

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Respiratory Care Board**

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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 Respiratory Care Board, which includes the following four 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 and the activities supported by the recommended funding.
3. **Requests Not Funded:** Compares the Board's budget request with the executive budget recommendations.
4. **Attachments:** Includes the catalog of budget line items (COBLI) for the Board, which briefly describes the Board's 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

# Respiratory Care Board

- Non-GRF agency; funded by fee revenues
- Receives approximately \$1.1 million for biennium
- Over 8,100 active licenses

## OVERVIEW

### Agency Overview

The Ohio Respiratory Care Board (RCB) was established in 1989. The Board issues licenses and limited permits for respiratory care professionals and establishes standards for education, preprofessional training, and examination. The Board also sets standards of practice for respiratory care professions, investigates complaints, holds administrative hearings, determines appropriate disciplinary actions, and monitors continuing education compliance among licensees. In 2005, the Board acquired home medical equipment (HME) licensure and registration for certain HME facilities that sell, rent, deliver, install, or lease life-sustaining or technologically sophisticated equipment to the public in Ohio. Over 8,100 licenses, limited permits, and certificates issued by the Board were active at the end of FY 2010.

The Board's governing authority consists of nine members who are appointed by the Governor, including five respiratory care professionals, two HME facility managers, one pulmonary physician, and one public member. Members are appointed for three-year terms and may be reappointed. Board members generally meet six times per year. Typically two days are needed to complete business; however, in FY 2010, the Board met for only one day to reduce costs. In addition to travel reimbursement, board members are paid a per diem for the performance of official board business.

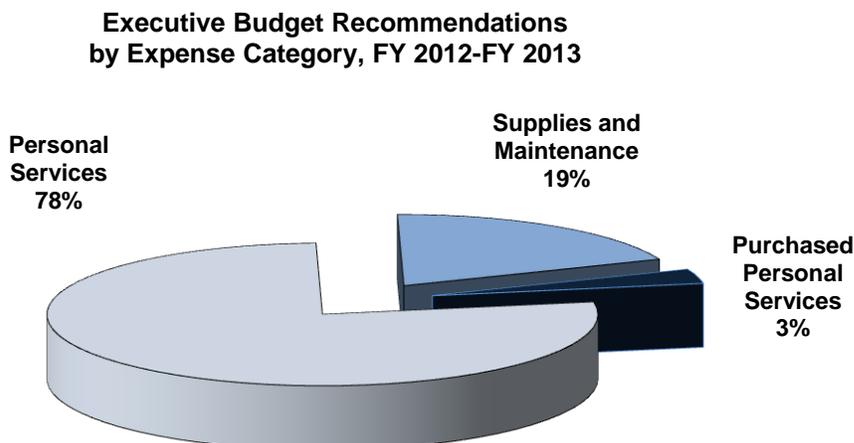
The Board's daily operations are the responsibility of an executive director who is appointed by the nine-member governing authority. Including the Executive Director, the Board has four full-time employees and one part-time employee and an annual budget of \$520,142 in FY 2011. The Board receives no GRF money; it is entirely supported by fees.

The Board's priorities for the FY 2012-FY 2013 biennium are issuing and renewing respiratory care and HME licenses and certificates of registration, investigating complaints, and inspecting licensed HME facilities.

## Appropriation Overview

The executive recommends funding of \$528,624 in FY 2012, which is an increase of 1.6% over FY 2011 estimated expenditures of \$520,142. In FY 2013, the executive recommends funding of \$523,013, which represents a decrease of 1.1% from FY 2012.

As a regulatory agency, personal services is the largest expense category of the Board. As seen from the chart below, 78% of the executive budget recommendations for the biennium are for personal services, 19% for supplies and maintenance, and 3% 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 items such as budget development, Controlling Board request preparation assistance, management consultation, procurement, fiscal processing, human resources, and payroll. These centralized services help increase overall efficiency. The Board pays CSA for services rendered. For example, in FY 2010, the Board paid \$13,811 for payroll assessments and \$313 in copy charges. Payments to CSA for services rendered are included in the supplies and maintenance category.

## Fee Revenues and Fund 4K90

The Board issues respiratory care professional licenses and limited permits. Additionally, the Board issues two types of home medical equipment licenses: HME licensed facilities and HME certificates of registration. The Board issues certificates of registration for nationally accredited facilities that offer qualifying home medical equipment, and a license for nonaccredited facilities that offer qualifying home medical equipment that meet the standards for licensing adopted by the Board. Table 1 below shows the current fee amount for each type of license. Respiratory care professional

licenses are renewed biennially, while limited permits are renewed annually. HME associated licenses are also renewed biennially. The last fee increase was in 1997.

<b>License Type</b>	<b>Initial</b>	<b>Renewal</b>
Respiratory Care Professional	\$75	\$100
Limited Permit	\$20	\$10
HME License	\$300	\$400
HME Certificate	\$150	\$300

The Board also inspects HME licensed facilities. Due to the nature of these inspections and specialized knowledge required, RCB contracts for these inspections. The Board charges the facilities a fee for the inspection.

Fee revenues collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90), which was established by Am. Sub. H.B. 152 of the 120th General Assembly. Twenty-six occupational licensing and regulatory boards and commissions, including the Respiratory Care 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 revenues to cover its expenses.

Table 2 below shows the annual revenues and expenditures for the Board from FY 2006 to FY 2013, as well as the net of revenues less expenditures. FY 2011 through FY 2013 figures are estimates. The Board has a biennial licensing schedule. As seen in the table, the Board has always contributed more to Fund 4K90 during their two-year cycle than it has expended. With the exception of FY 2010, expenditures for the Board have been rising steadily due to a variety of factors. In FY 2010, expenditures decreased as an employee was on long-term disability and did not receive pay directly from the Board. In FY 2011 and FY 2013, the Board will be responsible for paying costs associated with a biennial audit. In previous years, the Board was not responsible for audit costs. The audit was paid for with GRF moneys appropriated to line item 100405, Agency Audit Expenses, which was under the Department of Administrative Services. Am. Sub. H.B. 1 of the 128th General Assembly eliminated this funding source. Sub. S.B. 155 of the 128th General Assembly, required boards and commissions to pay for their own audit expenses. In addition, the Board allows for the renewal of licenses electronically. While this has increased efficiency, it has created an additional expense relating to financial transaction fees for credit card payments. Also, payroll costs are expected to increase in the upcoming biennium.

**Table 2. Revenues and Expenditures**

	<b>FY 2006</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>
Revenues	\$954,690	\$172,509	\$808,075	\$335,459	\$1,012,112	\$147,130	\$966,687	\$118,380
Expenditures	\$411,759	\$439,840	\$448,142	\$474,345	\$435,646	\$517,054	\$541,131	\$537,532
Net of Rev. & Exp.	\$542,931	(\$267,331)	\$359,933	(\$138,886)	\$576,466	(\$369,924)	\$425,556	(\$419,152)

## 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	872609	Operating Expenses	\$528,624	\$523,013

Through this one line item, the Board pays all of its operating expenses. The executive recommends funding of \$528,624 for FY 2012, which is an increase of 1.6% over FY 2011 estimated expenditures, and \$523,013 for FY 2013, a decrease of 1.1% over FY 2012. The Board has stated that the appropriation level will likely allow it to maintain services since the number of inspections for licensed home medical equipment (HME) facilities may decrease in the upcoming biennium due to the fact that more HME facilities are seeking certification rather than licensure. Certification does not require inspection by the Board. However, the Board will need to investigate various ways to reduce expenditures as a result of this funding. The Board had considered expanding online licensure activities to include HMEs, but may now reconsider this. Additionally, the Board may not increase the part-time employee's hours to full-time status.

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. In the past, the cost of state agency audits was paid for by the Department of Administrative Services, but funding for that purpose was eliminated by Am. Sub. H.B. 1 of the 128th General Assembly (the FY 2010-FY 2011 biennial budget bill). The Board anticipates that audit costs will be between \$12,000 and \$15,000.

### Licenses

To carry out its regulatory responsibility, the Board establishes standards and licenses qualified respiratory care professionals. The Board issues respiratory care professional licenses and limited permits. A respiratory care professional license is available for individuals meeting academic, preprofessional, and examination requirements. A limited permit is available for individuals who have met academic and preprofessional requirements but have not yet taken the examination. Additionally, the Board provides for the registration and certification of HMEs. From FY 2009 to FY 2010, the total number of active licenses and limited permits decreased 3.2%. However, the

Board renews licenses biennially. As such, during odd years, the number of licenses will grow since initial licenses and permits are being added to the active licenses renewed the previous year.

<b>License Type</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>% Change</b>
Respiratory Care Professional	7,384	7,100	(3.8%)
Limited (Student/Graduate)	206	238	15.5%
Limited (Employment based)	48	43	(10.4%)
HME License	209	121	(42.1%)
HME Certificate	527	606	15.0%
<b>Total</b>	<b>8,374</b>	<b>8,108</b>	<b>(3.2%)</b>

Most licenses issued by the Board are required to be renewed every two years. However, limited permits are renewed every year. Table 5 below shows the number of licenses issued by the Board in FY 2010. Respiratory care professional license renewals represented the vast majority of the licenses issued.

<b>License Type</b>	<b>Initial</b>	<b>Renewal</b>
Respiratory Care Professional	410	6,926
Limited Permit	308	155
HME License	39	102
HME Certificate	184	523

The Board currently utilizes the eLicensing system for initial and renewal licensure applications. The system allows users to verify licenses. The eLicensing system is administered through Department Administrative Services (DAS). 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. The system allows for initial licensure, renewal, image storing and indexing, and complaint tracking. The Board was charged \$5,042 in FY 2010 for the use and maintenance of the system.

### **Investigation and Enforcement Statistics**

The Board's regulatory obligations also include investigating complaints about issues of incompetent, unethical, and impaired practitioners. In FY 2010, 51 respiratory care cases and 24 home medical equipment cases were opened. The Board had nine adjudication hearings and entered into 21 consent agreements in lieu of hearings with licensees who were found to be in violation of the Board's laws or rules. No referrals were made to the prosecutor in FY 2010.

## Continuing Education

The Board is also responsible for setting continuing education requirements. The Board requires 20 contact hours of Respiratory Care Continuing Education (RCCE) every renewal cycle (ending on June 30 of every even year) for licensed respiratory care professionals and ten contact hours annually for experience-based limited permit holders. RCCE earned for license and limited permit renewal must include the following content: (1) one contact hour of RCCE on Respiratory Care Law or professional ethics, (2) at least 15 contact hours (seven for limited permit holders) relating to the provision of clinical respiratory care, and (3) the remaining four contact hours (two for limited permit holders) may include indirectly related content, such as activities relevant to specialized aspects of respiratory care, such as education, supervision, management, health care cost containment, cost management, health quality standards, disease prevention, health promotion, or abuse reporting.

Licensed HMEs are required to demonstrate that a plan has been created that provides continuing education for staff providing HME services. According to the Board's web site, the plan must require at least 10 contact hours of continuing education per renewal cycle. Of this, no more than five hours may be nonaccredited in-service education. The remaining hours are to include education related to the specific type and level of HME service provided. In addition, clinical and equipment maintenance staff are to complete one hour of continuing education on infection control, equipment cleaning and agents, and rotation of inventory and equipment separation.

## 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.

Table 6. Requested Funding Compared to Executive Recommendation						
Fund Line Item	FY 2012 Recommended	FY 2012 Requested	Difference	FY 2013 Recommended	FY 2013 Requested	Difference
4K90 872609	\$528,624	\$541,273	(\$12,649)	\$523,013	\$535,532	(\$12,519)

The Board requested, but did not receive, additional appropriations. The Board has had some increases in the area of supplies and maintenance, which include the cost of a biennial audit and financial transaction fees for issuing licenses electronically. The Board will likely experience an increase in payroll costs as well. The additional appropriation was requested to help cover these expenses.

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## Respiratory Care Board

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### General Services Fund Group

#### **4K90 872609 Operating Expenses**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$488,142	\$474,345	\$435,646	\$520,142	<b>\$528,624</b>	<b>\$523,013</b>
	-2.8%	-8.2%	19.4%	<b>1.6%</b>	<b>-1.1%</b>

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

**Legal Basis:** ORC 4761.02 and 4743.05; Section 379.10 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 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.

**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>RCB Respiratory Care Board</b>								
4K90	872609	Operating Expenses	\$ 435,646	\$ 520,142	\$ 528,624	1.63%	\$ 523,013	-1.06%
<b>General Services Fund Group Total</b>			<b>\$ 435,646</b>	<b>\$ 520,142</b>	<b>\$ 528,624</b>	<b>1.63%</b>	<b>\$ 523,013</b>	<b>-1.06%</b>
<b>Respiratory Care Board Total</b>			<b>\$ 435,646</b>	<b>\$ 520,142</b>	<b>\$ 528,624</b>	<b>1.63%</b>	<b>\$ 523,013</b>	<b>-1.06%</b>