

Respiratory Care Board

House Agriculture and Development Subcommittee

*Wendy Risner, Senior Budget Analyst
Legislative Service Commission*

March 22, 2007

*Additional copies are available on our web site at www.lsc.state.oh.us
Click on 'Budget Documents' then 'Redbooks'*

LSC Redbook

for the

Respiratory Care Board

House Agriculture and Development Subcommittee

Wendy Risner, Senior Budget Analyst

Legislative Service Commission

TABLE OF CONTENTS

OVERVIEW	1
Current Biennium Highlights	1
Home Medical Equipment Facility Regulation.....	1
Governor's Recommendations	2
Staffing Levels	2
FACTS AND FIGURES	3
Number of Licensees.....	3
Current License Fees.....	3
Revenues and Expenditures	3
ANALYSIS OF EXECUTIVE PROPOSAL	4
Operating Expenses	4
Program 1.01- Licensing/Registration/Certification Issuance and Enforcement	4
Program 1.02 – Home Medical Equipment Regulation.....	5
REQUESTS NOT FUNDED	7
ATTACHMENTS:	
Catalog of Budget Line Items	
LSC Budget Spreadsheet By Line Item	

March 22, 2007

Respiratory Care Board

- At the end of FY 2006, the Board licensed approximately 6,900 respiratory care professionals and approximately 440 home medical equipment facilities
- The Board contributed \$346,131 more to Fund 4K9 than it expended during the last renewal cycle

OVERVIEW

The Ohio Respiratory Care Board is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

The Ohio Respiratory Care Board was established in 1989 by Sub. S.B. 300 of the 118th General Assembly. The Board regulates the practice of respiratory care by licensing properly qualified individuals, acting on complaints filed with the Board, and monitoring continuing education requirements. In 2005, the Board acquired home medical equipment (HME) licensure and registration for certain HME facilities selling or renting HME equipment to the public in Ohio. The Board's fundamental mission is to efficiently provide services to both the public and the Board's licensees while ensuring public safety. The Board annually investigates all alleged complaints and monitors continuing education compliance. The Board also approves respiratory care educational programs and, when necessary, conducts on-site reviews.

The Board grants two types of respiratory care licenses: respiratory care professional and limited permit. The Board also grants two types of home medical equipment licenses: HME licensed facilities and HME certificate of registrations. The Board also has a fee for HME facility inspections. Respiratory care professional licenses are renewed biennially, while limited permits are renewed annually. HME associated licenses are renewed biennially. Revenue is generated from new and renewal licensure fees, as well as fines, inspection fees, and miscellaneous sources. Expenditures are for operating expenses associated with the licensure, regulation, and enforcement processes. Revenues and expenditures for the FY 2005-2006 licensing cycle were \$1,073,158 and \$727,027, respectively. The Board contributed \$346,131 more to Fund 4K9 than it expended during the last renewal cycle.

Current Biennium Highlights

Home Medical Equipment Facility Regulation

In FY 2005, the Ohio General Assembly passed legislation (H.B. 105 of the 125th General Assembly) that required the licensure and regulation of home medical equipment (HME) facilities. In FY 2006, the Board began licensing these HME facilities. The types of licenses issued are as follows: (1) Certificate of Registration – this is issued to facilities that offer qualifying home medical equipment,

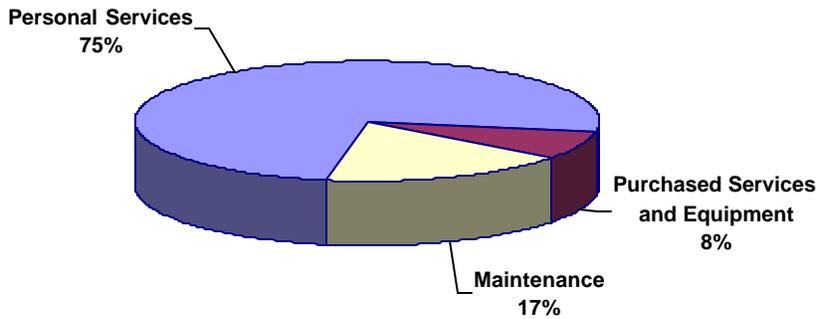
but are nationally accredited, (2) license – this is issued to nonaccredited facilities offering qualifying home medical equipment that meet the standards for licensing adopted by the Board, and (3) provisional license – this is issued to nonaccredited facilities offering qualifying home medical equipment that fail to meet the standards for licensing adopted by the Board. The Board also inspects some of these facilities. Due to the nature of these inspections, the Board has chosen to contract with representatives with specialized knowledge for these inspections.

Governor's Recommendations

Under the Governor's recommendations, the Board will receive \$491,628 in FY 2008 and \$481,768 in FY 2009. FY 2008 recommended levels are 9.1% higher than FY 2007 estimated levels. The FY 2009 expenditures are expected to decrease due to federal Medicare rule changes that would force licensed facilities to become registered facilities, thereby foregoing the inspection requirements and reducing inspection costs for the Board.

As can be seen from the chart above, the Board's funding goes primarily toward personnel expenses, while maintenance accounts for approximately 17%.

Total Budget by Object Code for FY 2008-2009 Biennium



Staffing Levels

Respiratory Care Board Staffing Levels						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
Board Members	5	9	9	9	9	9
Respiratory Care Staff	4	4	5	5	5	5
Totals	9	13	14	14	14	14

In FY 2005, the number of Board members increased due to Sub. H.B. 105 of the 125th General Assembly. In FY 2006, the Board started licensing home medical equipment. Thus, there was an additional staff person employed.

Board members comprise 0.4 FTEs and meet six times each year for two days. One position within the Board's staff is part-time.

FACTS AND FIGURES

Number of Licensees

License Type	FY 2003	FY 2004	FY 2005	FY 2006
Respiratory Care Professional	6,423	6,128	6,639	6,478
Limited Permit	368	364	371	394
HME Licensed Facilities*	0	0	0	142
HME Certificate of Registration*	0	0	0	294

Source: Respiratory Care Board's Annual Report for FY 2006

*HME licensure and certification began in FY 2006.

Current License Fees

Respiratory care professional licenses are renewed every two years while the limited permits are renewed annually. HME permits are renewed biennially.

	Fee
Respiratory Care Professional – Renewal	\$100
Respiratory Care – Initial License	\$75
Limited Permit	\$20
Limited Permit – Renewal	\$10
HME License – Initial	\$300
HME License – Renewal	\$650
HME Certificate – Initial	\$150
HME Certificate – Renewal	\$350
HME Licensed Facility Inspection	\$350

Revenues and Expenditures

Fund Group 4K9	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$57,220	\$523,942	\$66,281	\$657,781	\$81,239	\$991,919
Expenditures	\$241,661	\$266,263	\$293,588	\$294,260	\$342,783*	\$384,244*
Net	(\$184,441)	\$257,679	(\$227,307)	\$363,521	(\$261,544)	\$607,675
Two Year Net	\$73,238		\$136,214		\$346,131	

Source: Ohio Respiratory Care Board's Annual Reports

*Expenditures in FYs 2005 and 2006 increase due to the implementation and regulation of the home medical equipment licensing program, including the hiring of a staff member in FY 2005 to coordinate licensing and registration for the program.

ANALYSIS OF EXECUTIVE PROPOSAL

Single Program Series

Operating Expenses

Purpose: License and regulate the practice of respiratory care and home medical equipment licensure

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

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	872-609	Operating Expenses	\$491,628	\$481,768
General Services Fund Subtotal			\$491,628	\$481,768
Total Funding: Regulation			\$491,628	\$481,768

This analysis focuses on the following specific programs within the Licensure/Enforcement program series:

- **Program 1.01 - Licensing/Registration/Certification Issuance and Enforcement**
- **Program 1.02 - Home Medical Equipment Regulation**

Program 1.01- Licensing/Registration/Certification Issuance and Enforcement

Program Description: In accordance with Chapter 4761. of the Revised Code, the Ohio Respiratory Care Board regulates the profession of respiratory care by licensing properly qualified applicants, acts on complaints filed with the Board, adjudicating violations of the respiratory care laws and rules, and monitors continuing education compliance. As of the end of FY 2006, the Board licensed approximately 6,900 respiratory professionals.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Line Items: 872-609, Operating Expenses

The following table shows the line items that are used to fund the Licensing/Registration/Certification Issuance and Enforcement, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	872-609	Operating Expenses	\$345,476	\$352,935
General Services Fund Subtotal			\$345,476	\$352,935
Total Funding: Licensing/Registration/Certification Issuance and Enforcement			\$345,476	\$352,935

Implication of Executive Recommendation: The Executive recommended funding of \$345,476 in FY 2008 and \$352,935 in FY 2009. This funding will maintain current service levels. The funding

will: support licensing and renewal of respiratory care professionals, support investigation of complaints received and enforcement of Board adjudication orders, support the monitoring of continuing education compliance of the licensees, and allow the board to develop web-based application processes for all license types.

Temporary and Permanent Law Provisions

There are no temporary or permanent law provisions affecting this program series.

Program 1.02 – Home Medical Equipment Regulation

Program Description: In accordance with Chapter 4752. of the Revised Code, the Board regulates the licensure and registration of home medical equipment facilities that sell, rent, or maintain defined medical equipment to Ohio citizens. Official licensure of home medical equipment facilities began in FY 2006. The types of licenses issued are as follows: (1) Certificate of Registration – this is issued to facilities that offer qualifying home medical equipment, but are nationally accredited, (2) license – this is issued to nonaccredited facilities offering qualifying home medical equipment that meet the standards for licensing adopted by the Board, and (3) provisional license – this is issued to nonaccredited facilities offering qualifying home medical equipment that fail to meet the standards for licensing adopted by the Board. As of the end of FY 2006, the Board licensed 142 HME facilities and certified 294 HME facilities. The Board regulates HME facilities through mandatory inspections. The inspection cycle is defined by the Board in rule. Inspection cycles for licensed HME facilities are established by the Board within a four-year cycle similar to private industry standards for HME accreditation surveys. The Board licenses 168 facilities that will require inspection; facilities with a certification are not inspected by the Board. Facilities with a certification are accredited by either the Joint Commission on Accreditation of Health Organizations, the Accreditation Commission of Health Care, the Community Health Accreditation Program, and the Compliance Team. These organizations survey HME certified facilities.

The Board has a goal of inspecting 50 licensed HME facilities in FY 2007 and 50 licensed HME facilities in FY 2008. In FY 2009, the Board anticipates that inspection requirements may decrease due to federal Medicare rule changes that would force licensed facilities to become registered facilities, thereby foregoing the inspection requirements. As a result, HME facilities would likely seek certification from the Board instead of licensure and would not be inspected by the Board. The Board currently uses contract services to provide the necessary specialization for inspections.

Funding Source: General Services Fund Group (Fund 4K9). Currently, all revenue from 27 occupational licensing boards is placed in Fund 4K9 and reallocated to each board. Each board is expected to raise enough revenue through its license fees to cover its expenses.

Line Items: 872-609, Operating Expenses

The following table shows the line items that are used to fund the Home Medical Equipment Regulation, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
4K9	872-609	Operating Expenses	\$146,152	\$128,833
General Services Fund Subtotal			\$146,152	\$128,833
Total Funding: Home Medical Equipment Regulation			\$146,152	\$128,833

Implication of Executive Recommendation: The Board requested and received \$146,176 in FY 2008 and \$128,833 in FY 2009. This funding will: support the issuance and renewal of HME licenses/certificates, complete the inspection of approximately 80 licensed HME facilities, support investigation and enforcement activities pertaining to HME facilities, support the monitoring of continuing education compliance of the licensees, and allow the Board to develop web-based application processes for all license types. Funding in FY 2009 is decreased due to federal Medicare rule changes that would force licensed facilities to become registered facilities, thereby foregoing the inspection requirements and lowering costs to the Board.

Temporary and Permanent Law Provisions

There are no temporary or permanent law provisions affecting this program series.

REQUESTS NOT FUNDED

The Respiratory Care Board was fully funded.

g:\budget\budget.127\redbooks\houseredbooks\rcb.doc/cm

General Services Fund Group

4K9 872-609 Operating Expenses

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$304,435	\$356,106	\$409,938	\$450,520	\$491,628	\$481,768
	17.0%	15.1%	9.9%	9.1%	-2.0%

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

Legal Basis: ORC 4761.02 and 4743.05 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation supports the general operating expenses, including payroll, supplies, and equipment for the Ohio Respiratory Care Board. This Board licenses and regulates the practice of respiratory care and home medical equipment in Ohio.

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2006</i>	<i>Estimated 2007</i>	<i>Executive 2008</i>	<i>% Change 2007 to 2008</i>	<i>Executive 2009</i>	<i>% Change 2008 to 2009</i>
RCB Respiratory Care Board								
4K9	872-609	Operating Expenses	\$ 409,938	\$450,520	\$ 491,628	9.1%	\$ 481,768	-2.0%
General Services Fund Group Total			\$ 409,938	\$ 450,520	\$ 491,628	9.1%	\$ 481,768	-2.0%
Total All Budget Fund Groups			\$ 409,938	\$ 450,520	\$ 491,628	9.1%	\$ 481,768	-2.0%