

LSC Redbook

Analysis of the Executive Budget Proposal

Board of Nursing

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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 Board of Nursing, which includes the following three sections.

1. Overview: Provides a brief description of the Board, an overview of the executive budget recommendations for the Board, and a discussion of the Board's license fee revenue.
2. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for the Board, including funding for each appropriation line item.
3. Attachments: Includes the catalog of budget line items (COBLI) for the Board, which briefly describes each line item, and the LSC budget spreadsheet for the Board.

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ATTACHMENTS:

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

Board of Nursing

- Non-GRF agency; funded by fee revenues
- Funding increased 19.4% in FY 2012 and decreased by 3.2% in FY 2013
- More than 240,000 active licensees and certificate holders

OVERVIEW

Agency Overview

The Board of Nursing was established in 1956. Originally responsible for licensing nurses, the Board's responsibility has expanded over the years to include certifying nurses who practice various specialties (such as midwifery and anesthesia), dialysis technicians, community health workers, and medication aides. The Board sets standards of practice, investigates complaints, administers discipline for licensees and certificate holders, and approves pre-licensure and continuing nurse education programs. Over 240,000 licensees and certificate holders issued by the Board are currently active.

The Board's governing authority consists of 13 members appointed by the Governor, including eight registered nurses (RNs) with at least five years' experience, four licensed practical nurses (LPNs), and one health care consumer representative. Members are appointed for four-year terms and may be reappointed once. The Board meets seven times each year. In addition to travel reimbursement, board members receive annual compensation of approximately \$6,000 for conducting official board business.

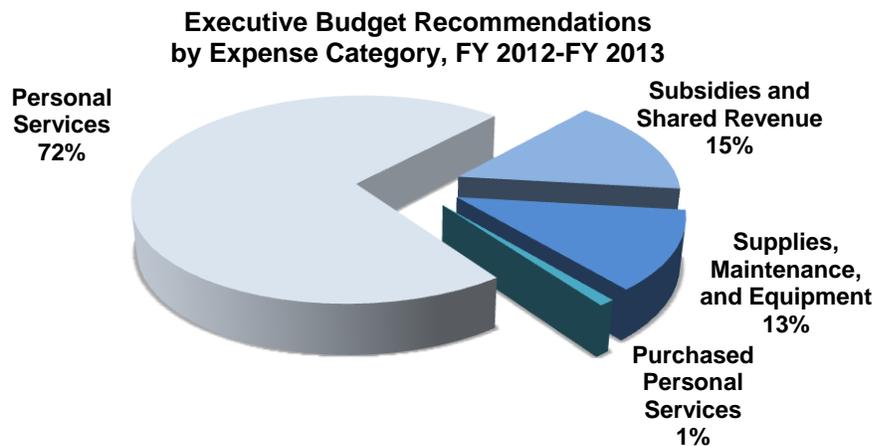
The Board's daily operations are the responsibility of an executive director appointed by the 13-member governing authority. The Executive Director must be a registered nurse with at least five years' experience. Including the Executive Director, the Board currently has 58 full-time employees divided among three program areas: Certification, Licensure, and Continuing Education (15); Compliance (30); and Education, Practice, and Administration (13). The Board has a budget of \$6.97 million for FY 2011. The Board receives no General Revenue Fund (GRF) dollars; it is entirely supported by fees.

Appropriation Overview

The executive recommends funding of \$8.32 million in FY 2012, a 19.4% increase over FY 2011 estimated expenditures, and \$8.06 million in FY 2013, a 3.2% decrease from FY 2012. At the recommended level, the Board will maintain current operations and may increase staffing levels.

As a regulatory agency, personal services is the largest expense category for the Board. As seen in the chart below, 71% of the executive budget recommendations for

the biennium are for personal services, 15% for subsidies and shared revenue, 13% for supplies, maintenance, and equipment, and 1% for purchased personal services. Ten dollars of each nurse license renewal fee is used to fund the Nurse Education Grant Program. The dollars spent for this program account for the Subsidies and Shared Revenue portion of the Board's budget.



Most of the smaller professional licensing boards utilize services available through the Central Service Agency (CSA) of the Department of Administrative Services (DAS) such as assistance with budget development, Controlling Board request preparation, fiscal processing, and human resources. The Board of Nursing currently carries out those functions internally.

Fee Revenues and Fund 4K90

The Board issues 11 different types of licenses and certificates. Table 1 below shows the current fee amount for each type of license and certification. (The table shows only eight types because included in certificate of authority are four separate types including nurse practitioner, nurse specialist, nurse midwife, and nurse anesthetist.) Licenses and certificates issued by the Board are required to be renewed on a biennial basis with RN and LPN renewals occurring in opposite years. The Board last increased fees in FY 2004 to fund the Nurse Education Assistance Loan Program.

Type	Initial	Renewal
Registered Nurse	\$75	\$65
Licensed Practical Nurse	\$75	\$65
Certificate of Authority	\$100	\$85
Certificate to Prescribe	\$50	\$50
Certified Dialysis Technician	\$35	\$35
Temporary Certified Dialysis Technician 1	\$35	N/A*
Temporary Certified Dialysis Technician 2 and 3	\$25	N/A*
Community Health Worker	\$35	\$35
Medication Aide	\$50	\$50/\$100**

* These certificates are not renewable

** The renewal fee depends on when in the two-year cycle the person renews.

All fee revenue collected by the Board is deposited into the Occupational Licensing and 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 Board of Nursing, 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 revenues to cover its expenses.

Each quarter, based on the number of nurse license renewals, the Director of Budget and Management transfers cash to the Nurse Education Grant Program Fund (Fund 5AC0) and the Board of Regents for the Nurse Education Assistance Loan Program. In FY 2010, the Director of Budget and Management transferred \$1,345,790 to Fund 5AC0 and \$672,895 to the Board of Regents.

Table 2 shows the Board's annual revenues, expenditures, and transfers to Fund 5AC0 and the Board of Regents from FY 2008 through FY 2013 as well as the net of revenues less expenditures and transfers. Since RNs and LPNs renew in opposite years of the biennium and the ratio of RNs to LPNs is about 2 to 1, revenues fluctuate year to year.

	FY 2008	FY 2009	FY 2010	FY 2011 (estimate)	FY 2012 (estimate)	FY 2013 (estimate)
Revenues	\$6,997,537	\$11,253,961	\$7,156,566	\$10,535,200	\$7,275,200	\$11,475,200
Expenditures	\$5,532,109	\$5,712,250	\$5,542,569	\$5,838,280	\$6,943,322	\$6,680,896
Transfers Out	\$2,077,170	\$1,161,540	\$2,018,685	\$2,185,740	\$2,018,685	\$1,635,375
Net Rev. less Exp. & Trans.	(\$611,742)	\$4,380,171	(\$404,688)	\$2,511,180	(\$1,686,807)	\$3,158,929

ANALYSIS OF EXECUTIVE PROPOSAL

The Board's operations are funded through appropriations from the General Services Fund Group. Table 3 shows the Governor's recommended funding for each of the Board's line items.

Table 3. Governor's Recommended Funding for the Board				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
4K90	884609	Operating Expenses	\$6,943,322	\$6,680,896
5AC0	884602	Nurse Education Grant Program	\$1,373,506	\$1,373,506
5P80	884601	Nursing Special Issues	\$5,000	\$5,000
Total Funding: Board of Nursing			\$8,321,828	\$8,059,402

Operating Expenses (884609)

Through this line item, the Board pays most of its operating expenses (some payroll costs are paid out of line item 884602, Nurse Education Grant Program). The executive recommends \$6.9 million in FY 2012, an 18.9% increase over FY 2011 estimated expenditures, and \$6.7 million in FY 2013, a 3.8% decrease from FY 2012. The recommended funding level will allow the Board to maintain current operations and potentially increase staffing levels. Complaints, administrative hearings, and licensees have increased consistently over the past several years, increasing the need for additional staff. According to the Board, the recommendation will likely provide adequate funding to hire one to three additional employees.

During the FY 2012-FY 2013 biennium, in addition to ongoing operating expenses, the Board will be required to pay the cost of the 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.¹ In the past, the cost of state agency audits was paid for by the Department of Administrative Services (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 expects the cost of the audit to be about \$12,000, in the upcoming biennium.

For the FY 2012-FY 2013 biennium, the Board's main priorities will be handling complaints and conducting investigations in a timely manner, working with colleges and universities to increase nursing student capacity, monitoring nursing education programs, and providing guidance and clarity on scope of practice issues.

¹ R.C. 117.13.

Regulatory Responsibilities

To carry out its regulatory responsibility, the Board does the following:

- Issues and renews licenses and certificates to those who meet the requirements to practice;
- Approves pre-licensure education programs for nurses and training programs for dialysis technicians, community health workers, and medication aides;
- Establishes regulatory and practice standards for all of those it licenses and certifies;
- Establishes and interprets scopes of practice;
- Investigates complaints, and when necessary, disciplines and monitors the practice of those who violate the laws and rules.

Licenses

The Board issues several different types of licenses and certificates, which must be renewed biennially. Table 4 shows the number of active licenses and certificates issued by the Board in FY 2009 and FY 2010. The total number of active RN licenses slightly increased by 1.4% (2,401) from FY 2009 to FY 2010; LPN licenses increased 10.3% (5,322); certificates to prescribe increased 10.7% (452).

Table 4. Active Licenses and Certificates*			
Type	FY 2009	FY 2010	% Change
Registered Nurse	166,479	168,880	1.4%
Licensed Practical Nurse	51,764	57,086	10.3%
Certificate of Authority	8,579	9,010	5.0%
Certificate to Prescribe	4,228	4,680	10.7%
Certified Dialysis Technician	1,293	1,469	13.6%
Temporary Certified Dialysis Technicians	294	211	-28.2%
Community Health Worker	50	73	46.0%
Certified Medication Aide	66	94	42.4%
Total	232,753	241,503	3.8%

* Data is as of June 30th each year.

The Board currently utilizes several components of the eLicensing system, which 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. The Board's web site includes online license verification through the

eLicensing system. In addition, RN and LPN licenses as well as certificates of authority may be renewed online, all licensure applicants may log in and review the status of their pending application, and the public may access disciplinary outcomes of investigations of licensees. The Board estimates that costs for eLicensing will be \$201,000 for the FY 2012-FY 2013 biennium.

Licensees and certificate holders are required to renew their licenses every two years. Table 5 below shows the number of licenses and certificates issued and renewed by the Board during FY 2010. Including initial licenses, certificates, and renewals, the Board issued 99,288 licenses and certificates in FY 2010.

The Board requires RNs to renew in odd-numbered years and LPNs to renew in even-numbered years. The table shows licensure issuance for FY 2010. Although the RN renewal period is from March 2009 to August 2009 (FY 2009 and FY 2010), the table shows only those renewals that occurred after July 2009 (FY 2010). The table shows no renewals for temporary certified dialysis technicians. This is because there are three levels of temporary dialysis technician certificates; an expired certificate is not renewable. Once a certificate expires the technician advances to the next level within this certification type and is issued a new initial temporary certificate.

Type	Initial	Renewal	Total
Registered Nurse	10,473	54,729	65,202
Licensed Practical Nurse	5,240	23,857	29,097
Certificate of Authority	786	2,079	2,865
Certificate to Prescribe	570	973	1,543
Certified Dialysis Technician	142	30	172
Temporary Certified Dialysis Technicians	236	—	236
Community Health Worker	23	3	26
Medication Aide	55	92	147
Total	17,525	81,763	99,288

Investigation and Enforcement

The Board's regulatory obligations also include investigating complaints and, when necessary, administering discipline of licensees and certificate holders. In FY 2010, the Board received, reviewed, and investigated 6,144 complaints.² Complaints increased almost 12% from FY 2009 to FY 2010, requiring more investigations and disciplinary actions by the Board, which increased costs related to administrative

² A complaint is anything that alleges grounds for disciplinary action by the Board (e.g., a report of abuse, an invalid license, or a background check of an applicant that reveals a criminal record).

hearings, such as personal service contracts for hearing officers and publication of hearing notices. The most common disciplinary actions taken by the Board are consent agreements and some form of suspension. In FY 2010, the Board permanently revoked 99 licenses, which is the most severe discipline that can be imposed on a licensee.

In the FY 2010-FY 2011 biennium, as part of its efforts to ensure compliance with standards of practice, the Board developed the Patient Safety Initiative Program. The program's main goal is to improve the reporting, reviewing, and remediation of failures to provide adequate care for patients in acute care facilities throughout the state. Such failures may involve issues of human error, reckless behavior, or system flaws outside of an individual's control. To address these issues, the Board encourages hospitals to implement effective training and remediation programs related to medical error. Under the initiative, the Board also established the Taxonomy of Error, Root Cause Analysis, and Practice Responsibility (TERCAP) database, which all Ohio hospitals use to report complaints to the Board. The database helps the Board identify patterns associated with patient care issues. The Board plans to extend the Patient Safety Initiative Program to more facilities in Ohio if it meets a number of outcome measures, including effectively improving the reporting rate of complaints and tracking patient care trends.

The initiative also provides licensees exhibiting repeated or at-risk behavior with the option to participate in the Practice Intervention and Improvement Program (PIIP), a confidential alternative to discipline remediation programs. Under the program, employers monitor participants and provide remedial education until the participants can return to safe practice. There are currently 11 licensees participating in PIIP. The Board expects that participation will increase as the Patient Safety Initiative Program expands.

Continuing Education

Licensees and certificate holders must meet continuing education requirements to renew their license or certificate. Table 6 outlines the continuing education requirements of licensees and certificate holders.

Table 6. Continuing Education Requirements	
License or Certificate Type	Hours Required
All Licensees and Certificate Holders	1 hour related to the Ohio Nurse Practice Act and board rules
Registered Nurse	24 hours; if licensee has ≤ one year of experience, 12 contact hours
Licensed Practical Nurse	24 hours; if licensee has ≤ one year of experience, 12 contact hours
Certificate of Authority	12 hours in area of practice, unless certified by national nursing certifying organization
Certificate to Prescribe	12 hours in advanced pharmacology
Certified Dialysis Technician	15 hours; 10 in dialysis care
Community Health Worker	15 hours; 1 in establishing and maintaining professional boundaries
Certified Medication Aide	15 hours; 10 in medications or medication administration, 1 in establishing and maintaining professional boundaries

The Board randomly audits about 2% of all licensees and certificate holders to ensure they have met continuing education requirements. Licensees and certificate holders must provide proof to the Board of all continuing education units obtained during the auditing period. During FY 2010, the Board audited 2,943 registered nurses for the 2007-2009 renewal period.

Nurse Education Grant Program (884602)

The executive recommends funding of \$1.37 million in FY 2012 and FY 2013, a 21.8% increase over FY 2011 estimated expenditures. Ten dollars of each renewal license fee supports the appropriation in this line item. The Nurse Education Grant Program provides grants to Ohio nurse education programs that have partnerships with health care facilities, community health agencies, or other education programs to establish support partnerships that will increase the enrollment capacity of the programs. The program began in January 2004 and, in accordance with R.C. section 4723.063, will continue through December 2013. Each grant cycle is for two years, beginning September 1 of an odd-numbered year. In the last grant cycle (September 1, 2007 to August 31, 2009), the Board awarded 11 grants totaling \$1.3 million. So far during the current grant cycle (September 1, 2009 to August 31, 2011), the Board has awarded 11 nursing education programs grants totaling \$2.0 million. The Board is allowed to use 10% of the funds for this program to pay administrative costs. Some payroll expenses are paid from this line item as well.

Nursing education programs must be approved by the Board. The Board anticipates the number of nursing education programs seeking approval to continue to increase during the FY 2012-FY 2013 biennium thereby increasing the workload for the staff that monitor these programs.

Transfers

Each quarter, based on the number of nurse license renewals, the Director of Budget and Management makes two cash transfers from Fund 4K90 for the purposes of nurse education. One transfer is to the Nurse Education Grant Program Fund (Fund 5AC0) operated by the Board of Nursing; the amount transferred is \$10 from each license renewal fee. In FY 2010, the Director of Budget and Management transferred \$1,345,790 to Fund 5AC0 for this program.

The other transfer is to the Nurse Education Assistance Fund (Fund 6820), used by the Board of Regents for the Nurse Education Assistance Loan Program; the amount transferred is \$5 from each license renewal fee. The purpose of the loan program is to encourage individuals to become students and instructors in the nursing profession and to provide affordable college access to nurses and nursing students. In FY 2010, the Director of Budget and Management transferred \$672,895 to the Board of Regents for this program.

Nursing Special Issues (884601)

The executive recommends appropriations at the FY 2011 level of \$5,000 in FY 2012 and FY 2013. This fund accepts grants and gifts to help fund programs related to patient safety and the supply and demand for nurses and healthcare workers. The Board uses this line item to pay for its membership with the National Forum on Nursing Centers, an organization that provides nursing workforce data.

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Board of Nursing

General Services Fund Group

4K90 884609 Operating Expenses

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$5,669,529	\$5,712,250	\$5,542,568	\$5,838,280	\$6,943,322	\$6,680,896
	0.8%	-3.0%	5.3%	18.9%	-3.8%

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

Legal Basis: ORC 4723.082 and 4743.05; Section 345.10 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 Board of Nursing's operating expenses, including personal services, supplies, maintenance, and equipment. Originally established in 1956 and responsible for licensing nurses, the Board's responsibility has expanded over the years to include certifying nurses who practice various specialties, such as midwifery and anesthesia, as well as certifying dialysis technicians, community health workers, and medication aides. The Board sets standards of practice, investigates complaints, administers discipline for licensees and certificate holders, and approves pre-licensure and continuing nurse education programs.

5AC0 884602 Nurse Education Grant Program

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$789,633	\$1,064,455	\$1,031,034	\$1,127,326	\$1,373,506	\$1,373,506
	34.8%	-3.1%	9.3%	21.8%	0.0%

Source: General Services Fund Group: Quarterly transfers made by the Director of Budget and Management from Fund 4K90 in an amount equal to \$10 deducted from each nurse license renewal fee paid that quarter

Legal Basis: ORC 4723.063; Section 345.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: This line item is used to award grants to nurse education programs that partner with other educational programs, community health agencies, or health care facilities to increase their nursing student enrollment capacity. Grant dollars may be used for instructional personnel, education equipment and materials, and other activities acceptable to the Board (but not construction or renovation costs).

Board of Nursing

5P80 884601 Nursing Special Issues

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$629	\$5,000	\$5,000	\$5,000
	N/A	N/A	694.6%	0.0%	0.0%

Source: General Services Fund Group: Grants

Legal Basis: ORC 4723.062; Section 345.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line may be used to develop and maintain programs that addresses patient safety and health care issues related to the supply of and demand for nurses and other health care workers. In FY 2010, this line item was used to support the Board's membership to the National Forum on Nursing Centers.

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
Report For Main Operating Appropriations Bill			Version: As Introduced					
NUR Board of Nursing								
4K90	884609	Operating Expenses	\$ 5,542,568	\$ 5,838,280	\$ 6,943,322	18.93%	\$ 6,680,896	-3.78%
5AC0	884602	Nurse Education Grant Program	\$ 1,031,034	\$ 1,127,326	\$ 1,373,506	21.84%	\$ 1,373,506	0.00%
5P80	884601	Nursing Special Issues	\$ 629	\$ 5,000	\$ 5,000	0.00%	\$ 5,000	0.00%
General Services Fund Group Total			\$ 6,574,232	\$ 6,970,606	\$ 8,321,828	19.38%	\$ 8,059,402	-3.15%
Board of Nursing Total			\$ 6,574,232	\$ 6,970,606	\$ 8,321,828	19.38%	\$ 8,059,402	-3.15%