

M00A0104
Health Occupation Boards
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$220	\$317	\$337	\$20	6.4%
Special Fund	20,924	23,830	26,406	2,576	10.8%
Reimbursable Fund	<u>341</u>	<u>334</u>	<u>439</u>	<u>105</u>	<u>31.3%</u>
Total Funds	\$21,485	\$24,481	\$27,182	\$2,701	11.0%

- The proposed fiscal 2009 budget represents a \$2.7 million increase over the fiscal 2008 working appropriation. Costs associated with employee and retiree health insurance and Other Post Employment Benefits (OPEB) liability funding included in the allowance account for \$1.2 million of the total increase.
- Excluding costs associated with health insurance and OPEB liability, the Governor's budget increases \$1.5 million, or 6.9%, over the previous working appropriation.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	228.00	231.30	242.30	11.00
Contractual FTEs	<u>32.46</u>	<u>7.95</u>	<u>4.25</u>	<u>-3.70</u>
Total Personnel	260.46	239.25	246.55	7.30

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	8.36	3.45%
Positions Vacant as of 12/31/07	22.50	9.73%

- The proposed allowance for the Health Occupation Boards adds a net gain of 11 new regular positions – 20 new positions and 9 abolished positions. Of the total new positions, 11 were contractual conversions from fiscal 2008 and 4 are contractual conversions associated with the fiscal 2009 allowance.

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

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- 3.7 full-time equivalent contractual positions are eliminated from the boards and converted into the 4.0 positions mentioned above.
- The projected fiscal 2009 turnover rate of 3.45% is 6.28 percentage points lower than the current vacancy rate of 9.73%. To achieve the proposed turnover rate in fiscal 2009, it will be necessary to maintain 8.36 vacancies.
- Currently the department has 22.5 vacancies. Nine of those vacancies are abolished in accordance with the expected Board of Public Works decision at the end of January 2008. Following this mid-year abolition, there will be only 13.5 vacant positions out of an authorized total of 222.3, for a vacancy rate of 6.0% for the fiscal 2008 working appropriation.

Analysis in Brief

Major Trends

Most Boards Are Able to Meet Processing Goals for Licenses: In fiscal 2007, all of the boards except one met their goal for processing licenses in a timely manner. Only the Board of Physicians did not meet its self-stated goal of issuing initial licenses to 95% of qualified applicants within 10 days. The Board of Physicians missed its goal by only one percentage point, issuing licenses to 94% of qualified applicants within 10 days.

Report Indicates a Physician Shortage in Maryland, Predicted to Worsen by 2015: According to a report released by MedChi and the Maryland Hospital Association, Maryland lags behind the rest of the country in terms of practicing physicians. The report claims that the State has 179 practicing physicians for every 100,000 residents, 16% below the national average of 212. The shortage is most pronounced in rural areas and is predicted to worsen by 2015.

Issues

Complaints and Investigations: A recurring issue for the Health Occupation Boards is the ability of each board to respond to complaints and initiate investigations when necessary. Seven of the 18 boards, excluding the Board of Residential Child Care Administrators, have not met self-set goals to complete investigations within the targeted time frame.

Recommended Actions

	<u>Funds</u>
1. Decrease funding for office and computer equipment for the State Board of Nursing.	\$ 95,036
2. Add language transferring \$600,000 from the Board of Physicians (M00A01.06) to the Information Resources Management Administration (M00C01.03).	
Total Reductions	\$ 95,036

Updates

Sunset Review – Evaluation of the State Board of Morticians and Funeral Directors: In October 2007, the Department of Legislative Services (DLS) completed its sunset review of the board, which will support the Senate Education, Health, and Environmental Affairs Committee and the House Health and Government Operations Committee in making their recommendations to the full General Assembly. Absent legislative action in the 2008 session, the board will terminate on July 1, 2008. Along with other recommendations, DLS recommended that the termination date be extended until July 1, 2018.

Sunset Review – Evaluation of the State Board of Professional Counselors and Therapists: In October 2007, DLS completed its sunset review of the board, which will support the Senate Education, Health, and Environmental Affairs Committee and the House Health and Government Operations Committee in making their recommendations to the full General Assembly. Absent legislative action in the 2008 session, the board will terminate on July 1, 2009. DLS recommended that the board receive a sunset extension until July 1, 2019.

Wholesale Distribution Permitting and Prescription Drug Integrity Act Annual Report: In the first annual report on the implementation of the Wholesale Distribution Permitting and Prescription Drug Integrity Act, the Maryland Board of Pharmacy described the tasks accomplished during the first year. The highlights include convening and staffing a Wholesale Distributor workgroup, establishing a *Google Group* to disseminate information, and working to revise COMAR 10.34.22 Licensing of Wholesale Prescription Drug or Device Distributors.

M00A0104 – DHMH – Health Occupation Boards

M00A0104
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 19 boards, including one commission, 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 general, each board has the following goals:

- protect the public by insuring that practicing health professionals are properly credentialed and licensed to provide high quality services to the citizens of Maryland; and
- receive, investigate, and resolve complaints in a timely manner.

Performance Analysis: Managing for Results

Number of Licenses Processed Varies

Exhibit 1 shows the number of licenses and renewal licenses each board processed in fiscal 2007. The total number of licenses issued ranged from 135,458 issued by the Board of Nurses to 119 issued by the Commission on Kidney Disease.

Exhibit 1
Number of Licenses Processed¹
Fiscal 2007

<u>Board/Commission</u>	<u>Licenses Issued</u>	<u>Renewal Licenses Issued</u>	<u>Total Licenses Issued</u>
Nurses ²	5,186	130,272	135,458
Physicians	1,533	12,741	14,274
Dental Examiners	395	7,434	7,829
Social Work	1,021	5,201	6,222
Pharmacy	404	3,659	4,063
Chiropractic Examiners	600	2,300	2,900
Professional Counselors	410	2,382	2,792
Physical Therapy	713	1,411	2,124
Psychology	117	1,148	1,265
Dietetic Practice	109	691	800
Optometry	48	715	763
Morticians	132	470	602
AUD/HAD/SLP	283	190	473
Podiatry	17	443	460
Acupuncture	62	316	378
Nursing Home Administrators	27	239	266
Occupational Therapy	204	0	204
Commission on Kidney Disease	3	116	119

AUD/HAD/SLP: Audiology, Hearing Aid Dispensers, Speech-Language Pathologists

¹ State Board of Residential Child Care Program Administrators began issuing licenses in October 2007 and does not have data at this point.

² Data includes licenses issued for nurses, nursing assistants, medication technicians, and electrologists.

Source: Department of Health and Mental Hygiene

Processing Complaints

Another universal goal among the boards is to complete investigative reports and initial board action on complaints lodged against one of their respective members in a timely manner. Eleven out of the 18 boards, excluding the Board of Residential Child Care Administrators, were able to process complaints in the time frame required. However, the other 7 representing almost 40% of the boards were not able to process complaints in a timely manner. **Exhibit 2** shows the 7 boards that were unable to process all complaints in the targeted time frame. The chart shows the total number of complaints, the percentage of those complaints that were processed according to the internal guideline, and how many complaints were not processed in a timely manner. As the chart demonstrates, each of the boards has drastically different goals for completing complaint investigation. In the case of the Board of Chiropractic Examiners, the board is only required to complete 40% of the investigations in 75 days. For a more complete discussion of the number of complaints pending at each board and the staff dedicated to processing the complaints, refer to the Issues section of this analysis.

Exhibit 2
Complaints Not Processed in a Timely Manner
Fiscal 2007

<u>Board/Commission</u>	<u>Complaints</u>	<u>Goal</u>	<u>2007 Actual</u>	<u>Unresolved Complaints</u>	<u>Unresolved Complaints as a Percent of Total</u>
AUD/HAD/SLP	22	100% in 180 days	72%	6	28%
Chiropractic Examiners	100	40% in 75 days	22%	18	18%
Dental Examiners	253	85% in 180 days	74%	28	11%
Pharmacy	130	85% in 90 days	68%	22	17%
Social Work	114	95% in 190 days	92%	3	3%
Nurses	1,994	80% in 270 days	48%	638	32%
Physicians	1,470	95% in 18 months	63%	470	32%

AUD/HAD/SLP: Audiology, Hearing Aid Dispensers, Speech-Language Pathologists

Source: Department of Health and Mental Hygiene

Impact of Cost Containment

Cost containment actions approved by the Board of Public Works (BPW) reduced the general fund appropriation by \$215 and the special fund appropriation by \$22,851, which resulted in decreased funding for supplies and materials. Spread out across all 19 boards, the decrease did little to affect the efficacy of any of the boards.

Governor’s Proposed Budget

As shown in **Exhibit 3**, the Governor’s proposed allowance for fiscal 2009 represents a \$2.7 million, or 11.0%, increase over the fiscal 2008 working appropriation. General fund support increases by \$20,322, or 6.4%; special fund support increases by \$2.6 million, or 10.8%; and reimbursable fund support increases by \$0.1 million, or 31.3%.

Costs associated with employee and retiree health insurance and Other Post Employment Benefits (OPEB) funding included in the allowance account for \$1.0 million of the total increase. Excluding these costs, the proposed budget increases \$1.7 million.

Exhibit 3
Governor’s Proposed Budget
DHMH – 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>
2008 Working Appropriation	\$317	\$23,830	\$334	\$24,481
2009 Governor’s Allowance	<u>337</u>	<u>26,406</u>	<u>439</u>	<u>27,182</u>
Amount Change	\$20	\$2,576	\$105	\$2,701
Percent Change	6.4%	10.8%	31.3%	11.0%
 Where It Goes:				
Personnel Expenses				\$1,595
Health insurance – reduce long-term Other Post Employment Benefits liability				\$788
New positions (20 full-time equivalents (FTEs))				735
Employee and retiree health insurance – pay-as-you-go costs				273
Increments.....				168
Costs associated with shared positions				115
Turnover adjustments.....				8
Fiscal 2008 Budget Section 45 – one-time hiring freeze savings				2
Other fringe benefit adjustments.....				-5
Abolished positions (9 FTEs)				-489
Physicians				\$284
Three-year information technology project to upgrade the Board of Physicians database system.....				600
Administrative costs levied by the Department of Health and Mental Hygiene.....				-316

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Where It Goes:

Nurses	\$267	
Equipment upgrade and maintenance for the Board’s Imaging System and on-line database.....		141
Additional office and computer equipment for 11 new positions for the Nurses Board.....		92
Administrative costs levied by the Department of Health and Mental Hygiene.....		34
Other Changes	\$555	
Rent – all boards and commissions.....		314
Printing and reproduction services – all boards and commissions		96
Telecommunications expenditures – all boards and commissions		65
Office supplies – all boards and commissions		49
Costs associated with purchase and maintenance of vehicle for the Board of Pharmacy to conduct inspections.....		15
Other		16
Total		\$2,701

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

Personnel

Personnel costs increase \$1.6 million in Exhibit 3, which includes the costs for health insurance and OPEB liability. Excluding those costs, the remaining personnel expenses increase by \$0.5 million over the previous working appropriation.

The boards receive a total of 20 full-time equivalent (FTE) new positions in the fiscal 2009 allowance, accounting for \$0.7 million of the increase in personnel. At the same time, 9 FTE positions are abolished across all of the boards – a decrease of \$0.5 million. **Exhibit 4** shows the distribution of new and abolished positions across the boards.

Five new positions are added to the State Board of Pharmacy to address its new requirement to conduct routine annual pharmacy inspections, previously administered by the Laboratories Administration. The five positions include three health facility surveyors, one pharmacist, and one office secretary.

Program support of the Boards and Commission Program, which provides for joint administrative activities for the smaller boards and commission, receive funding for one new database specialist position. The State Board of Professional Counselors and Therapists and the State Board of Physical Therapy Examiners each receive one new position for an office secretary. The State Board of Dental Examiners receives one new position for a health occupations investigator.

Exhibit 4
Distribution of Position Changes
Fiscal 2008-2009

	<u>Authorized Positions Fiscal 2008</u>	<u>New Positions Fiscal 2009</u>	<u>Abolished Positions Fiscal 2009</u>	<u>Net Change</u>	<u>% Change from Fiscal 2008</u>
Boards and Commissions Program – Shared Administrative Support	4	1	0	1	25.0%
Professional Counselors and Therapists	4	1	0	1	25.0%
Dental Examiners	14	1	0	1	7.1%
Pharmacy	18	5	0	5	27.8%
Physical Therapy Examiners	7	1	0	1	14.3%
Board of Nursing and Nursing Assistants	57	11	4	7	12.3%
Board of Physicians	77	0	5	-5	-6.5%

Source: Department of Health and Mental Hygiene

The State Board of Nursing and Nursing Assistants collectively receive funding for 11 new positions, which were all contractual PIN conversions from fiscal 2008. Although they were technically converted in fiscal 2008, the Department of Budget and Management (DBM) did not release the PINs because of a high vacancy rate at DHMH. Additionally, 4 positions are abolished as part of the PIN reductions made by BPW. All 4 abolished positions are office administrative positions.

The Governor's proposed budget also abolishes five positions at the State Board of Physicians as part of the overall PIN reduction by BPW; two of the abolished positions are social worker positions, and three are information technology positions. The nine positions abolished in the fiscal 2009 allowance were all vacant as of January 1, 2008.

Aside from changes associated with new and abolished PINs, the remaining \$0.3 million in increases are attributed to costs associated with shared positions (\$0.1 million) and other increments and salary adjustments (\$0.2 million).

Operating Expenses

Board of Physicians

The proposed allowance increases by \$0.3 million for the Board of Physicians. Included in the increase is \$0.6 million for a three-year information technology project to upgrade the Board of Physician's database system. The same project was included in the allowance in fiscal 2008 but was deleted by the legislature. The reduction was made so that DHMH could explore the possibility of consolidating administrative processes of all 19 boards and, in particular, creating and maintaining a central database system. According to DHMH, a decision was reached subsequent to the 2007 session, and the Board of Physicians would like to move forward with development of its own information technology system.

There is certainly a need for an upgraded database system for the Board of Physicians, as it estimates that the number of initial and renewal licenses issued will be close to 15,000 annually, many of which will be renewed on-line. Furthermore, special fund revenue collected by the Board of Physicians may be sufficient for the project. However, since the upgrade to the system will cost \$0.6 million each year for three years for a total cost of close to \$2.0 million, the project constitutes a major information technology project. As such, the money should be kept with DHMH Information Resources Management Administration, with oversight by DBM. **The Department of Legislative Services (DLS) recommends that budget language be added to transfer \$600,000 from the Board of Physicians to the Information Resources Management Administration (M00C01.03).**

Administrative costs levied by DHMH decreases by \$0.3 million in the fiscal 2009 allowance and constitute the last portion of the budget change for the Board of Physicians.

Board of Nursing

Costs associated with Board of Nursing including nursing assistants, medication technicians, and electrologists, are rising by \$0.3 million. Of that total, an increase of \$141,200 will be used to upgrade and maintain the board's Imaging System. The Board of Nursing no longer uses microfiche and scans all records into the imaging system. The system is needed in order to continue analysis of workforce data and nursing shortage issues along with other educational properties and statistical reports. The system is also integral to its on-line renewal process. In fiscal 2007, the board renewed 130,272 licenses, roughly 80% to 85% of which were renewed on-line.

An increase of \$0.1 million is targeted for additional office and computer equipment for new positions at the Board of Nursing. Although the board receives funding for 11 contractual conversions from fiscal 2008, it did not receive funding for any new positions in fiscal 2009. Since the personnel under contract are already working with the board, they should not require any additional office or computer equipment. **The Department of Legislative Services (DLS) recommends reducing the budget for the Board of Nursing by \$95,036, in light of the fact that the board receives no additional PINs in fiscal 2009.**

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The remaining increase for the Board of Nursing is \$33,592 in administrative costs levied by DHMH.

Other Boards

The remaining increase is \$0.6 million and represents changes across all 19 boards. Rent for all of the boards increases \$0.3 million. Printing and reproduction services contracted by each of the boards accounts for \$0.1 million of the increase. Examples of printing services include printing and photocopying for licenses, permits, inspection forms, renewal forms, applications, and law books. Communication expenses including postage, telecommunication, and cell phone expenses increase \$65,337 across all of the boards. Costs associated with office supplies increase \$48,874. Costs associated with the purchase and maintenance of a new vehicle for the Board of Pharmacy increases by \$15,473. The Board of Pharmacy will need the new car to perform its requisite inspections each year.

Issues

1. Complaints and Investigations

The Health Occupation Boards continue to face difficulties in responding to complaints in a timely manner. One of the three main responsibilities of each board is to receive and resolve complaints from the public, courts, employers, insurance companies, and other licensees. Eleven out of the 18 boards that received and processed complaints in fiscal 2007 are able to complete the investigation of the complaints in the time frame required.¹ As shown in Exhibit 2, however, the other seven are not able to process complaints according to the internally assigned timeframe.

Targeted Timeframe to Complete Complaint Investigation

As noted earlier in the analysis, the boards have very different goals for receiving and investigating complaints that arise. The goals range from a low target of 40% of complaints investigated to 100% of complaints investigated. Furthermore, the number of days expected to complete the investigations also varies from board to board. **Exhibit 5** shows the variation in the targets for investigating complaints at each board. As the chart illustrates, there is very little uniformity or consensus as to how many complaints can be investigated and the time frame for that investigation.

¹ The Board of Residential Child Care Administrators is not included as they had yet to begin receiving complaints in fiscal 2007.

Exhibit 5
Target Goals for Investigation of Complaints

<u>Board/Commission</u>	<u>Target Goal</u>
Acupuncture	100% in 180 days
*AUD/HAD/SLP	100% in 180 days
*Chiropractic Examiners	40% in 75 days
*Dental Examiners	85% in 180 days
Dietetic Practice	100% in 180 days
Kidney Disease	100% in 180 days
Morticians	100% in 90 days
*Nurses	80% in 270 days
Nursing Home Administrators	100% in 195 days
Occupational Therapists	100% in 180 days
Optometry	100% in 180 days
*Pharmacy	85% in 90 days
Physical Therapy Examiners	100% in 120 days
*Physicians	95% in 18 months
Podiatric	98% in 180 days
Professional Counselors and Therapists	100% in 180 days
Psychologists	100% in 75 days
*Social Work	95% in 190 days

AUD/HAD/SLP: Audiology, Hearing Aid Dispensers, Speech-Language Pathologists

*Did not meet processing target in fiscal 2007.

Source: Department of Health and Mental Hygiene

Investigators Per Board

One of the contributing factors associated with the inability of all of the boards to complete investigations is a lack of sufficient investigator positions and an inability to fill those positions. There are a total of 36 FTE investigator positions for the boards, but nearly half of those are employed by the Board of Physicians. The distribution of investigator positions is shown in **Exhibit 6**. In the case of smaller boards, investigators are shared across a number of boards.

As Exhibit 6 illustrates, the number of investigations undertaken by each investigators varies but is as high as 284 per investigator at the Board of Nursing. Besides the addition of five new staff members at the Board of Pharmacy needed to fulfill the new requirements of inspections, only one other new investigator position was added in fiscal 2009. The position is designated for the State Board of Dental examiners.

Exhibit 6
Investigators and Workload Per Board
Fiscal 2007

<u>Board/Commission</u>	<u>Investigator Positions</u>	<u>Complaints Investigated</u>
Physicians	16.5	1,470
Nurses	7.0	1,994
Chiropractic	2.0	100
Dental	2.0	253
Physical Therapy Examiners	2.0	186
Acupuncture	1.0	6
AUD/HAD/SLP	Shares with Acupuncture	22
Optometry	Shares with Acupuncture	119
Podiatry	Shares with Acupuncture	128
Kidney Disease	1.0	34
Morticians	1.0	42
Pharmacy	1.0	130
Psychologists	1.0	54
Social Work	1.0	114
Professional Counselors	Shares with Social Work	40
Occupational Therapy	0.5	7
Nursing Home Administrators	Shares with Occupational Therapy	59
Residential Child Care Administrators	0.0	n/a
Dietetic Practice	0.0	3

AUD/HAD/SLP: Audiology, Hearing Aid Dispensers, Speech-Language Pathologists

Source: Department of Health and Mental Hygiene

Failure to investigate all complaints in a timely manner has been an ongoing problem for the boards and has been noted in numerous sunset reports for a variety of boards in recent years. In fact, a recommendation made by DLS in the sunset review of the Board of Professional Counselors and Therapists in October 2007 calls for the board to establish a systematic method for tracking complaints and disciplinary cases to more efficiently and effectively resolve the complaints that arise. Unfortunately, this problem is a recurring theme for all boards.

DLS recommends that the agency comment on how it can improve its complaint and investigation system in each of the boards and commission, including a discussion on recruitment barriers for investigative positions and opportunities for pooling investigative services.

Recommended Actions

	<u>Amount Reduction</u>
1. Decrease funding for additional office and computer equipment associated with additional positions since new positions for the State Board of Nursing were contractual conversions.	\$ 95,036 SF
2. Add the following language to the special fund appropriation: <u>, provided that \$600,000 of this appropriation, to be used for an information technology project for the State Board of Physicians, shall be transferred to the Information Resources Management Administration (M00C01.03). The project shall be designated as a Major Information Technology Development Project and be overseen in accordance with the State Finance and Procurement Article Section 3-410.1.</u>	
Explanation: The project constitutes a Major Information Technology Project and, as such, the funds should be appropriated to the Information Resources Management Administration for proper oversight.	
Total Special Fund Reductions	\$ 95,036

Updates

1. Sunset Review – Evaluation of the State Board of Morticians and Funeral Directors

In October 2007, DLS completed its sunset review and recommended that the board's termination date be extended for 10 years to July 1, 2018. Absent legislative action in the 2008 session, the board is currently set to terminate on July 1, 2008. Along with the recommendation to extend the termination date, DLS also offered 10 other recommendations to improve the operation of the board, including addressing the vacancy rate on the board and implementing a process for issuing new corporate licenses for funeral homes.

The first two recommendations of DLS revolve around apprenticeship requirements and new licensure opportunities for funeral directors offered by Chapter 186 of 2007. DLS recommended that apprentices be required to complete 2,000 working hours in order to qualify for licensure as an apprentice, an increase over the 1,000 hours now required. DLS also recommended that the board report on the outcome of reopening the funeral director license and the effect on enrollment in funeral director programs, applications for apprentice licenses, and the number of funeral director licenses issues.

The third and fourth recommendations concern logistical strategies for issuing new corporate licenses for funeral homes. On October 17, 2007, in the case of *Brown, et al v. Hovatter, et al.*, a U.S. District Court ruled that the board may not enforce the provisions of the Maryland Morticians Act that restrict new corporate ownership of funeral homes. DLS recommended that if this decision is not appealed or is upheld upon appeal, the board must implement a process for issuing new corporation licenses. Specifically, DLS called the board to (1) draft emergency regulations regarding the issuance of new corporation licenses; (2) develop and distribute application forms for new applicants; (3) issue new corporation licenses to qualified applicants; and (4) draft an Administration bill amending the statute to implement the order of the court.

The fifth and sixth recommendations address the structural efficiency of the board. DLS recommended that the board work with DHMH to ensure vacant positions are filled. Currently, the board is 2 members shy of a full 12-member board. In addition, the board's fund balance exceeds DHMH target of 25% of costs. DLS recommends that the board evaluate its ongoing revenues and expenditures, including the appropriate level for corporation license fees in order to come up with a plan to reduce the fund balance to only 25% of operating costs.

The next two recommendations deal with consumer advocacy and protection. DLS recommended that statute be amended to require a disclosure statement in each preneed contract that clearly states that all funeral costs may not be covered under the preneed contract. In addition, DLS recommended that the board develop a consumer pamphlet that may be used to educate family members upon the death of a loved one who has a preneed contract about the items covered under the contract and those that are not.

The last two recommendations concern the inspection and certification of crematories. DLS further recommended that any certification programs should include a component on environmental safety, incinerator operation and safety, and applicable State laws and regulations.

2. Sunset Review – Evaluation of the State Board of Professional Counselors and Therapists

In October 2007, DLS completed its evaluation of the State Board of Professional Counselors and Therapists and recommended that the board’s termination date be extended by 10 years to July 1, 2019. Without legislative action, the board will terminate on July 1, 2009.

Along with the recommendation to extend the termination date, DLS also made a number of recommendations to improve the board’s administrative operations. Since its creation in 1994, the board’s regulatory authority and composition have been expanded to include professional counselors, marriage and family therapists, and alcohol and drug counselors. As a result, the regulatory structure is unnecessarily complex. DLS recommended that the regulations be revised to clarify and simplify the certification and licensing requirements. DLS also recommended expansion of the board from 9 to 11 members to relieve workload pressures associated with the increased number of licensed and certified professionals in Maryland. In addition to expansion, DLS recommended that the board be reorganized to accurately reflect the number of working professionals in each field. According to the recommendations, the 11-member board would be divided up as follows: 4 professional counselors, 3 alcohol and drug counselors, 2 marriage and family therapists, and 2 consumer members. Lastly, DLS recommended that the board establish a systematic method for tracking complaints and disciplinary cases.

3. Wholesale Distribution Permitting and Prescription Drug Integrity Act Annual Report

Chapter 352 of 2007 imposes additional requirements for persons applying to be licensed to distribute prescription drugs or devices into Maryland. It further requires a pedigree, or history of the distribution chain, for prescription drugs distributed in Maryland. In order to implement this law, the State Board of Pharmacy is required to adopt regulations on implementation and to convene a workgroup to study issues surrounding track and trace pedigree technology. The Board of Pharmacy submitted the first annual report on December 14, 2007, describing the tasks accomplished during the first year, which include convening and staffing a workgroup in order to revise current Maryland regulations and to study pedigree tracking for prescription drugs. The board also established a *Google Group* to disseminate information.

Introduction and Implementation of Regulations

The board chaired and staffed the workgroup of wholesale distributor stakeholders in order to review the existing Maryland regulations, COMAR 10.34.22.01 - .09 Licensing of Wholesale Prescription Drug or Device Distributors, as well as similar existing regulations from various states that have enacted similar legislation. The workgroup also reviewed regulations received from the National Association of Boards of Pharmacy and the Pharmaceutical Research and Manufacturers of America. The workgroup recommendations on regulatory reform were submitted and approved by the Board of Pharmacy with minor revisions. The proposed regulations are currently going through the regulatory review process at DHMH.

Workgroup Track and Trace Survey Progress

Chapter 352 also required the workgroup to study the availability of electronic track and trace pedigree technology across the entire pharmaceutical supply chain, to determine when such technology will be universally available, and to make recommendations to the Board of Pharmacy for a target date for implementation of the track and trace technology. During the workgroup meetings, experts in the field were invited to make presentations aimed at educating the workgroup members concerning different electronic technology that tracks the history of the distribution of particular drugs. Based on the presentations made, the workgroup plans to formulate survey questions regarding the availability of the track and trace technology and conduct the survey starting in early 2008.

Full implementation of the law is anticipated during 2008 and a recommended target date for electronic track and trace technology is expected to follow in 2009.

Current and Prior Year Budgets

Current and Prior Year Budgets DHMH – 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 2007					
Legislative Appropriation	\$238	\$22,608	\$0	\$344	\$23,190
Deficiency Appropriation	0	207	0	0	207
Budget Amendments	-18	235	0	0	217
Reversions and Cancellations	0	-2,125	0	-3	-2,128
Actual Expenditures	\$220	\$20,924	\$0	\$341	\$21,485
Fiscal 2008					
Legislative Appropriation	\$203	\$23,460	\$0	\$334	\$23,998
Cost Containment	0	-23	0	0	-23
Budget Amendments	114	393	0	0	507
Working Appropriation	\$317	\$23,830	\$0	\$334	\$24,481

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

Fiscal 2007

In fiscal 2007, the budget for the Health Occupations Board closed out at \$21.5 million, \$1.7 million less than the original legislative appropriation.

General fund appropriations decreased by a total of \$17,764 based on the following: a fiscal 2007 cost-of-living adjustment (COLA) increase of \$2,461; an increase of \$1,792 to realign health insurance appropriations within DHMH; and a decrease of \$22,017 to realign general fund appropriation so that the surplus in the budget of the Boards and Commissions can be used to offset deficits in other DHMH program areas.

Special fund appropriation was increased by \$206,705 in deficiency appropriation and \$234,538 in budget amendments to account for the fiscal 2007 COLA for salaries, wages, and fringe benefits.

A total of \$2.1 million was cancelled in special funds from the budget of the Health Occupations Board due to excessive funds in travel, salaries and fringe benefits, and contractual services.

Fiscal 2008

Cost containment actions approved by BPW reduced the general fund appropriation by \$215 and the special fund appropriation by \$22,851, which resulted in decreased funding for supplies and materials.

Fiscal 2008 COLA increased the general fund appropriation by \$2,483. Additionally, \$111,400 in general fund appropriation was transferred from DHMH's Laboratory Services Administration to the Board of Residential Child Care Administrators, consistent with budget bill language. The Board of Residential Child Care Administrators is one of two boards that require general funds to operate.

The special fund was also increased \$234,662 for fiscal 2007 COLA changes across all 19 Health Occupation Boards and \$158,106 in order to add 4.2 FTE positions to conduct pharmacy inspections.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	228.00	231.30	242.30	11.00	4.8%
02 Contractual	32.46	7.95	4.25	-3.70	-46.5%
Total Positions	260.46	239.25	246.55	7.30	3.1%
Objects					
01 Salaries and Wages	\$ 13,080,498	\$ 15,199,367	\$ 16,794,670	\$ 1,595,303	10.5%
02 Technical and Spec. Fees	1,556,320	1,240,014	1,282,784	42,770	3.4%
03 Communication	672,406	678,114	743,451	65,337	9.6%
04 Travel	303,602	528,360	528,808	448	0.1%
07 Motor Vehicles	1,448	2,484	17,957	15,473	622.9%
08 Contractual Services	4,404,689	5,397,235	5,812,354	415,119	7.7%
09 Supplies and Materials	247,135	185,146	234,020	48,874	26.4%
10 Equip. – Replacement	30,426	15,790	21,280	5,490	34.8%
11 Equip. – Additional	221,327	199,694	399,659	199,965	100.1%
12 Grants, Subsidies, and Contributions	0	25,000	25,000	0	0%
13 Fixed Charges	967,538	1,009,936	1,321,738	311,802	30.9%
Total Objects	\$ 21,485,389	\$ 24,481,140	\$ 27,181,721	\$ 2,700,581	11.0%
Funds					
01 General Fund	\$ 220,265	\$ 316,911	\$ 337,233	\$ 20,322	6.4%
03 Special Fund	20,924,357	23,830,020	26,405,770	2,575,750	10.8%
09 Reimbursable Fund	340,767	334,209	438,718	104,509	31.3%
Total Funds	\$ 21,485,389	\$ 24,481,140	\$ 27,181,721	\$ 2,700,581	11.0%

Note: The fiscal 2008 appropriation does not include deficiencies.

Fiscal Summary
DHMH – Health Occupation Boards

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08 - FY09 % Change</u>
04 Health Professionals Boards and Commissions	\$ 9,431,282	\$ 10,196,307	\$ 11,763,769	\$ 1,567,462	15.4%
05 Board of Nursing	5,186,925	6,010,580	6,578,966	568,386	9.5%
06 Board of Physician Quality Assurance	6,867,182	8,274,253	8,838,986	564,733	6.8%
Total Expenditures	\$ 21,485,389	\$ 24,481,140	\$ 27,181,721	\$ 2,700,581	11.0%
General Fund	\$ 220,265	\$ 316,911	\$ 337,233	\$ 20,322	6.4%
Special Fund	20,924,357	23,830,020	26,405,770	2,575,750	10.8%
Total Appropriations	\$ 21,144,622	\$ 24,146,931	\$ 26,743,003	\$ 2,596,072	10.8%
Reimbursable Fund	\$ 340,767	\$ 334,209	\$ 438,718	\$ 104,509	31.3%
Total Funds	\$ 21,485,389	\$ 24,481,140	\$ 27,181,721	\$ 2,700,581	11.0%

Note: The fiscal 2008 appropriation does not include deficiencies.