall be due on the first day of July of each year.
- (b) Notwithstanding Paragraph (a) of this Rule, when a new license or registration is issued by the agency after the effective date of this Rule or after the first day of July of any subsequent year, the initial fee shall be due on the date of issuance of the license or registration.
- (c) The initial fee in Paragraph (b) of this Rule shall be computed as follows:
- (1) When any new license or registration is issued before the first day of January of any year, the initial fee shall be the full amount specified in Rule .1105 or .1106 of this Section; and
 - (2) When any new license or registration is issued on or after the first day of January of any year, the initial fee shall be one-half of the amount specified in Rule .1105 or .1106 of this Section.

~~(d) All fees received by the agency pursuant to provisions of this Section shall be nonrefundable.~~

~~(e)~~ (d) Each licensee or registrant shall pay all fees online at <https://www.thepayplace.com/northcarolinadhhs/dhsr/ncrpsfees/challenge.aspx>, or by check or money order made payable to "Radiation Protection Section" and mail such payment to: Radiation Protection Section, Division of ~~Environmental Health,~~ Department of Environment and Natural Resources, 1645 Mail Service Center, Raleigh, North Carolina 27699 1645. ~~Such payment may be delivered to the agency at its office located at 3825 Barrett Drive, Raleigh, North Carolina 27609 7221.~~ Health Service Regulation, Department of Health and Human Services to the address shown on the facility invoice.

History Note: Authority G.S. 104E-9(a)(8); 104E-19(a);
Eff. July 1, 1982;
Amended Eff. May 1, 1993; May 1, 1992; July 1, 1989;
Temporary Amendment Eff. June 30, 2002;
Temporary Amendment Expired on March 28, 2003;
Findings of need for Emergency Rule disapproved by Codifier on June 8, 2007;
Emergency Amendment Eff. June 19, 2007 pursuant to G.S. 150B-21.1A(b);
Amended Eff. August 1, 2007;
Transferred and Recodified from 15A NCAC 11 .1102 Eff. February 1, 2015, 2015;
Readopted Eff. March 1, 2020.