

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Ohio Medical Transportation Board**

*Sara Anderson, Senior Budget Analyst  
Legislative Service Commission*

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## READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Ohio Medical Transportation Board (AMB), which includes the following four sections.

1. **Overview:** Provides a description of the Board's existing functions and staffing, and an overview of the Board's executive recommended budget for the FY 2010-FY 2011 biennium, and notes other important budgetary matters.
2. **Analysis of Executive Proposal:** Provides a detailed analysis of the Board's executive recommended budget, including the funding and purposes for each appropriated line item, and the services and activities that are financed by those appropriated moneys.
3. **Requests Not Funded:** Provides a description of any notable components of the Board's budget request that are not included in the executive recommended budget.
4. **Attachments:** Includes LSC's Catalog of Budget Line Items (COBLI), which describes each line item's purpose, revenue, and expenditures, and the LSC budget spreadsheet, which summarizes each line item's recent expenditure and appropriations history.

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### **ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# Ohio Medical Transportation Board

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- Non-GRF entity
- Fee-driven budget
- Flat funding proposed

## OVERVIEW

### Duties and Responsibilities

The Ohio Medical Transportation Board is charged with the duty of administering and enforcing the state's ambulance, ambulette (wheel chair van), and air ambulance licensing programs. This regulatory authority covers all private, hospital-based commercial ambulances, ambulettes, mobile intensive care units (MoICUs), medical helicopters, and fixed wing medical aircraft operating within the boundaries of the state of Ohio. The services and activities performed by the Board in support of its duties and responsibilities include:

- Licensing emergency medical service organizations and establishing requirements for these organizations to receive permits for ambulances and nontransport vehicles.
- Licensing nonemergency medical service organizations operating an ambulette service and establishing requirements for these organizations to receive permits for ambulances and nontransport vehicles.
- Licensing air medical organizations and establishing requirements for these organizations to obtain permits for rotocraft (e.g., helicopters) and fixed wing ambulances.
- Establishing minimum standards for the operation, including basic equipment loads, vehicle types, staffing, maintenance, communications, record keeping, sanitation, insurance, and roadworthiness.
- Enforcing the regulatory scheme described in the preceding dot points, which includes mandatory annual physical inspections of headquarter facilities, satellite offices, and each transportation vehicle.

### Snapshot of Regulated Service Provider Community

Highlighted below are some of the more notable features of the Board's service provider community that constitutes the Board's regulatory environment. These numbers are based on the Board's budget request as submitted in September 2008.

- 215 ambulette service providers.

- 102 ambulance service providers.
- 23 ambulance service providers.
- 12 air medical service providers.
- 725 total estimated service locations.
- Nearly 3,000 medical transport and nontransport vehicles.
- Mandatory annual inspection of all facilities and vehicles.

## Revenue Sources

The Board is a non-GRF entity that draws its financing from three basic sources: (1) license, permit, and inspection fees collected from the regulated community, (2) seat belt fine moneys collected from violators of the state's mandatory seat belt law, and (3) civil penalties of up \$1,500 imposed for each violation of Chapter 4766. of the Revised Code. Those three revenue sources, summarized in Table 1 immediately below, are estimated to generate a total of approximately \$575,000 annually.

<b>Table 1. Estimated Annual Revenue Stream</b>	
<b>Revenue Source</b>	<b>Estimated Annual Revenues</b>
Fees (license, permit, inspect)	\$435,000
Seat Belt Fines*	\$95,000
Civil Penalties	\$45,000
<b>Total</b>	<b>\$575,000</b>

\*2% of the moneys collected by the state from violations of the mandatory seat belt law

All of this revenue is deposited in the state treasury to the credit of the Occupational Licensing and Regulatory Fund (Fund 4K90). There are 26 occupational licensing and regulatory boards and commissions, including the Medical Transportation Board, that use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Each licensing board or commission is expected to be self-sufficient (i.e., it should generate enough revenue to cover its expenses).

Prior to FY 2007, the Board deposited its revenues into the Ohio Medical Transportation Trust Fund (Fund 4N10). Fund 4N10 was eliminated in Am. Sub. H.B. 119 of the 127th General Assembly. As part of the elimination of Fund 4N10, all revenues collected by the Board were directed to be deposited into Fund 4K90. Functionally, this changed the Board's accounting system from a cash accounting system to an accrual-based accounting system in an effort to have a more streamlined approach to fiscal management.

## Recommended Appropriations for FYs 2010 and 2011

Under the executive-recommended budget, the Board will receive non-GRF appropriations totaling \$473,450 in each of FYs 2010 and 2011. As Table 2 immediately below indicates, this essentially results in flat funding, meaning that FY 2010 and FY 2011 appropriations identical to the adjusted FY 2009 appropriation. This funding recommendation is \$50,000 less than the total amount the Board requested for each fiscal year (\$523,450) to maintain expanded activity in relation to the investigation of complaints, alleged violations, and medical billing fraud.

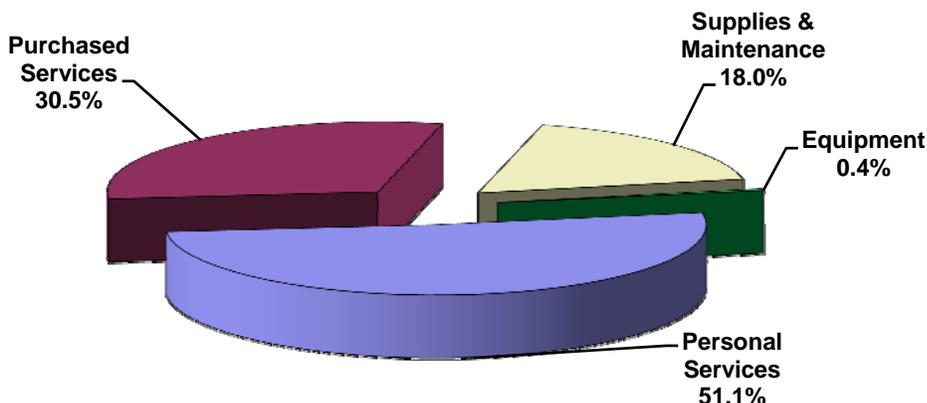
Fund Group	FY 2009*	FY 2010	% change, FY 2009-FY 2010	FY 2011	% change, FY 2010-FY 2011
General Services	\$473,450	\$473,450	0.0%	\$473,450	0.0%

\*FY 2009 figures represent adjusted appropriations;

## Expenses by Object Summary

Chart 1 immediately below summarizes the manner in which the Board plans to more or less allocate its executive recommended appropriations for the FY 2010-FY 2011 biennium. The Board's two most notable operating expenses involve: (1) personal services (the payroll-related costs associated with ten Board members and three full-time staff), and (2) purchased services (the costs of 20-plus independent contracts that principally serve as field inspectors). According to the Board's budget request, the retention of 20-plus "on-demand" contract inspectors saves in excess of \$300,000 annually that would otherwise have to be expended if these inspection activities were to be performed by full-time state employees.

**Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2010-FY 2011**



## Fee Schedule

Table 3 immediately below summarizes the various fees that the Board charged its regulated community in FY 2008, including the number that paid each fee and the total amount that fee generated.

<b>Table 3. Fees Charged and Collected, FY 2008</b>			
<b>Fee</b>	<b>Fee Amount</b>	<b>Number Paying Fee</b>	<b>Total Fees Collected</b>
Ambulance/MoICU			
License	\$100	112	\$11,200
Vehicle Permit	\$100	1,190	\$119,000
Vehicle Permit (50% rule)*	\$50	186	\$9,300
Temporary Vehicle Permit	\$100	15	\$1,500
Ambulette			
License	\$100	255	\$25,500
Vehicle Permit	\$50	1,441	\$72,050
Temporary Vehicle Permit	\$25	3	\$75
Air Medical			
License	\$100	10	\$1,000
Aircraft Permit	\$100	54	\$5,400
Inspections**	\$50/\$100	2,638	\$191,750
<b>Total Fee Amount Collected</b>			<b>\$436,775</b>

\*Each medical transportation organization that shows satisfactory evidence of compliance is eligible for 50% fee reduction for certain vehicles.

\*\*The ambulette inspection/re-inspection fee is \$50. The ambulance, MoICU, and air medical inspection/re-inspection fee is \$100.

## Simplified Cash Balance Statement

Table 4 below shows a simplified cash balance statement for the Board from FY 2000 to FY 2011. Generally, in the last few years, the Board has generated up to \$100,000 or more revenue annually than is being expended annually to pay for its operating expenses (payroll, personal services contracts, maintenance and supplies, and equipment).

Subsequent to the enactment of Am. Sub. H.B. 85 of the 125th General Assembly, effective in calendar year 2004, the Board began licensing air medical organizations and ambulette organizations, as well as issuing permits to ambulettes and air ambulances (both rotor and fixed wing). This resulted in the generation of additional license, permit, and inspection fees and a related increase in the Board's regulatory workload and annual operating expenses.

Fiscal Year	Revenue	Expenditures	Net**
2000	\$178,720	\$215,895	(\$37,175)
2001	\$259,597	\$222,488	\$37,109
2002	\$333,774	\$192,508	\$141,266
2003	\$296,953	\$273,801	\$23,152
2004	\$256,823	\$362,562	(\$105,739)
2005	\$276,283	\$371,213	(\$94,930)
2006	\$423,375	\$394,401	\$28,975
2007	\$490,362	\$413,171	\$77,191
2008	\$574,025	\$452,955	\$121,070
2009*	\$575,000	\$473,450	\$101,550
2010*	\$575,000	\$473,450	\$101,550
2011*	\$575,000	\$473,450	\$101,550

\*FYs 2009-2011 are estimates.

\*\*Represents difference between the annual revenue and expenditures in that fiscal year

## Staffing Levels

The Board consists of nine voting members and one nonvoting member, all of whom are appointed by the Governor, with the advice and consent of the Senate. Members are not compensated, but are reimbursed for actual and necessary expenses incurred attending meetings of the Board and in the performance of their duties (primarily mileage).

Table 5 below displays the number of board members and staff employed, or that will be employed, by the Board from FYs 2002 through 2007. Its current staff includes three full-time employees (an executive director, an administrative assistant, and an office assistant). In FY 2005, the Board's membership increased from six to ten, reflecting an expansion of its licensing and regulatory activity enacted by Am. Sub. H.B. 85 of the 125th General Assembly.

Additionally, the Board has 23 independent contractors serving as field inspectors that are paid on-demand per inspection, and one independent contractor working as a support and complaints investigator.

Position	2004	2005	2006	2007	2008	2009*	2010*	2011*
Board Members	6	10	10	10	10	10	10	10
Administrative Staff	2	2	2	2	2	2	2	2
Executive Director	1	1	1	1	1	1	1	1
<b>Totals</b>	<b>9</b>	<b>13</b>						

\*The staffing levels for FYs 2009-2011 are estimates.

## **Investigation and Enforcement Statistics**

The Board's regulatory obligations include investigating complaints about medical transportation organizations and their vehicles. In FY 2008, the Board received 36 complaints, conducted 33 investigations, secured one federal indictment, and netted \$62,000 from fines and consent agreements.

## ANALYSIS OF EXECUTIVE PROPOSAL

This section provides an analysis of funding recommendation for the Board's FY 2010-FY 2011 biennial budget. Table 6 immediately below shows the Governor's recommended funding for the lone non-GRF line item that finances the Board's annual operating expenses. The narrative that follows notes how that recommendation may affect the Board's existing level of services and activities, as well as notable permanent law provisions.

<b>Table 6. Governor's Recommended Amounts for the Board</b>				
<b>Fund</b>	<b>ALI and Name</b>		<b>FY 2010</b>	<b>FY 2011</b>
<b>General Services Fund (GSF) Group</b>				
4K90	915604	Operating Expenses	\$473,450	\$473,450

### **Operating Expenses (GSF line item 915604)**

This GSF line item, which draws its appropriated moneys from the fees and fines deposited in Fund 4K90, is the Board's sole source of paying for its annual operating expenses. The Board requested appropriations of \$523,450 for each of FYs 2010 and 2011, and the executive budget recommends \$50,000 less than that amount, or \$473,450, per year. This means that the Board is essentially flat funded for the next biennium in that the recommended annual funding – \$473,450 – is identical to the Board's current adjusted FY 2009 appropriation. According to the Board's budget request, the \$50,000 that is not part of the executive funding recommendations may constrain its ability to more aggressively monitor and investigate the regulated community.

This executive recommended appropriation in each year will be allocated roughly more or less as follows: payroll-related costs (\$241,933), purchased personal services (\$144,402), maintenance and supplies (\$85,221), and equipment purchases (\$1,894).

### **Ambulette Licensure Exemption**

The executive budget amends section 4766.09 of the Revised Code to exempt from the licensure requirements pertaining to ambulette services an entity that is not certified by the Department of Aging, but provides ambulette services under a contract governed by the Department. As a result, certain service providers and their vehicles may no longer be under the Board's regulatory authority. As of this writing, LSC fiscal staff has not had an opportunity to fully research the fiscal implications of this provision, if any, on the Board's revenue and expenditure activity.

### **Central Service Agency Support Services**

The executive budget proposes to require the Central Service Agency (CSA) within the Department of Administrative Services, in consultation with the Director of Budget and Management, to examine the support services it provides to 20-plus boards, and to make recommendations regarding sharing resources, reducing duplicative administrative functions, and implementing standardized rules and procedures in a range of administrative functions (finance, human resources, procurement). Presumably, subject to the approval of the Director of Budget and Management, CSA would implement those recommendations as appropriate and necessary.

Although not appearing to be required to do so, the Ohio Medical Transportation Board does use some of the services available from CSA. The executive budget appears to add the Board to the list of boards and commissions for which CSA is required to perform and provide certain support services. CSA charges a fee to boards and commissions that is in proportion to the services performed or provided to each board or commission. The fiscal effect of this proposal on the Board is, as of this writing, uncertain.

## REQUESTS NOT FUNDED

This section addresses any components of the Board's budget request that are not part of the executive recommended budget for the FY 2010-FY 2011 biennium. The notable difference between the Board's biennial request and the executive recommendations is summarized in Table 7 immediately below. As previously noted, the Board requested a non-GRF appropriation totaling \$523,450 in each of FYs 2010 and 2011, and the executive recommendations were \$50,000 less than the requested amount in each of those fiscal years.

Fund/ Line Item	FY 2010			FY 2011		
	Recommended	Requested	Difference	Recommended	Requested	Difference
4K90/915604	\$473,450	\$523,450	\$50,000	\$473,450	\$523,450	\$50,000

From LSC fiscal staff's reading of the Board's budget request, the purpose of this \$50,000 annual amount was to maintain an elevated level of enforcement activity. Whether, and to what degree, the executive recommendations will constrain the Board's level of enforcement activity is unclear. In terms of its current regulatory environment, the Board has cited the following:

- Enactment of Am. Sub. H.B. 85 of the 125th General Assembly, which expanded the Board's regulatory environment to include nonemergency medical service organizations operating an ambulette service and air medical service organizations operating rotocraft and fixed wing air ambulances, resulting in an increase in licensing, permitting, and inspection activity, complaints, and violation allegations.
- Identification and investigation of violations and illegal/fraudulent medical billing in relation to the Medicaid and Medicare programs, in particular through a memorandum of understanding under which the Board works with the state's Department of Job and Family Services.

*General Services Fund Group*

**4K90 915604 Operating Expenses**

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$0	\$0	\$450,734	\$473,450	<b>\$473,450</b>	<b>\$473,450</b>
			5.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GSF: Moneys appropriated from the Occupational Licensing and Regulatory Fund (Fund 4K90), which consists of license fees and other assessments collected by certain independent professional and occupational boards; includes following revenue stream generated by the Ohio Medical Transportation Board: (1) 2% of seat belt fine moneys forwarded pursuant to ORC 4513.263(E), (2) all fees from an emergency medical organization for a license as a basic life-support, intermediate life-support, advanced life-support, or mobile intensive care organization, a nonemergency medical service organization for a license to provide ambulette service, or an air medical service organization for a license to provide air medical transportation (ORC 4766.04), (3) all permit fees collected for each ambulance, ambulette, rotorcraft air ambulance, fixed wing air ambulance, and nontransportation vehicle (ORC 4766.07), and (4) all civil penalty moneys collected pursuant to ORC 4766.08

**Legal Basis:** ORC 4743.05; Section 333.10 of Am. Sub. H.B. 119 of the 127th G.A.

**Purpose:** Pursuant to ORC 4766.05(B), it appears that all moneys generated by the Ohio Medical Transportation Board and deposited to the credit of Fund 4K90 are only to be used for the salaries and expenses of the Board incurred in implementing and enforcing Chapter 4776. of the Revised Code.

**4N10 915601    Operating Expenses**

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$394,401	\$413,172	\$2,221	\$0	\$0	\$0
	4.8%	-99.5%			

**Source:** GSF: (1) 2% of seat belt fine moneys forwarded pursuant to ORC 4513.263(E), (2) all fees from an emergency medical organization for a license as a basic life-support, intermediate life-support, advanced life-support, or mobile intensive care organization, a nonemergency medical service organization for a license to provide ambulette service, or an air medical service organization for a license to provide air medical transportation (ORC 4766.04), (3) all permit fees collected for each ambulance, ambulette, rotorcraft air ambulance, fixed wing air ambulance, and nontransportation vehicle (ORC 4766.07), and (4) all civil penalty moneys collected pursuant to ORC 4766.08; effective July 1, 2007, revenue stream redirected to the Occupational Licensing and Regulatory Fund (Fund 4K90)

**Legal Basis:** Discontinued line item (originally established by Sub. S.B. 98 of the 119th G.A.; ORC 4766.05(B) amended to eliminate the Ohio Medical Transportation Trust Fund (Fund 4N10) and redirect revenue stream to existing Fund 4K90)

**Purpose:** Pursuant to ORC 4766.05(B), prior to elimination by Am. Sub. H.B. 119 of the 127th G.A., effective July 1, 2007, the fund and related line item was restricted in use for the salaries and expenses of the Board incurred in implementing and enforcing Chapter 4776. of the Revised Code.

**LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011**

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2008</i>	<i>2009</i>	<i>As Introduced 2010</i>	<i>% Change 2009 to 2010</i>	<i>As Introduced 2011</i>	<i>% Change 2010 to 2011</i>
<b>AMB Ohio Medical Transportation Board</b>								
4K90	915604	Operating Expenses	\$ 450,734	\$ 473,450	\$ 473,450	0.0%	\$ 473,450	0.0%
4N10	915601	Operating Expenses	\$ 2,221	\$0	\$0	N/A	\$0	N/A
<b>General Services Fund Group Total</b>			<b>\$ 452,955</b>	<b>\$ 473,450</b>	<b>\$ 473,450</b>	<b>0.0%</b>	<b>\$ 473,450</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 452,955</b>	<b>\$ 473,450</b>	<b>\$ 473,450</b>	<b>0.0%</b>	<b>\$ 473,450</b>	<b>0.0%</b>