

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **State Medical 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 State Medical 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 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

# State Medical Board

- Non-GRF agency; funded by fee revenues
- Flat funding in FY 2014 and FY 2015
- Over 63,100 active licenses

## OVERVIEW

### Agency Overview

The State Medical Board was established in 1896. Originally responsible for licensing doctors of medicine, the Board's responsibilities were expanded to include doctors of podiatric medicine (1915), cosmetic and massage therapists (1916), doctors of osteopathic medicine (1944), physician assistants (1976), acupuncturists and anesthesiology assistants (2000), and radiologist assistants (2009). The Board also regulates mechanotherapists and naprapaths licensed before March 1992. In addition, the Board establishes standards for education, preprofessional training, and examination. The Board also sets standards of practice for its licensees, investigates complaints, holds administrative hearings, determines appropriate disciplinary actions, and monitors continuing education compliance among licensees. Over 63,100 licenses issued by the Board are currently active.

The Board's governing authority consists of 12 members appointed by the Governor. The Board members include nine physicians (seven who hold a doctor of medicine degree, one who holds a doctor of podiatric medicine degree, and one who holds a doctor of osteopathy degree) and three public members (one who is at least 60 years old). Members are appointed for five-year terms and may be reappointed without limit.

R.C. 4730.05 creates the seven-member Physician Assistant Policy Committee (PAPC), appointed by the President of the State Medical Board, including three physicians (one who is a member of the State Medical Board), three physician assistants, one consumer representative, and, when the Committee is developing or revising policy and procedures for physician assistant prescriptive authority, two pharmacists (one who is a member of the State Pharmacy Board). The Committee is designed to review education and licensing requirements for physician assistants. Committee members are appointed to two-year terms and may serve no more than three consecutive terms.

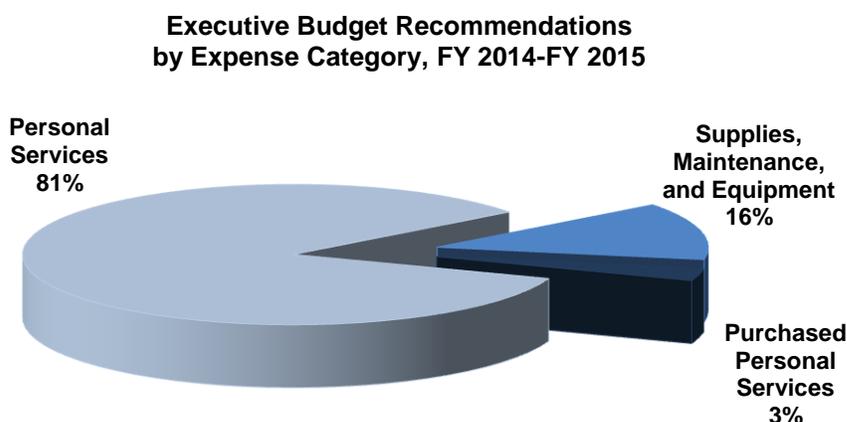
The Board meets monthly and PAPC meets about five times per year. In addition to travel reimbursement, board and PAPC members receive hourly compensation for the performance of official duties. The Board spends about \$170,000 a year for board and PAPC member payroll expenses and travel reimbursement.

The Board's daily operations are the responsibility of an executive director who is appointed by the 12-member governing authority. Including the Executive Director, the Board has 82 full-time employees with an annual budget of \$9.2 million in FY 2013. The Board receives no GRF moneys; it is entirely supported by fees.

### Appropriation Overview

The executive recommends funding of \$9.2 million in FY 2014 and FY 2015, flat funding from FY 2013 estimated expenditures. According to the Interim Executive Director, given the executive recommendation, it will be challenging for the Board to maintain current operations and staffing levels during the FY 2014-FY 2015 biennium.

As a regulatory agency, personal services is the largest expense category of the Board. As seen from the chart, 81% of the executive budget recommendation for the biennium are for personal services, 16% for supplies, maintenance, and equipment, and 3% for purchased personal services.



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

## Fee Revenues and Fund 5C60

The Board currently issues different types of licenses and certificates. Table 1 shows the current fee and renewal amount for each type of license. Licenses issued by the Board must be renewed biennially. License fees have not increased since 1999.

Type	Initial	Renewal
Doctor of Medicine, Osteopathy, or Podiatric Medicine*	\$300	\$305
Limited Practitioner**	\$150	\$100
Telemedicine Certificate	\$300	\$305
Clinical Research Faculty Certificate	\$375	\$375
Clinical Professional Development Certificate	\$375	\$375
Certificate of Conceded Eminence	\$1,000	\$1,000
Special Activity License	\$125	--
Doctor Training Certificate***	\$75	\$35
Physician Assistant	\$200	\$100
Physician Assistant Certificate to Prescribe	\$100	\$50
Anesthesiologist Assistant	\$100	\$100
Acupuncturist	\$100	\$100
Radiologist Assistant	\$200	\$200
Genetic Counselor	\$200	\$150
Mechanotherapist****	--	\$50
Naprapath****	--	\$40

\*\$20 of the \$305 renewal fee is sent to the Department of Health for the Physicians Loan Repayment Program.

\*\*Includes cosmetic, restricted cosmetic, and massage therapists.

\*\*\*Includes Doctors of Medicine, Osteopathy, or Podiatric Medicine.

\*\*\*\*The Board only renews licenses of mechanotherapists and naprapaths who were licensed before March 1992.

Fee revenue collected by the Board is deposited into the State Medical Board Operating Fund (Fund 5C60), which was established by H.B. 215 of the 122nd General Assembly. Prior to that time, the Board was part of the Occupational Licensing and Regulatory Board Fund (Fund 4K90). Fund 5C60 is the Board's operating account into which receipts are deposited and from which expenses are paid. R.C. 4731.24 states that all funds deposited into Fund 5C60 be used solely for the operations of the Board.

Effective October 16, 2009, Am. Sub. H.B. 1 of the 128th General Assembly (FY 2010-FY 2011 biennial budget bill) requires the Board to verify licensure in Ohio for individuals applying to practice in another state. The fee for license verification is \$50. Table 2 below shows a simplified cash balance statement for the Board from FY 2010 through FY 2015.

<b>Table 2. Revenues, Expenditures, and Cash Balances</b>						
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013 (estimate)</b>	<b>FY 2014 (estimate)</b>	<b>FY 2015 (estimate)</b>
Beginning Cash Balance	\$4,245,156	\$4,623,314	\$3,071,626	\$2,948,773	\$1,684,187	\$1,483,433
Revenue	\$8,610,198	\$7,512,192	\$8,826,136	\$7,662,414	\$8,971,308	\$7,815,240
Expenditures	\$8,232,040*	\$9,063,879	\$8,949,212	\$8,927,000**	\$9,172,062	\$9,172,062
Net of Rev. & Exp.	\$378,158	-\$1,551,688	-\$123,077	-\$1,264,586	-\$200,754	-\$1,356,822
Ending Cash Balance	\$4,623,314	\$3,071,626	\$2,948,773	\$1,684,187	\$1,483,433	\$126,611

\*FY 2010 expenditures reflect a transfer out of \$293,749.

\*\*FY 2013 expenditures reflect a transfer out of \$90,000.

As shown in Table 2 above, the Board's year-end cash balance has been decreasing. According to the Board, the decrease is attributable to the Board's decision to maintain lower licensure fees in comparison to many other states. The cash balance is estimated to continue decreasing in FY 2014 and FY 2015. The initial licensure fee in Ohio is \$300 for Doctors of Medicine, Osteopathy, or Podiatric Medicine, compared to the national average of \$424. The renewal fee in Ohio is \$305, compared to the national biennial renewal fee average of \$461.

### **Cost Containment**

During the FY 2012-FY 2013 biennium, the Board took a number of steps to contain costs. The Board utilized a national massage therapy examination instead of developing its own examination internally. In addition, the Board implemented a move to mostly paperless hearings. The Board also elected to hire temporary employees instead of FTEs for extended periods. Eventually, the Board had to fill these positions with Full-Time Equivalents, as these were critical to the Board's mission.

## 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 2014	FY 2015
<b>General Services Fund Group</b>				
5C60	883609	Operating Expenses	\$9,172,062	\$9,172,062

Through this one line item, the Board pays all of its expenses. The executive recommends flat funding of \$9.2 million in FY 2014 and FY 2015. According to the Interim Executive Director, given the executive recommendation, it will be challenging for the Board to maintain current operations and staffing levels during the FY 2014-FY 2015 biennium.

### Licenses

To carry out its regulatory responsibility, the Board establishes standards and licenses and certifies qualified medical practitioners. Table 4 below shows the Board's active licenses in FY 2012 compared with FY 2011. The largest increase from FY 2011 to FY 2012 was for the Telemedicine Certificate. The total number of active licenses decreased by 0.7% from FY 2011 to FY 2012.

Table 4. Active Licenses as of June 30th			
License Type	FY 2011	FY 2012	% Change
Cosmetic Therapists	201	184	-8.5%
Massage Therapists	11,842	11,808	-0.3%
Doctor of Osteopathy	5121	5,265	2.8%
Medical Doctor	37,353	37,612	0.7 %
Doctor of Podiatric Medicine	972	967	-0.5%
Mechanotherapist	31	26	-16.1%
Naprapath	1	1	0.0%
Physician Assistant	2,204	2,285	3.7%
Doctor of Medicine Training Certificate	4,229	3,562	-15.7%
Doctor of Osteopathic Medicine Training Certificate	968	846	-12.6%
Doctor of Podiatric Medicine Training Certificate	94	79	-16.0%
Acupuncturist	183	187	2.2%
Anesthesiologist Assistant	166	180	8.4%
Physician's Assistant Provisional Certificate to Prescribe	209	224	7.2%
Physician's Assistant Certificate to Prescribe	271	211	-22.1%
Special Activity License	80	11	-86.2%
Visiting Medical Faculty Certificate	16	18	12.5%

<b>Table 4. Active Licenses as of June 30th</b>			
<b>License Type</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>% Change</b>
Visiting Podiatric Faculty Certificate	0	0	0.0%
Telemedicine Certificate	117	134	14.5%
Radiologist Assistants	8	8	0.0%
<b>Total</b>	<b>64,066</b>	<b>63,608</b>	<b>-0.7%</b>

Licenses and certificates issued by the Board are required to be renewed every two years, on varying cycles. For example, doctors and limited practitioners renew based on the licensee's last name and acupuncturists, anesthesiologist assistants, and physician assistants renew their licenses in even-numbered years. Table 5 below shows the number of licenses and certificates issued by the Board during FY 2012. Including both initial licenses and renewals, the Board issued 35,602 licenses in that year. For those types that show a "--" in the renewal column, the license is not renewable in FY 2012, or in the case of training certificates, the license is not renewable.

<b>Table 5. Licenses and Certificates Issued in FY 2012</b>			
<b>Type</b>	<b>Initial</b>	<b>Renewal</b>	<b>Total</b>
Doctor of Medicine (MD)	2,152	18,364	20,516
Doctor of Osteopathic Medicine (DO)	382	2,468	2,850
Doctor of Podiatric Medicine (DPM)	40	464	504
Physician Assistant	252	2,280	2,532
Anesthesiologist Assistant	22	160	182
Radiologist Assistant	0	7	7
Massage Therapist	850	5,253	6,103
Cosmetic Therapist	2	148	150
Acupuncturist	22	168	190
Training Certificates (MD-DO-DPM)	2,568	--	2,568
<b>Total</b>	<b>6,290</b>	<b>29,312</b>	<b>35,602</b>

### Online Licensure and Renewal

The Board implemented the eLicensing system in 2004 and currently utilizes the online renewal component of the eLicensing system. This component allows licensees to apply for renewal online and to pay the renewal fee with a credit card. The eLicensing system is administered through the Central Service Agency. 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.

Those applying for initial licensure as a doctor of medicine or doctor of osteopathic medicine may do so via a link on the Board's web site that takes the applicant to the web site for the Federation of State Medical Boards, where the applicant may use the common license application form (CLAF). CLAF was developed by a workgroup of state medical board representatives, with support from the Federation of State Medical Boards. CLAF benefits physicians by reducing the amount of paperwork necessary when applying for a license in multiple states. When a physician enters information into the system, it is stored and incorporated into CLAF used by each state leaving only the state-specific information to be completed. The State Medical Board of Ohio was the first regulatory board in the country to implement the use of CLAF for medical and osteopathic physicians.

### **Investigation and Enforcement**

The Board's regulatory obligations also include investigating complaints about violations of the Board's rules and laws. Complaints to the Board must be submitted in writing. The Board has the legal authority to investigate complaints that allege a violation of the Medical Practices Act and the rules adopted pursuant to it. Every complaint is reviewed by the Board, but not all complaints result in formal investigations or disciplinary action. If sufficient evidence of a violation exists, the members of the Board's governing authority review the complaint and vote on whether to take formal action. The investigative and disciplinary process involves five units of the Board: Enforcement, Standards Review, Compliance, Investigations, and Hearing. In FY 2012, the Board received 4,745 new complaints. The most frequent allegations were minimal standards of care violations (1,524), issues involving licensure or renewal (1,174), and office practice management violations (706); some complaints contain multiple allegations. In FY 2012, the Board took 190 disciplinary actions. The most common disciplinary actions were license revocations and surrenders (59), suspension (56), and probation (53).

### **Quality Intervention Program**

The Quality Intervention Program (QIP) was implemented in 1996; it is a confidential alternative to formal disciplinary proceedings. The mission of QIP 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. QIP 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 patients. During 2012, the program staff reviewed 93 practitioners. Table 6 below shows QIP review outcomes that year.

**Table 6. QIP Review Outcomes for 2012**

Recommended Closure (no quality of care concerns/no further action necessary)	48
Referred to Board Secretary and Supervising Member for Further Action (deficiencies not remedial through QIP)	4
Referred for Remedial Education	19
Caution Letter Sent (no other action needed)	22
<b>Total</b>	<b>93</b>

## Legislative Updates

H.B. 93 of the 129th General Assembly established and modified laws regarding prescription drug abuse and pain management clinics. The bill required the Board to adopt rules standardizing the practice of pain management. In addition, the bill established standards for the Board to access the Ohio Automated Rx Reporting System, which the Board utilizes to investigate pain management clinics.

S.B. 301 of the 129th General Assembly modified the investigative and inspection authority of the Medical Board as it relates to pain management clinics. The bill authorized the Medical Board to inspect facilities that are licensed as terminal distributors of dangerous drugs with pain management clinic classification, or facilities or physician practices that the Board suspects are illegally operating as such. In addition, S.B. 301 expanded the scope of disciplinary actions the Board may take against a licensed individual.

H.B. 292 of the 129th General Assembly requires the Medical Board to license genetic counselors and issue the Visiting Clinical Professional Development Certificate and the Clinical Research Faculty Certificate. The Board charges \$200 for a new genetic counselor license and \$150 for license renewal and the Board charges \$375 for both the Clinical Professional Development Certificate and the Clinical Research Faculty Certificate.

H.B. 487 of the 129th General Assembly established the Certificate of Conceded Eminence authorizing the practice of medicine and surgery or osteopathic medicine and surgery as part of the applicant's employment with either an academic medical center or a physician group practice affiliated with an academic medical center. The bill established a \$1,000 fee for an initial certificate and subsequent renewals.

H.B. 251 of the 129th General Assembly requires the State Medical Board to regulate the practice of Oriental medicine, which may also include the use of herbal therapy, and provides for the regulation of its practitioners in generally the same manner as the current regulation of acupuncturists. The bill specifies an initial application fee of \$100 and a biennial renewal fee of \$100. The Board anticipates accepting applications when the bill becomes effective in March 2013.

H.B. 284 of the 129th General Assembly modifies the scope of practice of physician assistants. These modifications include the prescribing of Schedule II narcotics in certain situations and an increased scope of practice. In addition, the bill exempts from the educational requirements of a physician assistant certificate military personnel who practiced as a physician assistant for at least three consecutive years while on active duty in any of the armed forces of the United States or the National Guard of any state. Physician assistants who qualify for this exemption and had prescribing authority while on active duty can receive the physician assistant prescribing authority certificate without a provisional period.

### **Continuing Education**

The Board requires continuing medical education (CME) hours for license renewals. The content requirement and number of credits needed vary by license type. Failure to obtain the required number of CME hours can result in board sanctions, including a fine of up to \$5,000 for physicians and physician assistants. Additional CME hours may be required by the Board as part of the sanction. Sanctions issued by the Board remain as a permanent part of the licensee's record. In FY 2012, no physicians were sanctioned for noncompliance with CME requirements.

**REQUESTS NOT FUNDED**

Table 7 shows the amount of appropriation requested by the Board and the executive recommendation.

Table 7. Requested Funding Compared to Executive Recommendation						
Fund Line Item	FY 2014 Recommended	FY 2014 Requested	Difference	FY 2015 Recommended	FY 2015 Requested	Difference
5C60 833609	\$9,172,062	\$9,402,535	-\$230,473	\$9,172,062	\$9,558,530	-\$386,468

According to the Interim Executive Director, given the executive recommendation, it will be challenging for the Board to maintain current operations and staffing levels during the FY 2014-FY 2015 biennium.

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## State Medical Board

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### General Services Fund Group

#### 5C60 883609 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$7,938,292	\$8,748,415	\$8,652,172	\$9,172,062	<b>\$9,172,062</b>	<b>\$9,172,062</b>
	10.2%	-1.1%	6.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** General Services Fund Group: License fees and other assessments collected by the State Medical Board

**Legal Basis:** ORC 4731.24; Section 333.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

**Purpose:** This line item is used to pay the State Medical Board's operating expenses, including personal services, supplies, maintenance, and equipment. Originally established in 1896 and responsible for licensing doctors of medicine, the Board's responsibilities were expanded to include doctors of podiatric medicine (1915), cosmetic and massage therapists (1916), doctors of osteopathic medicine (1944), physician assistants (1976), acupuncturists and anesthesiology assistants (2000), radiologist assistants (2009), genetic counselors (2012), and practitioners of oriental medicine (2013). The Board also regulates mechanotherapists and naprapaths licensed before March 1992. The Board establishes standards for education, preprofessional training, and examination. The Board also sets standards of practice for its licensees, investigates complaints, holds administrative hearings, determines appropriate disciplinary actions, and monitors continuing education compliance among licensees.

# FY 2014 - FY 2015 Introduced Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
<b>Report For: Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>MED State Medical Board</b>								
5C60	883609	Operating Expenses	\$ 8,652,172	\$ 9,172,062	\$ 9,172,062	0.00%	\$ 9,172,062	0.00%
<b>General Services Fund Group Total</b>			<b>\$ 8,652,172</b>	<b>\$ 9,172,062</b>	<b>\$ 9,172,062</b>	<b>0.00%</b>	<b>\$ 9,172,062</b>	<b>0.00%</b>
<b>State Medical Board Total</b>			<b>\$ 8,652,172</b>	<b>\$ 9,172,062</b>	<b>\$ 9,172,062</b>	<b>0.00%</b>	<b>\$ 9,172,062</b>	<b>0.00%</b>