

M00A01.04
Health Occupation Boards
Department of Health and Mental Hygiene

Operating Budget Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$12,967	\$13,600	\$14,670	\$1,703	\$14,941	\$271
Contractual Services	3,552	4,051	4,367	815	4,993	626
Grants	17	2	10	-7	25	15
Contingent & Back of Bill Reductions	0	0	0	0	-44	-44
Adjusted Grand Total	\$16,536	\$17,653	\$19,047	\$2,511	\$19,916	\$868
General Funds	158	168	167	9	175	8
Contingent & Back of Bill Reductions	0	0	0	0	-1	-1
Adjusted General Funds	\$158	\$168	\$167	\$9	\$174	\$7
Special Funds	16,174	17,289	18,646	2,472	19,515	869
Contingent & Back of Bill Reductions	0	0	0	0	-43	-43
Adjusted Special Funds	\$16,174	\$17,289	\$18,646	\$2,472	\$19,472	\$826
Reimbursable Funds	204	196	234	30	269	35
Adjusted Grand Total	\$16,536	\$17,653	\$19,048	\$2,511	\$19,916	\$868
Annual % Change		6.8%	7.9%		4.6%	

- Since fiscal 2002, the most significant cost containment effect on the health boards has been the transfer of fund balances from various boards to the general fund. In fiscal 2004, \$1.03 million was transferred from six boards, and in fiscal 2003, \$304,000 was transferred from three boards.
- The fiscal 2005 allowance provides a \$280,000 increase for contractual services in the Maryland Board of Physicians.
- There is a \$99,000 increase in the fiscal 2005 allowance for printing expenses spread across several boards – primarily for dental examiners to print newsletters and new licenses and the board of chiropractic examiners to print a copy of the law for each of its members.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	199.0	186.5	181.5	-17.5	181.5	0.0
Contractual FTEs	15.6	15.5	36.5	20.9	34.8	-1.7
Total Personnel	214.6	202.0	218.0	3.4	216.3	-1.7

Vacancy Data: Regular Positions

Turnover Expectancy	7.13	3.93%
Positions Vacant as of 12/31/03	13.00	7.16%

- Cost containment actions since fiscal 2002 have deleted 17.5 regular positions from the health boards. These have been offset by 20.9 new contractual positions over the same period.
- The fiscal 2005 allowance deletes 1.7 contractual positions.

Analysis in Brief

Issues

Electrology Practice Committee: Chapter 422, Acts of 2003 repealed the State Board of Electrologists and created the Electrology Practice Committee within the Board of Nursing, effective July 1, 2003.

Recommended Actions

	<u>Funds</u>
1. Reduce grants to be made by the Board of Pharmacy.	\$ 15,000
2. Reduce contractual services for various health boards.	20,000
3. Reduce contractual expenditures for the Board of Nursing.	20,000
4. Reduce out-of-state travel for the Board of Physicians.	7,132
5. Reduce contractual expenses for the Board of Physicians.	66,350
Total Reductions	\$ 128,482

Update

Sunset Evaluation of the Board of Dietetic Practice: The Department of Legislative Services conducted a full sunset evaluation of the Board of Dietetic Practice during the 2003 interim.

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Health Occupation Boards
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

Under the Office of the Secretary of the Department of Health and Mental Hygiene (DHMH), there are 17 boards that regulate health professionals. These boards license and certify health professionals, resolve consumer complaints, and assist in establishing parameters for each profession through regulation. In addition to the boards, there is the Commission of Kidney Disease, which monitors the compliance of dialysis facilities with federal and State regulations.

In general, each board has the following goals:

- protect the public by insuring that practicing health professionals are properly credentialed and licensed; and
- investigate complaints.

Performance Analysis: Managing for Results

Since all of the 17 boards and the commission provide a Managing for Results (MFR) report, it is not feasible to present details for each; that information is available in the Governor's budget books. However, significant data from the various submissions are presented below.

Licensing

Exhibit 1 shows the licensing activity for each board for fiscal 2002 through 2005 estimates. There are several boards that have a projected decrease in the number of licensees since fiscal 2002. **The boards should comment on why the number of licensees is expected to decline and what impact such a decline will have on the availability of services.**

Exhibit 1
Number of Health Occupation Licenses
Fiscal 2002 – 2005

Board	FY 2002	FY 2003	FY 2004	FY 2005	Est. Annual Growth FY 02-04
Accupuncture	680	800	730	720	7.35%
AUD/HAD/SLP	2,286	2,286	2,477	2,756	8.36%
Chiropractic*	2,222	2,610	3,109	3,109	39.92%
Dental**	13,910	10,778	13,259	10,786	-4.68%
Dietetic Practice	1,340	1,360	1,290	1,372	-3.73%
Kidney Disease	101	115	104	104	2.97%
Morticians	1,410	884	1,398	1,370	-0.85%
Nursing Home Administrators	589	605	588	592	-0.17%
Optometry	800	800	809	775	1.13%
Pharmacy	8,700	8,685	9,022	9,350	3.70%
Physical Therapy Examiners***	7,606	8,251	9,594	9,666	26.14%
Podiatric	486	486	414	436	-14.81%
Counselors	2,720	3,499	4,693	3,876	72.54%
Psychologists****	3,774	2,850	2,818	2,818	-25.33%
Occupational Therapists	2,061	2,061	2,413	2,650	17.08%
Social Work	12,014	11,211	11,277	11,712	-6.13%
Nurses	78,313	80,872	78,328	78,708	0.02%
Physicians	13,690	16,034	13,300	15,000	-6.45%

AUD/HAD/SLP = Board of Audiologists/Hearing Aid Dispensers/Speech Language Pathologists

* Includes chiropractic assistants and massage therapists.

** Includes dental hygienists and assistants.

*** Includes physical therapy assistants.

**** Includes registered psychology associates.

Source: Department of Health and Mental Hygiene

One of the collective goals of the health boards is to protect the public. While licensing activity and complaint resolution is important, these measures do not present the entire picture of Maryland's health industry. Safety measures that allow interstate comparisons or comparisons against national benchmarks would be very useful. Some measures of per capita complaints or the number of disciplinary actions as a percentage of the number of licensees would help DHMH management and legislators accurately evaluate the effectiveness of the health boards.

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DHMH should comment on the possibility of developing or obtaining MFR measures that include comparable national and regional data.

Complaint Investigations

Most boards are meeting their “days to resolve” goal for complaint investigations. Eight boards have a goal to close out complaint investigations within 180 days, one has a goal of 195 days, one has a goal of 365 days, and one has no goal at all. **Exhibit 2** presents the details. While some of these cases are technical and not easily resolved, 180 days seems like ample time to complete an investigation. **Including a measure of the “average number of days” to complete an investigation in the MFR would be useful in evaluating the timeliness of the complaint resolution process.**

Exhibit 2
Days to Resolve a Complaint Investigation

<u>Board</u>	<u>Complaints</u> <u>2003</u>	<u>Target Completion</u> <u>Time (Days)</u>	<u>% Completed</u> <u>Within Target Time</u>
Acupuncture	15	180	100
AUD/HAD/SLP	26	180	81
Chiropractic	58	75	18
Dental	502	180	100
Dietetic Practice	4	180	100
Kidney Disease	24	180	100
Morticians	75	60	20
Nursing Home Administrators	38	195	100
Optometry	15	180	100
Pharmacy	163	90 *	79
Physical Therapy Examiners	28	120	100
Podiatric	133	180	100
Counselors and Therapists	14	180	100
Psychologists	23	75	100
Social Work	35	90	49
Nurses	853	365 *	75
Physicians	1,528 **	n/a	n/a ***

AUD/HAD/SLP = Board of Audiologists/Hearing Aid Dispensers/Speech Language Pathologists

* Target is to complete 90% of investigations within the time.

** Includes about 300 cases carried over from the previous year.

*** No time frame given for how long the boards are required to close these cases.

Source: Department of Health and Mental Hygiene

Governor's Proposed Budget

The fiscal 2005 allowance is an \$868,000 (4.6%) increase over the fiscal 2004 working appropriation. **Exhibit 3** presents the details.

Exhibit 3
Governor's Proposed Budget
Health Occupation Boards
 (\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$168	\$167	\$175	\$8	4.8%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted General Funds	\$168	\$167	\$174	\$7	4.3%
Special Funds	\$17,289	\$18,646	\$19,515	\$869	4.7%
Contingent & Back of Bill Reductions	0	0	-43	-43	
Adjusted Special Funds	\$17,289	\$18,646	\$19,472	\$826	4.4%
Reimbursable Funds	\$196	\$234	\$269	\$35	15.0%
Adjusted Grand Total	\$17,653	\$19,048	\$19,916	\$868	4.6%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	\$47
Workers' compensation premium assessment	17
Decrease in overtime	-36

Other Changes

Increase in contractual expenses mostly for the Board of Physicians for its rehabilitation and peer review services.....	280
Increase in contract expenses for the State Board of Nursing for information technology services.....	100
Increase in printing expenses primarily for the Board of Dental Examiners and the Board of Chiropractic Examiners. The dental examiners will be printing a newsletter, licenses, etc., and the chiropractors will be printing a copy of the law for 800 members	99
Increase in contract expenses for various other boards	82

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Where It Goes:

Increase in phone expenses, mostly for the Board of Nursing and the Board of Physicians to reflect actual expenditures	56
Contractual clerical position for the Board of Nursing to process 65,000 nurses' and 60,000 nursing assistants' applications.....	39
Increase expenditure on administrative hearings for the Board of Physicians	39
Increase in out-of-state travel expenses mostly for the Boards of Physicians and the Board of Dental Examiners to travel to out-of-state conferences	31
Increase in system software for the Board of Nursing to purchase Oracle licenses and geographical information system software	31
New printers, scanners, and data processing hardware for the Board of Physicians	29
Increase in educational and training grants for the Board of Pharmacy.....	15
Other Changes	39
Total	\$868

Note: Numbers may not sum to total due to rounding.

Board of Physicians

The board has been contracting with the Medical and Chirurgical Faculty of the State of Maryland (MedChi) to provide peer reviews and rehabilitations services. However, as provided in Chapter 252, Acts of 2003 the board is no longer required to contract with MedChi for these services; therefore, the board is accepting bids from contractors to provide these services. As of January 30, 2004, a new provider had not been contracted. The allowance assumes the cost of the new contract will be \$133,000, or 22% more than the last one with MedChi. **The Board of Physicians should be prepared to discuss the reasons for this large cost increase.**

Impact of Cost Containment

The fiscal 2005 allowance assumes \$1.4 million is transferred from five health boards' fund balances to the general fund. **Exhibit 4** presents the details.

The boards subject to the fund transfer have various concerns about these transfers. One example is the State Board of Physical Therapists, which reports that the transfer from its fund balance will impede its plans to implement electronic licensing. **DHMH and the Department of Budget and Management should be prepared to explain the process by which boards were selected for a fund balance transfer and how the amount to be transferred was calculated.**

**Exhibit 4
Fund Balances and Transfers for Fiscal 2005**

	<u>Avg. Revenues FY 2004-05</u>	<u>Avg. Expenditures FY 2004-05</u>	<u>FY 2005 Est. End Fund Bal.</u>	<u>FY 2005 Target Fund Balance</u>	<u>Over (Under) Fund Balance</u>	<u>Transfers in FY 2005 Allowance</u>
Physicians	\$6,656,970	\$6,229,305	\$2,353,965	\$1,253,021	\$1,100,944	\$628,000
Nursing	4,845,218	5,125,868	164,437	1,094,965	(\$930,528)	
Acupuncture	195,750	206,174	72,700	65,596	\$7,104	
Dietetic Practice	132,550	131,833	4,305	40,052	(\$35,747)	
Pro. Counselors	287,500	366,659	36,107	115,456	(\$79,349)	
Chiropractic Examiners	604,500	669,153	144,642	175,792	(\$31,150)	
Dental Examiners	1,483,252	1,477,540	559,272	379,097	\$180,175	163,000
Morticians	353,237	378,242	498	112,071	(\$111,573)	
Occupational Therapist:	332,945	331,998	1,967	84,351	(\$82,384)	
Optometry	227,300	233,119	239,675	48,659	\$191,016	
Pharmacy	1,278,338	1,310,469	318,646	270,671	\$47,975	
Physical Therapists	655,507	617,994	520,293	154,708	\$365,586	251,000
Podiatry*	231,988	231,580	30,116	72,932	(\$42,816)	
Psychologists	485,400	483,354	264,588	123,281	\$141,307	107,000
Social Workers	978,624	1,543,386	859,157	308,677	\$550,480	251,000
AUD/HAD/SLP	235,538	285,664	17,845	87,003	(\$69,158)	
Kidney Commission*	125,396	159,821	136,886	45,780	\$91,106	
Total					\$1,292,987	\$1,400,000

AUD/HAD/SLP = Board of Audiologists/Hearing Aid Dispensers/Speech Language Pathologists

Note: All boards are on a biennial licensing cycle except those marked "*" which are on an annual cycle.

Source: Department of Health and Mental Hygiene, Department of Legislative Services

There were also fund balance transfers in fiscal 2004 and 2003 as well. **Exhibit 5** details which boards had their fund balances transferred.

Exhibit 5
Health Occupation Board Fund Transfers
Fiscal 2003 – 2004

<u>Board</u>	<u>Amount Transferred</u>
FY 2003	
Chiropractic Examiners	\$15,000
Professional Counselors and Therapists	89,000
Nurses	200,000
FY 2004	
Kidney Disease	\$78,000
Physical Therapy Examiners	244,500
Board of Physicians Quality Assurance	476,500
Podiatric Medical Examiners	2,000
Professional Counselors and Therapists	12,500
Social Work Examiners	218,000

Source: Department of Legislative Services

DHMH should be prepared to comment on how these transfers have affected the operations and mission fulfillment of the health occupation boards.

Issues

1. Electrology Practice Committee

The State Board of Electrology had been in decline for several years. The small number of electrologists in the State was making it difficult to support a separate board for the profession. In response, the General Assembly passed and the Governor signed Chapter 422, Acts of 2003 which repealed the board and created the Electrology Practice Committee within the Board of Nursing. All application procedures, licensure requirements, committee duties, and responsibilities of the board of electrology, were transferred to the committee within the Board of Nursing.

DHMH should be prepared to comment on the progress of this transition and discuss any logistical, managerial, or operational issues that have arisen as a result of this change.

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce grants for the Board of Pharmacy. The fiscal 2005 allowance provides the largest amount for grants in the last four years. This reduction flat funds grants at the fiscal 2004 level which is still a 300% increase over fiscal 2003.	\$ 15,000	SF
2. Reduce contractual services for the Boards of Dental Examiners (\$10,000), Examiners in Optometry (\$3,000), and Examiners of Psychologists (\$7,000). These reductions still allow each to increase over the fiscal 2004 working appropriation.	20,000	SF
3. Reduce the fiscal 2005 allowance for contractual services in the Board of Nursing. This reduction still allows a 14.5% increase over the fiscal 2004 working appropriation.	20,000	SF
4. Reduce out-of-state travel for the Board of Physicians to reflect plans to send four rather than six board members to annual meeting.	7,132	SF
5. Reduce contractual expenses for the Board of Physicians to allow 11% growth in cost of contract for peer review and rehabilitation services.	66,350	SF
Total Special Fund Reductions	\$ 128,482	

Updates

1. Sunset Evaluation of the Board of Dietetic Practice

The Department of Legislative Services conducted a full sunset evaluation of the State Board of Dietetic Practice during the 2003 interim. The evaluation was positive overall containing only a few recommendations. The evaluation found that the board is accomplishing its mission in an effective and efficient manner. The primary concern was the overlap and redundancy between different levels of licenses.

Current and Prior Year Budgets

Current and Prior Year Budgets Health Occupation Boards (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$159	\$17,762	\$0	\$202	\$18,123
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	11	809	0	0	820
Cost Containment	0	0	0	0	0
Reversions and Cancellations	-2	-1,282	0	-6	-1,290
Actual Expenditures	\$168	\$17,289	\$0	\$196	\$17,653
Fiscal 2004					
Legislative Appropriation	\$167	\$18,556	\$0	\$234	\$18,957
Cost Containment	0	0	0	0	0
Budget Amendments	0	90	0	0	90
Working Appropriation	\$167	\$18,646	\$0	\$234	\$19,047

Note: Numbers may not sum to total due to rounding.

Fiscal 2003

The \$1.3 million special fund reversion was primarily due to electronic licensing projects that were planned but never got started.

**Object/Fund Difference Report
DHMH - Health Occupation Boards**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	186.50	181.50	181.50	0	0%
02 Contractual	15.49	36.50	34.79	-1.71	-4.7%
Total Positions	201.99	218.00	216.29	-1.71	-0.8%
Objects					
01 Salaries and Wages	\$ 10,293,198	\$ 10,707,022	\$ 10,809,468	\$ 102,446	1.0%
02 Technical & Spec Fees	1,328,520	2,013,096	2,087,441	74,345	3.7%
03 Communication	685,833	623,001	681,566	58,565	9.4%
04 Travel	200,891	314,731	329,741	15,010	4.8%
07 Motor Vehicles	4,771	4,120	12,988	8,868	215.2%
08 Contractual Services	4,050,518	4,367,274	4,993,342	626,068	14.3%
09 Supplies & Materials	166,026	175,771	168,221	-7,550	-4.3%
10 Equip - Replacement	55,446	51,620	31,146	-20,474	-39.7%
11 Equip - Additional	221,031	91,962	108,066	16,104	17.5%
12 Grants, Subsidies, Contr.	2,500	10,000	25,000	15,000	150.0%
13 Fixed Charges	644,455	689,010	712,459	23,449	3.4%
Total Objects	\$ 17,653,189	\$ 19,047,607	\$ 19,959,438	\$ 911,831	4.8%
Funds					
01 General Fund	\$ 168,328	\$ 166,992	\$ 175,088	\$ 8,096	4.8%
03 Special Fund	17,289,088	18,646,282	19,514,860	868,578	4.7%
09 Reimbursable Fund	195,773	234,333	269,490	35,157	15.0%
Total Funds	\$ 17,653,189	\$ 19,047,607	\$ 19,959,438	\$ 911,831	4.8%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
DHMH - Health Occupation Boards**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
04 Health Professionals Boards and Commissions	\$ 7,367,626	\$ 7,818,346	\$ 7,875,194	6.9%	\$ 8,288,286	5.2%
05 Board of Nursing	4,665,054	4,945,425	4,978,908	6.7%	5,313,717	6.7%
06 Board of Physician Quality Assurance	5,620,509	6,193,505	6,193,505	10.2%	6,357,435	2.6%
Total Expenditures	\$ 17,653,189	\$ 18,957,276	\$ 19,047,607	7.9%	\$ 19,959,438	4.8%
General Fund	\$ 168,328	\$ 166,991	\$ 166,992	-0.8%	\$ 175,088	4.8%
Special Fund	17,289,088	18,555,950	18,646,282	7.9%	19,514,860	4.7%
Federal Fund	0	-\$ 0	0	0.0%	0	0.0%
Total Appropriations	\$ 17,457,416	\$ 18,722,943	\$ 18,813,274	7.8%	\$ 19,689,948	4.7%
Reimbursable Fund	\$ 195,773	\$ 234,333	\$ 234,333	19.7%	\$ 269,490	15.0%
Total Funds	\$ 17,653,189	\$ 18,957,276	\$ 19,047,607	7.9%	\$ 19,959,438	4.8%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.