

# State Medical Board

**Senate Finance and Financial Institutions Committee**

*Wendy Risner, Budget Analyst  
Legislative Service Commission*

*April 19, 2005*

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# LSC Redbook for the State Medical Board

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# State Medical Board

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- The Board receives no funding for FY 2007 and will be absorbed into the Department of Health that year.
- The Board contributed \$732,530 more to Fund 5C6 than expended during the FY 2003-2004 renewal cycle.

## OVERVIEW

The mission of the State Medical Board is to protect and enhance the health and welfare of Ohio's citizens through effective medical regulation. The Board is comprised of twelve members, plus five members of the Physicians Assistant Policy Committee who are appointed by the president of the Board. The twelve members of the Board are represented by seven medical doctors (M.D.s), one podiatrist (D.P.M.), one osteopathic physician (D.O.), and three representatives of the general public, two of which cannot be a member of, or associated with, a health care provider or profession. All members are appointed by the Governor and serve five-year terms. The staff of the Board is currently 80.5 FTEs.

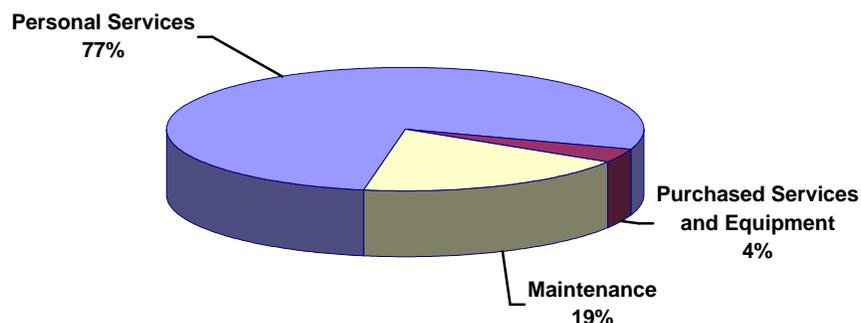
Chapter 4731. of the Revised Code provides statutory authority for the Board's activities. The Board regulates about 54,000 active licensees in the state of Ohio (as of June 30, 2004), with oversight provided for M.D.s, D.O.s, D.P.M.s, and physician assistants (P.A.s). The Board also regulates the practitioners of several limited branches of medicine such as massage therapists (M.T.s), cosmetic therapists (C.T.s), mechanotherapists (D.M.s), acupuncturists, and anesthesiologist assistants (A.A.s). The Board uses numerous methods to help identify unqualified licensees. These include registering complaints, mandatory reports, continuing education audits, probationary compliance monitoring, approval of drug and alcohol treatment providers, and approval of schools for limited branches of practice.

### Executive Budget Recommendations

All of the funds appropriated to the Medical Board are located in Fund 5C6, the State Medical Board's Operating Expenses Fund. The executive budget recommendations include appropriations of \$7,467,317 in fiscal year (FY) 2006 and \$0 in FY 2007. The FY 2006 appropriation is 3.7% above estimated FY 2005 expenditures. The Executive recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the Executive recommended no funding in FY 2007 for the boards. In the case of the Medical Board, the Board and its duties will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentive will be offered to regulatory board staff. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members will be retained.

As shown on the chart below, approximately 77% of this funding will be used to cover personnel expenses, while 19% will be used for maintenance.

**Total Budget by Object Code for FY 2006**



### CAVU Licensing System

The Board, in partnership with the Department of Administrative Services, implemented a new web-based multi-board licensing system. The licensing system became fully functioning in November of 2004. The Medical Board will be charged about \$180,000 over the biennium for this system.

### Administrative Fees

During the past few years, occupational licensing boards have had to absorb increased administrative costs charged by other state agencies. Many boards contracted for services that were once provided for free such as lock-box services and computer technical support. The Medical Board estimates that bank lock-box charges are approximately \$15,000 per fiscal year. The Medical Board also estimates that rent and other intrastate transfer vouchers will increase by nearly \$15,000 per fiscal year.

**Revenue History**

The Board has a staggered renewal system that is dependent upon the licensee's last name. The following table lists actual revenue for FYs 2000 through 2004 and estimated revenues for FYs 2005 through 2007.

<b>Fiscal Year</b>	<b>Revenue</b>
2000	\$6,993,237
2001	\$6,487,283
2002	\$7,169,092
2003	\$6,789,065
2004	\$7,395,681
2005	\$6,648,460*
2006	\$7,505,500*
2007	\$6,810,000*

*\*Estimated*

**Revenues and Expenditures**

<b>Fund 5C6</b>	<b>FY 2003</b>	<b>FY 2004</b>
Revenues	\$6,409,084	\$ 7,395,681
Expenditures	\$6,538,043	\$6,664,710
Net	(\$128,959)	\$861,489
Two-Year Net	\$732,530	

**Staffing Levels**

State Medical Board Staffing Levels						
Program Series/Division	2002	2003	2004	2005	Estimated	
					2006	2007
Board Members	12	12	12	12	12	12*
Physician Assistance Policy Committee	5	5	5	5	5	5*
<b>Total Board Members</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17*</b>
Medical Board Staff (non- Board)	78.5	78.5	80.5	80.5	80.5	80.5*
<b>Total Medical Board Staff (non-Board)</b>	<b>78.5</b>	<b>78.5</b>	<b>80.5</b>	<b>80.5</b>	<b>80.5</b>	<b>80.5*</b>

\*In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. According to OBM, current staff will be retained through FY 2006. However, it is expected that some staff reductions will occur as a result of the implementation of a hiring freeze and early retirement incentive. Remaining staff for the Board will be transferred to the Department of Health in FY 2007. Board members will be retained.

## FACTS AND FIGURES

The following information was obtained from the Board’s website or annual report.

<b>Number of Total Active Licensees*</b>		
<b>Category of License</b>	<b>Jul 23, 2003</b>	<b>Jun 30, 2004</b>
Cosmetic Therapist – CT	223	208
Massage Therapist – MT	7,322	7,848
Doctor of Osteopathy – DO	4,336	4,483
Medical Doctor – MD	33,541	34,443
Doctor of Podiatric Medicine – DPM	1,008	991
Mechanotherapist – DM	51	42
Naprapath – NAP	1	1
Physician Assistant – PA	1,345	1,399
Restricted Cosmetic Therapist – RCT	52	44
MD Training Certificate	3,687	3,672
DO Training Certificate	568	597
DPM Training Certificate	55	64
Acupuncturist	52	64
Anesthesiologist Assistant	97	104
<b>TOTAL</b>	<b>52,338</b>	<b>53,964</b>

\* Total active licenses includes Ohio and out of state addresses.

### Quality Intervention Program

In 1996 the Board developed two Quality Intervention Programs (QIPs) to deal with cases in which a licensee’s practice pattern evinced some problem, but not one that justified formal disciplinary actions. The purpose of QIP is to provide remedial education for licensees to keep them in practice, while improving their practice patterns to protect the public. During calendar year 2003, QIP panels reviewed 103 cases. The following table illustrates the outcomes of the QIP program reviews.

<b>QIP Review Outcomes for CY 2003</b>	
Recommended Closure (No quality of care concerns and no further action necessary)	57
Referred to Secretary and Supervising Member for Further Action (Deficiencies not remedial through QIP)	12
Referred for Remedial Education	11
Caution Letter Sent (No other action needed)	23

The following table shows the number of disciplinary actions taken over the past six years.

	1998	1999	2000	2001	2002	2003
Revocations	37	29	45	22	34	31
Indefinite Suspensions	46	46	35	53	59	41
Definite Suspensions	6	5	4	6	6	6
Probations	27	28	27	23	30	34
Reprimands	12	12	17	6	14	6
Limitations	1	0	2	5	3	2
Surrenders/Retirements	6	14	14	6	17	9
Licensure/Reinstatement Denials or Withdrawals for Disciplinary Reasons	8	4	11	6	12	10
Summary Suspensions	1	11	2	4	8	5
Automatic Suspensions	3	2	2	3	1	1
Immediate Suspensions	8	6	7	9	3	9
Application Conditionally Approved	0	0	0	0	1	0
Interim Agreement	0	0	0	0	2	1
<b>TOTAL DISCIPLINARY ACTIONS</b>	<b>155</b>	<b>157</b>	<b>166</b>	<b>143</b>	<b>190</b>	<b>155</b>

## ANALYSIS OF EXECUTIVE PROPOSAL

### Program Series 1

### State Medical Board

**Purpose:** The State Medical Board of Ohio strives to protect and enhance the health and welfare of Ohio citizens by regulating the practice of licensed medical and limited branch practitioners.

The following table shows the line items that are used to fund the State Medical Board, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Services Fund</b>				
5C6	883-609	Operating Expenses	\$7,467,317	\$0
<b>General Services Fund Subtotal</b>			<b>\$7,467,317</b>	<b>\$0</b>
<b>Total Funding: State Medical Board</b>			<b>\$7,467,317</b>	<b>\$0</b>

### State Medical Board

**Program Description:** The State Medical Board governs the practice of medicine and the limited branches of medicine, as defined by Chapters 4730. and 4731. of the Revised Code, by licensing medical professionals in a variety of specialties.

**Funding Source:** General Services Fund Group. The activities of the Board are funded with licensure fees and fines collected for violations of the rules and laws governing the practice of medicine in Ohio. The funds are deposited into the State Medical Board Operating Fund (Fund 5C6).

**Line Items:** 883-609, Operating Expenses

**Implication of Executive Recommendation:** The Board requested \$7,451,133 in funding for FY 2006 and \$7,675,491 for FY 2007. The Executive recommended funding in FY 2006 of \$7,467,317, which should allow the Board to carry out its mission. However, the Board is still considering if staffing levels will remain at FY 2005 levels. The \$16,184 recommended above the Board’s request for FY 2006 will be used to help pay for CAVU licensing costs and for computer firewall protection. The Executive recommended no funding in FY 2007. In FY 2007, the Board will be absorbed into the Department of Health. The specifics of this transfer will be addressed during FY 2006 by a task force consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

**Temporary and Permanent Law Provisions:** The Executive's recommendation includes a provision that consolidates the Board into the Department of Health beginning in FY 2007. The provision also includes the creation of a transition team to ensure the consolidation occurs smoothly and on schedule. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

## REQUESTS NOT FUNDED

Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
883-609	\$7,451,133	\$7,467,317	\$16,184	\$7,675,491	\$0	(\$7,675,491)
<b>TOTALS</b>	\$7,451,133	\$7,467,317	\$16,184	\$7,675,491	\$0	(\$7,675,491)

In FY 2006, the Board received \$16,184 more than requested. These funds will likely be used to cover CAVU licensing system costs. In FY 2007, the Board requested funding of \$7,675,419. The Executive recommended funding of \$0. The Board will be absorbed into the Department of Health. Specifics of this transfer will be addressed by a task force made up of consisting of the departments of Commerce, Health, Public Safety, and Administrative Services, the Office of Budget and Management, and the Governor's Office.

## General Services Fund Group

### 5C6 883-609 Operating Expenses

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
\$6,135,817	\$6,538,043	\$6,664,475	\$7,199,934	<b>\$7,467,317</b>	<b>\$7,467,317</b>
	6.6%	1.9%	8.0%	<b>3.7%</b>	<b>0.0%</b>

**Source:** GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

**Legal Basis:** ORC 4730, 4731, and 4743.05 (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

**Purpose:** Funds are used for general operating expenses, including payroll, supplies, and equipment.

**LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007**

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2005</i>	<i>As Introduced 2006</i>	<i>House Passed 2006</i>	<i>% Change Est. 2005 to House 2006</i>	<i>As Introduced 2007</i>	<i>House Passed 2007</i>	<i>% Change House 2006 to House 2007</i>
<b>MED State Medical Board</b>									
5C6	883-609	Operating Expenses	\$7,199,934	\$ 7,467,317	\$ 7,467,317	3.7%	\$ 0	\$ 7,467,317	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 7,199,934</b>	<b>\$ 7,467,317</b>	<b>\$ 7,467,317</b>	<b>3.7%</b>	<b>\$ 0</b>	<b>\$ 7,467,317</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 7,199,934</b>	<b>\$ 7,467,317</b>	<b>\$ 7,467,317</b>	<b>3.7%</b>	<b>\$ 0</b>	<b>\$ 7,467,317</b>	<b>0.0%</b>

**As Introduced (Executive)**

**As Passed by the House**

**(CD-586-MED) Consolidation of Regulatory Boards**

**Section: 315.03**

Consolidates the occupational licensing boards into the departments of Health, Public Safety, or Commerce not later than July 1, 2006. In the case of the State Medical Board, the Board will be consolidated into the Department of Health. The directors of Budget and Management, Administrative Services, Commerce, Health, and Public Safety shall appoint representatives to a transition team. The team shall develop a plan for the smooth and timely consolidation of the boards and shall also address the details of the consolidation. The team shall submit a report containing recommendations and the details of the consolidation not later than December 31, 2005 to the Governor, Speaker of the House, and President of the Senate. A bill will be introduced in fiscal year (FY) 2006 that will include the necessary statutory changes and appropriations for consolidation.

Fiscal effect: The Board will receive no appropriation in FY 2007. The total fiscal effect is unknown at this time since the specifics of the transfer will not be addressed until FY 2006.

**Sections: 315.03, 209.03**

Removes the State Medical Board from the proposal to consolidate certain regulatory boards into the departments of Commerce, Health, and Public Safety.

Fiscal effect: Establishes appropriations for FY 2007 at FY 2006 recommended levels.