

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
- Increases of 3.2% in FY 2016 and 2.0% in FY 2017
- Over 68,900 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), radiologist assistants (2009), genetic counselors (2012), and oriental medicine (2012). 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 68,900 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 \$111,000 a year for Board and PAPC member payroll expenses and travel reimbursement.

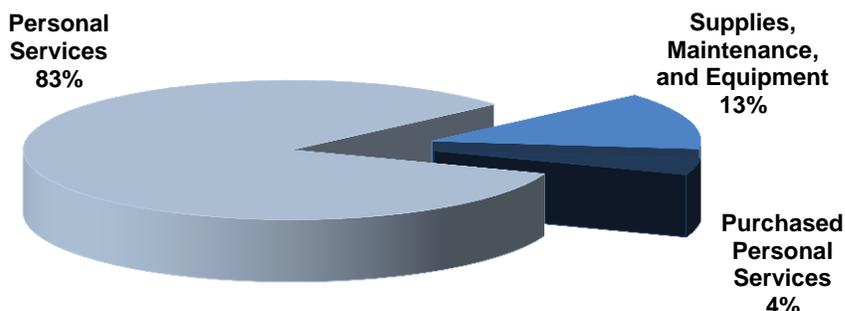
The Board's daily operations are the responsibility of an executive director who is appointed by the 12-member governing authority. Including the Executive Director, the Board has 82 full-time employees with an annual budget of \$9.2 million in FY 2015. The Board receives no GRF moneys; it is entirely supported by fees.

Appropriation Overview

The executive recommends funding of \$9.5 million in FY 2016, an increase of 3.2% over estimated FY 2015 expenditures, and \$9.7 million in FY 2017, a 2.0% increase from FY 2016. According to the Executive Director, the Board will be able to maintain current operations and staffing levels during the FY 2016-FY 2017 biennium.

As a regulatory agency, personal services is the largest expense category of the Board. As seen from the chart, 83% of the executive budget recommendation for the biennium is for personal services, 13% for supplies, maintenance, and equipment, and 4% for purchased personal services.

Chart 1: Executive Budget Recommendations by Expense Category, FY 2016-FY 2017



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
Expedited Licensure of Physician	\$1,000	--
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 2012 through FY 2017.

Table 2. Revenues, Expenditures, and Cash Balances						
	FY 2012*	FY 2013**	FY 2014	FY 2015 (estimate)	FY 2016 (estimate)	FY 2017 (estimate)
Beginning Cash Balance	\$3,071,626	\$2,948,550	\$2,976,667	\$4,104,245	\$3,415,074	\$3,497,456
Revenue	\$8,826,136	\$8,235,756	\$9,271,961	\$8,482,829	\$9,550,119	\$8,737,315
Expenditures	\$8,949,212	\$8,207,639	\$8,144,383	\$9,172,000	\$9,467,737	\$9,655,200
Net of Rev. & Exp.	-\$123,076	\$28,117	\$1,127,578	-\$689,171	\$82,382	-\$917,885
Ending Cash Balance	\$2,948,550	\$2,976,667	\$4,104,245	\$3,415,074	\$3,497,456	\$2,579,571

*FY 2012 expenditures reflect a transfer out of \$297,040.

**FY 2013 expenditures reflect a transfer out of \$117,700.

As shown in Table 2 above, the Board's year-end cash balance has been decreasing. The cash balance is estimated to continue decreasing over the FY 2016-FY 2017 biennium.

Cost Containment

During the FY 2014-FY 2015 biennium, the Board took a number of steps to contain costs. The Board consolidated office space to lower its rent amount to the Department of Administrative Services. In addition, the Board continued implementation to paperless systems. The Board also elected to hire temporary and contract employees instead of FTEs for extended periods. The Board also reduced the number of subpoenas personally served by investigators.

ANALYSIS OF EXECUTIVE PROPOSAL

The Board's operations are funded by a single line item appropriation from the Dedicated Purpose Fund Group. The table below shows the Governor's recommended funding for the line item.

Governor's Recommended Funding for the Board				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5C60	883609	Operating Expenses	\$9,467,737	\$9,655,200

Through this one line item, the Board pays all of its expenses. The executive recommends \$9.5 million in FY 2016, a 3.2% increase over estimated FY 2015 expenditures, and \$9.7 million in FY 2017, a 2.0% increase from FY 2016. According to the Executive Director, the Board will be able to maintain current operations and staffing levels during the FY 2016-FY 2017 biennium. In addition, the additional funds will allow the Board to pilot a new licensing system, which it plans on utilizing for all of its licenses by June 30, 2016.

Licenses

To carry out its regulatory responsibility, the Board establishes standards and licenses and certifies qualified medical practitioners. Table 3 below shows the Board's active licenses in FY 2013 and FY 2014. The largest increase from FY 2013 to FY 2014 was for the Medical Doctor License. The total number of active licenses increased by 2.1% from FY 2013 to FY 2014.

License Type	FY 2013	FY 2014	% Change
Cosmetic Therapists	183	179	-2.2%
Massage Therapists	12,264	12,199	-0.5%
Oriental Medicine Practitioner	1	17	1,600%
Doctor of Osteopathy	5,479	5,685	3.8%
Medical Doctor	38,561	39,108	1.4%
Doctor of Podiatric Medicine	989	989	0.0%
Mechanotherapist	24	24	0.0%
Naprapath	1	1	0.0%
Physician Assistant	2,551	2,639	3.4%
Doctor of Medicine Training Certificate	4,332	4,441	2.5%
Doctor of Osteopathic Medicine Training Certificate	1,049	1,145	9.2%
Doctor of Podiatric Medicine Training Certificate	124	124	0.0%
Acupuncturist	214	205	-4.2%

Table 3. Active Licenses as of June 30			
License Type	FY 2013	FY 2014	% Change
Genetic Counselor	0	130	100%
Anesthesiologist Assistant	200	198	-1.0%
Physician's Assistant Provisional Certificate to Prescribe	257	260	1.2%
Physician's Assistant Certificate to Prescribe	1,138	1,391	22.2%
Visiting Medical Faculty Certificate	0	8	100%
Visiting Podiatric Faculty Certificate	0	0	0.0%
Telemedicine	145	167	15.2%
Radiologist Assistants	8	9	12.5%
TOTAL	67,520	68,919	2.1%

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 4 below shows the number of licenses and certificates issued by the Board during FY 2014. Including both initial licenses and renewals, the Board issued 40,730 licenses in that year.

Table 4. Licenses and Certificates Issued in FY 2014			
Type	Initial	Renewal	Total
Doctor of Medicine (MD)	2,386	18,622	21,008
Doctor of Osteopathic Medicine (DO)	461	2,585	3,046
Doctor of Podiatric Medicine (DPM)	42	450	492
Physician Assistant	275	2,366	2,641
Anesthesiologist Assistant	9	200	209
Radiologist Assistant	0	0	0
Massage Therapist	624	5,255*	5,879
Cosmetic Therapist	6	N/A*	6
Acupuncturist	15	208**	223
Genetic Counselor	130	0	130
Oriental Medicine Practitioner	16	N/A**	16
Training Certificates (MD-DO-DPM)	2,782	4,298	7,080
TOTAL	6,746	33,984	40,730

*In the Board's eLicensing system, massage therapist and cosmetic therapist license renewals are combined.

**In the Board's eLicensing system, acupuncturist and oriental medicine license renewals are combined.

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 website that takes the applicant to the website 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 2014, the Board received 4,745 new complaints. The most frequent allegations were minimal standards of care violations (1,113), unprofessional conduct issues (881), issues involving licensure or renewal (854); some complaints contain multiple allegations. In FY 2014, the Board took 196 disciplinary actions. The most common disciplinary actions were license revocations and surrenders (69), suspension (52), and probation (45).

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 2014, the program staff reviewed 88 practitioners. Table 5 below shows QIP review outcomes that year.

Table 5. QIP Review Outcomes for 2014	
Recommended Closure (no quality of care concerns/no further action necessary)	59
Referred to Board Secretary and Supervising Member for Further Action (deficiencies not remedial through QIP)	3
Referred for Remedial Education	15
Caution Letter Sent (no other action needed)	11
TOTAL	88

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 2014, seven physicians were sanctioned for noncompliance with CME requirements and elected to discontinue medical practice.

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State Medical Board

Dedicated Purpose Fund Group

5C60 883609 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$8,652,172	\$8,089,940	\$8,144,383	\$9,172,000	\$9,467,737	\$9,655,200
	-6.5%	0.7%	12.6%	3.2%	2.0%

Source: Dedicated Purpose Fund Group: License fees and other assessments collected by the State Medical Board

Legal Basis: ORC 4731.24; Section 325.10 of Am. Sub. H.B. 59 of the 130th 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 2016 - FY 2017 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			Estimate	Introduced	FY 2015 to FY 2016	Introduced	FY 2016 to FY 2017	
			FY 2014	FY 2015	FY 2016	% Change	FY 2017	% Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
MED State Medical Board								
5C60	883609	Operating Expenses	\$ 8,144,383	\$ 9,172,000	\$ 9,467,737	3.22%	\$ 9,655,200	1.98%
Dedicated Purpose Fund Group Total			\$ 8,144,383	\$ 9,172,000	\$ 9,467,737	3.22%	\$ 9,655,200	1.98%
State Medical Board Total			\$ 8,144,383	\$ 9,172,000	\$ 9,467,737	3.22%	\$ 9,655,200	1.98%