

Licensing Reform Task Force

Barriers Subcommittee

SUMMARY RECOMMENDATION: SUBSTANTIAL EQUIVALENCY FRAMEWORK

Recommendation

The **Barriers Subcommittee** recommends that the **Licensing Reform Task Force** preserve Montana's existing **substantial equivalency** framework for out-of-state professional and occupational licensing applicants and defer any recommendation to adopt a broader universal licensure model at this time.

The recommendation recognizes that Montana recently standardized substantial equivalency determinations through Chapter 76, HB 246, which amended Title 37 to define substantial equivalency and update licensure-by-endorsement and reciprocity provisions. Rather than replacing that framework before implementation can be evaluated, the Task Force should recommend monitoring the 2025 reforms, collecting processing-time and applicant-outcome data, and identifying any profession-specific portability barriers that remain.

Executive Order No. 1-2026 Report Elements Addressed

This recommendation supports the Executive Order's direction that the Task Force provide recommendations and strategies to reform Montana's professional occupational licensing system by:

- **Identifying and removing burdens and barriers faced by licensees that are not necessary to protect the public.** Monitoring substantial equivalency implementation will help determine whether out-of-state applicants still face unnecessary barriers after the 2025 reforms.
- **Improving access to and availability of professional services for citizens across Montana, including rural communities.** A clear and consistently applied endorsement framework can help qualified professionals relocate to or practice in Montana while preserving public-protection review.
- **Evaluating whether unnecessary barriers to entry exist for applicants.** The recommendation focuses on collecting evidence before recommending broader universal licensure changes.
- **Evaluating whether existing licensing requirements contribute to workforce shortages or access constraints in rural and frontier communities.** Processing-time and outcome data can identify whether particular professions still experience portability delays that affect workforce supply.
- **Evaluating whether licensure portability, reciprocity, or endorsement pathways could expand access to qualified professionals, particularly in rural and underserved areas.** Substantial equivalency is Montana's primary endorsement pathway and should be evaluated before broader reform is proposed.
- **Evaluating whether licensing structures are aligned with state and federal rural health transformation initiatives.** Preserving and improving an evidence-based endorsement framework may support rural

workforce access without eliminating review of education, examination, experience, discipline, or other public-protection considerations.

Policy Assessment

Benefits

Preserving substantial equivalency builds on recent legislative work rather than replacing it before the Department, boards, applicants, and stakeholders have experience with the new standardized framework. The approach maintains review of whether another jurisdiction's education, examination, and experience requirements are comparable to Montana's, while also allowing consideration of an applicant's actual qualifications and work experience when a technical deficiency exists. This may reduce risk of scope-of-practice mismatch and supports public protection while still improving portability.

Limitations

Substantial equivalency may still be slower than a true universal licensure model because it requires comparison of out-of-state licensing qualifications to Montana standards. Some applicants and employers may prefer automatic recognition of out-of-state licenses in good standing. If implementation data show continued delays or inconsistent application across boards, the Task Force may need to consider additional reforms, presumptions, timelines, or profession-specific changes in a future recommendation.

Implementation Consideration

DLI and the boards should collect data on applications processed under the post-HB 246 framework, including processing times, reasons for delay, deficiency determinations, use of actual qualifications and work experience to cure deficiencies, denials, and professions with recurring portability issues. The Task Force should also coordinate this recommendation with any separate recommendations on interstate compacts and board-led compact review.

Motion

The **Barriers Subcommittee** moves to advance the recommendation to preserve Montana's substantial equivalency framework for out-of-state licensure applicants, defer any recommendation to adopt broader universal licensure at this time, and request that the Department of Labor & Industry and licensing boards monitor implementation of HB 246 by collecting data on processing times, deficiency determinations, use of actual qualifications and work experience, denials, and profession-specific portability barriers that may warrant future statutory, rule, or administrative changes.