

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **State Chiropractic Board**

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## **ATTACHMENTS:**

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

# State Chiropractic Board

- Non-GRF agency; funded by fee revenues
- Funding increased by 9.5% in FY 2012 and decreased by 1.3% in FY 2013
- Over 2,300 active licenses

## OVERVIEW

### Agency Overview

The State Chiropractic Board was established in 1975. The Board issues licenses for chiropractors, sets the standards of practice, tests each applicant on the Board's laws and rules, investigates complaints, holds administrative hearings, determines appropriate disciplinary actions, reviews and approves continuing education programs, and monitors continuing education compliance among licensees. The Board also issues acupuncture certificates to qualified chiropractors. Over 2,300 licenses issued by the Board are currently active.

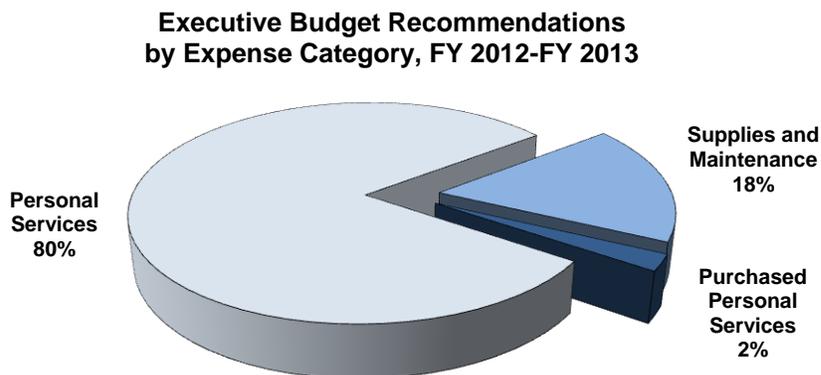
The Board's governing authority consists of five members appointed by the Governor, including four chiropractic physicians and one public member. Members are appointed for four-year terms and may serve two full terms. The Board is scheduled to meet six times during 2011. In addition to travel reimbursement, board members receive compensation for the performance of official board business. In FY 2010, payroll costs for board members totaled \$9,600.

The Board's daily operations are the responsibility of an executive director who is appointed by the five-member governing authority. Including the Executive Director, the Board has five full-time employees with an annual budget of \$541,455 in FY 2011. The Board receives no GRF moneys; it is entirely supported by fees.

### Appropriation Overview

The executive recommends funding of \$592,916 for FY 2012, a 9.5% increase from FY 2011 estimated expenditures and \$584,925 in FY 2013, a 1.3% decrease from FY 2012. At the recommended funding level, the Board plans to fill one position that has been vacant for two years but also reduce administrative and investigative costs.

As a regulatory agency, personal services is the largest expense category for the Board. As seen from the chart below, 80% of the executive budget recommendations for the biennium are for personal services, 18% for supplies and maintenance, and 2% for purchased personal services.



As with many other licensing boards and commissions, the Board receives centralized administrative support services provided by the Central Service Agency (CSA) of the Department of Administrative Services (DAS). Services made available through CSA include budget development, Controlling Board request preparation assistance, management consultation, procurement, fiscal processing, human resources, and payroll. The Board pays CSA for services rendered. In FY 2010, the Board paid \$14,478 in CSA charges. These payments are included in the supplies and maintenance category.

### **Fee Revenues and Fund 4K90**

The Board issues chiropractic licenses and acupuncture certificates for chiropractors. The Board also approves preceptorships. The preceptorship is for students in their final clinical phase of chiropractic school.

H.B. 1 of the 128th General Assembly changed the Board's three types of chiropractic licenses from an annual renewal to a biennial renewal. The previous fee was \$250 for annual renewal. The biennial renewal fee, effective April 2010, is \$500. The Board estimates that the change to a biennial renewal cycle saves from \$8,000 to \$10,000 each biennium in administrative costs.

Prior to April 2010, license fees were last increased in 1983 and renewal fees in 1997. The Board does not intend to increase license or certification fees in the FY 2012-FY 2013 biennium. Table 1 below shows the current fee amount for each type of license.

<b>Table 1. License and Certification Fees</b>	
<b>Type</b>	<b>Fee Amount</b>
Chiropractic License (initial)	\$250
Chiropractic License (renewal)	\$500
Preceptorship	\$75
Acupuncture Certificate	\$100

Fee revenues collected by the Board are deposited into the Occupational Licensing Regulatory Fund (Fund 4K90), which was established by H.B. 152 of the 120th General Assembly. Twenty-six occupational licensing and regulatory boards and commissions, including the State Chiropractic Board, use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Each licensing board or commission is generally expected to be self-sufficient, i.e., generating enough revenue to cover its expenses.

Table 2 shows the Board's annual revenue and expenditures from FY 2007 through FY 2013 as well as the net of revenue less expenditures. As seen from the table, revenue increased significantly from FY 2009 to FY 2010, due to the implementation of a biennial renewal in even-numbered years. Revenues in odd numbered years are projected to decrease significantly in the next biennium, as the Board will no longer receive revenues from renewals in those years.

<b>Table 2. Revenues and Expenditures</b>							
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011 (estimate)</b>	<b>FY 2012 (estimate)</b>	<b>FY 2013 (estimate)</b>
Revenue	\$613,048	\$607,145	\$615,950	\$1,191,266	\$621,500	\$1,201,700	\$47,220
Expenditures	\$528,188	\$541,455	\$569,632	\$493,516	\$541,455	\$592,916	\$584,925
Net of Rev. & Exp.	\$84,860	\$65,690	\$46,318	\$697,750	\$80,045	\$608,784	(\$537,705)

## ANALYSIS OF EXECUTIVE PROPOSAL

The Board's operations are funded by a single line item appropriation from the General Services Fund Group. Table 3 shows the Governor's recommended funding for the line item.

Table 3. Governor's Recommended Funding for the Board				
Fund	ALI and Name		FY 2012	FY 2013
<b>General Services Fund Group</b>				
4K90	878609	Operating Expenses	\$592,916	\$584,925

Through this one line item, the Board pays all of its operating expenses. The executive recommends appropriations of \$592,916 in FY 2012, a 9.5% increase over FY 2011 estimated expenditures, and \$584,925 for FY 2013, a 1.3% decrease from FY 2012. According to the Board's Executive Director, the recommended appropriations are sufficient to allow the Board to fill the licensing coordinator position, which has been vacant for over two years. However, the recommended amounts are not sufficient to fully cover administrative and investigative costs. Administrative costs include items such as CSA fees, credit card processing, Internet fees, and fleet management; investigation costs include hearing officers, court reporters, and car leases. The Board will have to reduce those costs to operate within the recommended appropriations.

During the FY 2012-FY 2013 biennium, in addition to ongoing operating expenses, the Board will be required to pay the cost of its biennial audit conducted by the Auditor of State. S.B. 155 of the 128th General Assembly, effective March 31, 2010, requires all state agencies to pay for their own audits.<sup>1</sup> In the past, the cost of state agency audits was paid for by DAS, but funding for that purpose was eliminated by Am. Sub. H.B. 1 of the 128th General Assembly (FY 2010-FY 2011 biennial budget bill). The Board received notification that the audit will cost \$11,275.

### Licenses

To carry out its regulatory responsibility, the Board establishes standards of practice and licenses chiropractors. The Board must ensure that each applicant meets certain educational and testing requirements to practice chiropractic in the state of Ohio. To regulate the practice of acupuncture by chiropractors, the Board reviews and approves courses of study in acupuncture for chiropractors and ensures that each chiropractor issued a certificate meets certain educational and testing requirements.

<sup>1</sup> R.C. 117.13

Table 4 shows the number of active licenses and certificates in FY 2009 and FY 2010. Between those years, the number of active chiropractic licenses decreased 2.1%, from 2,319 to 2,271. The number of preceptorships increased from 13 to 15. The Board stopped issuing temporary licenses as of April 2010, the number of these licenses decreased from 70%, from ten to three. The total number of active acupuncture certificates increased 77.4% from 53 to 94.

Type	FY 2009	FY 2010	% Change
Chiropractic License	2,319	2,271	-2.1%
Preceptorship	13	15	15.4%
Temporary License	10	3	-70.0%
Acupuncture Certificate	53	94	77.4%
<b>Total</b>	<b>2,395</b>	<b>2,383</b>	<b>0.5%</b>

\*Data shown is as of June 30th in each year.

Licenses and acupuncture certificates issued by the Board must be renewed biennially. Table 5 shows the number of licenses issued and renewed by the Board during FY 2010. The Board issued 78 new chiropractic licenses and renewed 2,193 chiropractic licenses. The Board issued the first acupuncture certificates for chiropractors in FY 2008 so the first round of renewals occurred in FY 2010. The Board anticipates renewing about 100 acupuncture certificates in the upcoming biennium as well as issuing 25 new certificates each year. Since the preceptorship is for students in their final clinical phase of chiropractic school, renewal is uncommon.

Type	New	Renewal	Total
Chiropractic License	78	2,193	2,271
Preceptorship	15	0	15
Temporary License	3	0	3
Acupuncture Certificate	36	58	94
<b>Total</b>	<b>132</b>	<b>2,251</b>	<b>2,383</b>

The Board currently utilizes only the online license verification component of the eLicensing system. The eLicensing system is administered through CSA. Each board that participates in the eLicensing system receives a basic component of the system that includes a database of all licensees and their license status. Boards have the option of purchasing additional components of the system including initial licensure, renewal, image storing and indexing, and complaint tracking.

## **Investigation and Enforcement**

The Board's regulatory obligations also include investigating complaints about issues of incompetent, unethical, or impaired practitioners. Complaints against a licensee or an unlicensed practitioner may be submitted to the Board in writing, via telephone, electronic mail, or in person. All complaints are reviewed to determine whether the Board has the legal authority to take action.

In FY 2010, the Board opened 91 cases, most commonly for treatment issues, telemarketing, and billing irregularities. The Board completed 55 investigations and entered into six consent agreements with licensees who were found to be in violation of the Board's laws or rules and revoked one licensee. The Board also sent out 53 violation letters for first-time, minor, and advertising offenses.

The Board regularly works with law enforcement agencies statewide to investigate and prosecute misconduct by chiropractic physicians and unlicensed practices. Clinic inspections are conducted as part of investigations. Inspections are also conducted at random by board investigators to ensure compliance with the Board's laws and rules.

### **Quality Intervention Program**

In FY 2006, the Board implemented the Quality Intervention Program, a confidential alternative to formal disciplinary proceedings. The mission of the Quality Intervention Program is to effectively address licensees with quality of care and communication issues that may have developed due to poor practice patterns or failure to keep up with current standards of practice. The Quality Intervention Program is under the umbrella of the Board's investigatory process and for this reason participation in the program is confidential and not subject to discovery in any civil proceeding. If the intervention is successful, the licensee should benefit by improving their practice patterns and the standard of care available to their clients. During FY 2010, one licensee successfully completed the program. No new licensees were invited into the program in that year.

## **Continuing Education**

The Board requires 36 hours of continuing education (CE) for chiropractic license renewal. Chiropractors with an acupuncture certificate must complete 12 hours of acupuncture CE biennially for certificate renewal. A maximum of 12 hours may be obtained through electronic educational programs, journal publication, or seminars and conferences. The Board requires that 1.5 hours of CE cover the topic of ethics or professionalism. Each year, 10% of license renewal applications are selected for a CE audit.

CE courses must be sponsored by a board-approved chiropractic educational organization, a nonprofit chiropractic association registered with the Secretary of State, or an accredited academic health institution or hospital. CE hours may be obtained through clinical or core curriculum programs that take place in classroom or clinical settings, are approved by the Board, and are held within the state of Ohio. A list of seminars approved by the Board for CE is available on the Board's web site (<http://chirobd.ohio.gov>).

### **Cost Containment**

In the FY 2010-FY 2011 biennium, the Board took measures to reduce costs. The Board estimates that the change to a biennial renewal cycle saves from \$8,000 to \$10,000 each biennium in administrative costs. To reduce travel expenses and payroll, the Board reduced the number of annual meetings from seven to six. The Board also adjusted the approval process for continuing education to reduce paper and staff-time costs. To further reduce paper costs, the Board started using postcards instead of envelopes and paper for mailers. The Board also discontinued use of a landline telephone, an investigator cell phone, and a desktop computer to reduce service fees.

## REQUESTS NOT FUNDED

This section describes the Board's request that was not funded in the executive budget. Table 6 shows the amount of appropriation requested by the Board and the executive recommendation.

<b>Fund Line Item</b>	<b>FY 2012 Recommended</b>	<b>FY 2012 Requested</b>	<b>Difference</b>	<b>FY 2013 Recommended</b>	<b>FY 2013 Requested</b>	<b>Difference</b>
4K90 878609	\$592,916	\$607,570	(\$14,654)	\$584,925	\$599,455	(\$14,530)

According to the Board's Executive Director, the recommended appropriations are not sufficient to fund all the Board's projected costs in the FY 2012-FY 2013 biennium. The Board plans to reduce administrative and investigative costs to operate within the executive recommended appropriations. The Board will most likely eliminate credit card processing, which costs about \$10,000 during renewal years.<sup>2</sup> The Board will also explore ways to reduce investigation costs, which include hearing officers, court reporters, expert witnesses, database search fees, car leases, and fuel.

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<sup>2</sup> About 72% of chiropractic applicants and 35% of chiropractic licensees renew their license with a credit/debit card. Also, about half of acupuncture applicants and renewals pay with cards.

## State Chiropractic Board

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### General Services Fund Group

#### **4K90 878609 Operating Expenses**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$541,455	\$569,882	\$492,492	\$541,455	<b>\$592,916</b>	<b>\$584,925</b>
	5.3%	-13.6%	9.9%	<b>9.5%</b>	<b>-1.3%</b>

**Source:** General Services Fund Group: License fees and other assessments collected by the state's professional and occupational licensing boards

**Legal Basis:** ORC 4734.54 and 4743.05; Section 237.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** This line item is used to pay the State Chiropractic Board's operating expenses, including personal services, supplies, maintenance, and equipment. The Board issues licenses for chiropractors (as well as acupuncture certificates to qualified chiropractors), sets the standards of practice, tests each applicant on the Board's laws and rules, investigates complaints, holds administrative hearings, determines appropriate disciplinary actions, reviews and approves continuing education programs, and monitors continuing education compliance among licensees.

**FY 2012 - FY 2013 Introduced Appropriation Amounts**

**All Fund Groups**

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>CHR State Chiropractic Board</b>								
4K90	878609	Operating Expenses	\$ 492,492	\$ 541,455	\$ 592,916	9.50%	\$ 584,925	-1.35%
<b>General Services Fund Group Total</b>			<b>\$ 492,492</b>	<b>\$ 541,455</b>	<b>\$ 592,916</b>	<b>9.50%</b>	<b>\$ 584,925</b>	<b>-1.35%</b>
<b>State Chiropractic Board Total</b>			<b>\$ 492,492</b>	<b>\$ 541,455</b>	<b>\$ 592,916</b>	<b>9.50%</b>	<b>\$ 584,925</b>	<b>-1.35%</b>