

M00A0104
Health Occupation Boards
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	FY 04	FY 05	FY 06	FY 05-06	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$170	\$176	\$221	\$45	25.8%
Special Fund	16,494	19,285	20,774	1,489	7.7%
Reimbursable Fund	<u>199</u>	<u>239</u>	<u>266</u>	<u>28</u>	<u>11.5%</u>
Total Funds	\$16,863	\$19,700	\$21,262	\$1,562	7.9%
Contingent & Back of Bill Reductions			-83	-83	
Adjusted Total	\$16,863	\$19,700	\$21,178	\$1,478	7.5%

- \$157,579 is provided for the contractual conversion of 13.85 full-time equivalent (FTE) positions into 15.0 regular positions.
- \$516,726 is provided for increased staff for the State Board of Physicians for increased investigation and surveillance of physicians.

Personnel Data

	FY 04	FY 05	FY 06	FY 05-06
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	181.50	182.50	203.00	20.50
Contractual FTEs	<u>20.02</u>	<u>36.80</u>	<u>29.85</u>	<u>-6.95</u>
Total Personnel	201.52	219.30	232.85	13.55

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	4.81	2.37%
Positions Vacant as of 12/31/04	10.50	5.75%

- 13.85 FTE positions were converted into 15.00 new regular positions, and one existing regular 0.50 FTE position was increased to a 1.00 FTE regular position.
- 2.00 FTE contractual positions were abolished in the Health Boards and Commissions Program.
- 5.00 FTE contractual positions and 5.00 FTE regular positions were added to the State Board of Physicians.

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

For further information contact: James L. Stoops

Phone: (410) 946-5530

Analysis in Brief

Issues

Physician Oversight and Investigations: The State Board of Physicians and the Department of Health and Mental Hygiene should brief the budget committees on the increased investigation of physicians.

Recommended Actions

	<u>Funds</u>
1. Deny three full-time equivalent new contractual position for the Pharmacy Board.	\$ 63,518
Total Reductions	\$ 63,518

Updates

Sunset Review: The Sunset Review Evaluation of the State Board of Dental Examiners was completed by the Department of Legislative Services in October 2004.

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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 18 boards and commissions that regulate health professionals. These boards license and certify health professionals, resolve consumer complaints, and assist in establishing parameters for each profession through regulation. This includes the Commission on 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 18 boards and the commissions 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 estimates for fiscal 2006. The significant increases continue to be in the chiropractic, dental, and physical therapy professions. The number of morticians seems to be declining. The data for nurses and physicians is suspect.

Complaints

Most boards are meeting their "days to resolve" goal for complaint investigation. All but 7 of the 18 boards have the goal to close out complaints with 180 days. **Exhibit 2** presents the details. The chiropractic, dental, pharmacy, nurses, audiologists, social work, and physician boards currently are not meeting the target dates to resolve complaints. The dental board, after being in compliance in 2003, completed 59% of investigations in fiscal 2004. The performance of the nursing board has deteriorated. The Board of Social Workers has shown no improvement in meeting the target time.

Exhibit 1
Total Number of Health Occupation Licenses
Fiscal 2002 – 2006

<u>Board</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>Est.</u> <u>Annual Growth</u> <u>FY 02-04</u>	<u>Est.</u> <u>Annual Growth</u> <u>FY 04-06</u>
Accupuncture	680	407	740	720	760	4.3%	1.3%
AUD/HAD/SLP	2,286	2,286	2,431	2,756	2,596	3.1%	3.3%
Chiropractic*	2,222	3,384	3,666	3,800	4,150	28.4%	6.4%
Dental**	4,009	10,778	11,774	12,322	12,712	71.4%	3.9%
Dietetic Practice	1,350	1,371	1,362	1,385	1,370	0.4%	0.3%
Electrologists	146	132	n/a	n/a	n/a	n/a	n/a
Kidney Disease	101	115	104	104	105	1.5%	0.5%
Morticians	1,260	677	1,446	699	1,061	7.1%	-14.3%
Nursing Home Administrators	505	334	595	540	510	8.5%	-7.4%
Optometry	725	750	800	825	850	5.0%	3.1%
Pharmacy	8,700	8,944	9,358	9,010	9,750	3.7%	2.1%
Physical Therapy Examiners***	7,606	8,251	9,295	9,666	10,040	10.5%	3.9%
Podiatric	486	486	446	436	470	-4.2%	2.7%
Counselors	886	2,017	3,909	2,000	2,300	110.0%	-23.3%
Psychologists****	3,774	2,850	2,323	2,818	2,718	-21.5%	8.2%
Occupational Therapists	2,894	874	2,202	937	2,865	-12.8%	14.1%
Social Work	12,014	11,211	11,277	11,712	12,063	-3.1%	3.4%
Nurses	78,313	74,608	74,337	72,649	72,649	-2.6%	-1.1%
Physicians	13,690	12,515	10,258	12,200	12,550	-13.4%	10.6%

* 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

Exhibit 2
Days to Resolve a Complaint Investigation

<u>Board</u>	<u>2003 Complaints</u>	<u>2004 Complaints</u>	<u>Target Completion Time (Days)</u>	<u>Fiscal 2003 % Completed within Target Time</u>	<u>Fiscal 2004 % Completed within Target Time</u>
Acupuncture	15	14	180	100	100
AUD/HAD/SLP	26	30	180	81	90
Chiropractic*	58	105	75	18	22
Dental**	502	455	180	100	59
Dietetic Practice	4	4	180	100	100
Kidney Disease	24	23	180	100	100
Morticians	75	74	60	20	100
Nursing Home Administrators	38	40	195	100	100
Occupational therapy		3	180	100	100
Optometry	15	18	180	100	100
Pharmacy	163	163	90	79	85
Physical Therapy Examiners***	28	64	120	100	100
Podiatric	133	150	180	100	100
Counselors and Therapists	14	17	180	100	100
Psychologists****	23	34	75	100	100
Social Work	35	144	90	49	49
Nurses	712	731	180	75	60
Physicians	1,528	1,240	18 months	95	93

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

Fiscal 2005 Actions

The Budget Reconciliation and Financing Act of 2004 (SB 430, Chapter 430) transferred \$251,000 from the State Board of Social Work and \$628,000 from the State Board of Physicians to the general fund.

Governor's Proposed Budget

The fiscal 2006 allowance increases \$1,478,350, or 7.5%. All the boards are supported by license fees except for two boards. The Board of Nursing Home Administrators (\$181,190) and the State Board of Residential Child Care Administrators (\$39,810) receive all funds from the general fund. The Residential Child Care Board is new in fiscal 2006 and accounts for nearly all the general fund increase. The \$39,810 increase includes a portion of a shared position (\$21,220) with the Dietetic Practice Board and \$18,590 in other operating expenses of the child care board.

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

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2005 Working Appropriation	\$176	\$19,285	\$239	\$19,700
2006 Governor's Allowance	221	20,774	266	21,262
Contingent & Back of Bill Reductions	<u>-1</u>	<u>-81</u>	<u>-2</u>	<u>-83</u>
Adjusted Allowance	220	20,693	265	21,178
Amount Change	\$44	\$1,408	\$26	\$1,478
Percent Change	25.3%	7.3%	10.8%	7.5%

Where It Goes:

Personnel Expenses

Health Occupation Boards – Contractual conversions 15.0 positions	\$579
Podiatry Board – increase existing position 0.50 FTE	38
Board of Physician Quality – 4 investigators and 1 Attorney new positions	164
Increments and other compensation	530
Employee and retiree health insurance	-117
Retirement system contribution	94
Turnover adjustments	189

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Where It Goes:

Other Changes

Health Boards and commissions contractual conversions 13.85 FTEs	-460
Board of Nursing contractual payroll	23
Board of physician Quality – 5 new FTEs	195
Computers and office equipment	108
Contractual services	-37
Rent	171
Other	1
Total	\$1,478

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

Impact of Strategic Budget Reductions

There were no reductions since all but two programs are special funded.

Impact of Contingent Reductions

The fiscal 2006 allowance reflects the elimination of \$83,448 (subobject 0172), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

New Positions and Contractual Conversions

Exhibit 4 indicates 13.85 FTE contractual positions were converted into 15.50 regular positions in the Health Professional Boards and Commissions. In addition, in the Health Professional Boards and Commissions, 2.00 FTEs were abolished leaving 2.00 FTE contractual positions. The allowance added 3.00 FTEs for the Pharmacy Board notwithstanding that 2.20 contractual FTEs were converted into 3.00 regular positions. An existing 0.50 FTE regular position was increased to a 1.00 FTE regular position in the Commission on Kidney Disease with the conversion of a 0.25 contractual position. The position will be shared with the Podiatry Board.

Board of Physician Quality Assurance

Exhibit 4 notes that 5.00 positions were added to the State Board of Physicians. In addition, 5.00 contractual positions were added to the existing 8.60 FTEs of the physician board. The positions are added to increase investigations, provide more oversight of the medical profession, and increase the number of investigations of medical doctors as part of a new initiative to reduce malpractice insurance rates.

Exhibit 4
Health Occupation Boards – New Positions and Contractual Conversions

<u>Position Description</u>	<u>Board</u>	<u>Contract FTE</u>	<u>PIN FTE</u>	<u>Allowance</u>
Health Occupation Investigator III	Acupuncture	0.40	1.00	\$42,152
Office Secretary II	Chiropractors	1.00	1.00	34,496
Office Services Clerk	Dental Examiners	1.00	1.00	32,884
Office Secretary II	Optometry	1.00	1.00	34,797
Administrative Officer I	Pharmacy	1.00	1.00	42,152
Administrative Specialist III	Pharmacy	0.60	1.00	40,039
Administrative Specialist II	Pharmacy	0.60	1.00	38,065
Administrative Specialist II	Podiatry	1.00	1.00	38,065
Administrative Officer III	Podiatry/Kidney	0.25	0.50	38,440
Office Services Clerk	Psychologists	1.00	1.00	32,884
Administrative Officer III	Social Work	1.00	1.00	46,830
Administrative Specialist II	Social Work	1.00	1.00	38,065
Administrative Specialist III	Social Work	1.00	1.00	40,039
Data Base Specialist I	Social Work	1.00	1.00	49,419
Office Services Clerk	Social Work	1.00	1.00	32,884
Office Secretary III	Audiologists	1.00	1.00	36,221
Subtotal – Other Health Occupation Boards		13.85	15.50	\$617,432
Board of Physician Quality Assurance				
Office Health Occupations Investigator	Physician		1.00	\$29,259
Office Health Occupations Investigator	Physician		1.00	29,259
Office Health Occupations Investigator	Physician		1.00	29,259
Office Health Occupations Investigator	Physician		1.00	29,259
Assistant Attorney General IV	Physician		1.00	47,434
Total State Board of Physicians			5.00	\$164,470
Total All Health Occupation Boards		13.85	20.50	\$781,902

Source: Department of Legislative Services

The board had been contracting with the Medical and Chirurgical Faculty of the State of Maryland (MedChi) to provide peer reviews and rehabilitation services. Chapter 252, Acts of 2003 no longer requires the board to contract with MedChi to provide these services. The board has contracted with DELMARVA Foundation/Maryland Psychiatric Society to provide these services. The board also intends to issue a contract for physician rehabilitation services. The amount of \$966,357 is provided for these two items in the 2006 allowance. The \$150,314 reduction in the allowance for contractual services to \$966,357 reflects the termination of other mediation service and vendor contracts.

Issues

1. Physician Oversight and Investigations

As noted in the discussion of the Governor's proposed budget, the 2006 allowance includes four new Health Occupation Investigators and an Assistant Attorney General Position in addition to five contractual FTEs to investigate and prosecute medical doctors who are negligent in providing quality care and are perceived to be driving up medical malpractice insurance rates for the rest of the medical profession.

This initiative is consistent with the steps taken last year to terminate the peer review contract with MedChi and contract with the DELMARVA Foundation to provide peer review services. The board also plans to contract out with a new vendor to provide physician rehabilitative services. However, neither DHMH nor the State Board of Physicians has provided any specifics on caseload, number of active cases under investigation, or other workload measures to support the request for additional resources. The MFR in fact shows no increase in the number of physician termination orders or the number of physicians on probation. The only inkling of increased surveillance and active investigations is an increase in the number of complaints against physicians expected to be closed with formal action taken against physicians. There is a projected increase in such action from 70 in fiscal 2005 to 100 in fiscal 2006.

It is recommended that the State Board of Physicians and DHMH brief the budget committees on the increased investigation of physicians and provide additional documentation to support this budget request.

Recommended Actions

	<u>Amount Reduction</u>
1. Deny three full-time equivalent (FTE) new contractual positions for the Pharmacy Board. The allowance for the Pharmacy Board included the contractual conversion of 2.20 FTEs to 3.00 new regular positions. There is no justification provided to support the need for the additional contractual positions.	\$ 63,518 SF
Total Special Fund Reductions	\$ 63,518

Updates

1. Sunset Review

The Sunset Review Evaluation of the State Board of Dental Examiners was completed by the Department of Legislative Services (DLS) in October 2004.

The report finds there is a continued need for regulation of the dental profession and that the board is performing its statutory requirements in a satisfactory manner. DLS reports the board still does not issue new and renewal licenses in a timely fashion. The board lacks sufficient staff to provide effective customer service and limited investigative staff contributes to delays in complaint investigations. The report recommends a review of the license fee schedule, in particular the license fee for dental hygienists.

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 2004					
Legislative Appropriation	\$167	\$18,556	\$0	\$234	\$18,957
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	5	378	0	0	383
Cost Containment	0	0	0	0	0
Reversions and Cancellations	-2	-2,440	0	-36	-2,477
Actual Expenditures	\$170	\$16,494	\$0	\$199	\$16,863
Fiscal 2005					
Legislative Appropriation	\$173	\$19,285	\$0	\$239	\$19,697
Budget Amendments	2	0	0	0	2
Working Appropriation	\$175	\$19,285	\$0	\$239	\$19,699

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

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Fiscal 2004

General fund budget amendments realign health insurance and telecommunications costs and the increased cost of some programs within DHMH.

Special fund budget amendments roll over unused special funds (\$90,331) from fiscal 2003 and additional income (\$287,239) from licenses and fees. The special fund cancellation represents the balance of unexpended special funds remaining from fiscal 2004. The Health Professional Boards and Commissions had an ending balance of appropriated and unappropriated special funds that exceeded \$4.5 million in fiscal 2004.

Fiscal 2005

The general fund budget amendment realigns funds within DHMH after positions were eliminated at the beginning of fiscal 2005.

Audit Findings

Audit Period for Last Audit:	June 1, 1999 – January 15, 2002
Issue Date:	October 2002
Number of Findings:	9
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	

- Finding 1:** Adequate control and oversight was not provided over fiscal functions of the various units.
- Finding 2:** Loans totaling approximately \$223,000 were made to offset operating deficits at certain boards in violation of State law.
- Finding 3:** Certain boards had not established sufficient accountability and control over collections.
- Finding 4:** Adequate control had not been established over pre-numbered licenses.
- Finding 5:** Changes were made to the automated licensing files that were not independently verified.
- Finding 6:** Access to the board’s automated licensure system was not adequately controlled.
- Finding 7:** Complaints were not always resolved in a timely manner.
- Finding 8:** Funeral home inspections were not performed as required.
- Finding 9:** Surveys of dialysis centers were not performed on a periodic basis as required.

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	181.50	182.50	203.00	20.50	11.2%
02 Contractual	20.02	36.80	29.85	-6.95	-18.9%
Total Positions	201.52	219.30	232.85	13.55	6.2%
Objects					
01 Salaries and Wages	\$ 10,108,633	\$ 10,652,911	\$ 12,130,327	\$ 1,477,416	13.9%
02 Technical & Spec Fees	1,376,553	2,113,786	1,871,657	-242,129	-11.5%
03 Communication	590,717	680,614	704,118	23,504	3.5%
04 Travel	212,964	322,609	390,192	67,583	20.9%
07 Motor Vehicles	2,706	12,988	1,818	-11,170	-86.0%
08 Contractual Services	3,470,122	4,886,992	4,849,941	-37,051	-0.8%
09 Supplies & Materials	189,808	168,221	174,211	5,990	3.6%
10 Equip - Replacement	95,947	31,146	15,269	-15,877	-51.0%
11 Equip - Additional	161,073	108,066	216,539	108,473	100.4%
12 Grants, Subsidies, and Contributions	0	10,000	25,000	15,000	150.0%
13 Fixed Charges	654,269	712,459	882,518	170,059	23.9%
Total Objects	\$ 16,862,792	\$ 19,699,792	\$ 21,261,590	\$ 1,561,798	7.9%
Funds					
01 General Fund	\$ 170,302	\$ 175,703	\$ 221,000	\$ 45,297	25.8%
03 Special Fund	16,493,771	19,285,143	20,774,136	1,488,993	7.7%
09 Reimbursable Fund	198,719	238,946	266,454	27,508	11.5%
Total Funds	\$ 16,862,792	\$ 19,699,792	\$ 21,261,590	\$ 1,561,798	7.9%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
DHMH Health Occupation Boards**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
04 Health Professionals Boards and Commissions	\$ 7,469,068	\$ 8,201,434	\$ 8,799,164	\$ 597,730	7.3%
05 Board of Nursing	4,337,190	5,259,525	5,558,978	299,453	5.7%
06 Board of Physician Quality Assurance	5,056,534	6,238,833	6,903,448	664,615	10.7%
Total Expenditures	\$ 16,862,792	\$ 19,699,792	\$ 21,261,590	\$ 1,561,798	7.9%
General Fund	\$ 170,302	\$ 175,703	\$ 221,000	\$ 45,297	25.8%
Special Fund	16,493,771	19,285,143	20,774,136	1,488,993	7.7%
Total Appropriations	\$ 16,664,073	\$ 19,460,846	\$ 20,995,136	\$ 1,534,290	7.9%
Reimbursable Fund	\$ 198,719	\$ 238,946	\$ 266,454	\$ 27,508	11.5%
Total Funds	\$ 16,862,792	\$ 19,699,792	\$ 21,261,590	\$ 1,561,798	7.9%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.