

M00B0104
Health Occupation Boards
 Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$296	\$323	\$335	\$12	3.6%
Contingent & Back of Bill Reductions	0	0	-7	-7	
Adjusted General Fund	\$296	\$323	\$328	\$5	1.6%
Special Fund	23,170	26,169	27,409	1,240	4.7%
Contingent & Back of Bill Reductions	0	0	-456	-456	
Adjusted Special Fund	\$23,170	\$26,169	\$26,953	\$784	3.0%
Reimbursable Fund	374	455	466	11	2.4%
Contingent & Back of Bill Reductions	0	0	-13	-13	
Adjusted Reimbursable Fund	\$374	\$455	\$453	-\$2	-0.4%
Adjusted Grand Total	\$23,841	\$26,947	\$27,734	\$787	2.9%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board budget reductions. The actual allocations are to be developed by the Administration.

- The fiscal 2011 allowance is \$787,000 greater than the working appropriation after accounting for Back of the Bill reductions.
- The boards collect special funds through licensing fees. Special funds grow by 3% due mainly to the replacement in one-time reductions taken by the Board of Public Works in fiscal 2010.

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

For further information contact: Erin M. Dorrien

Phone: (410) 946-5530

Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	245.80	247.30	254.10	6.80
Contractual FTEs	<u>7.23</u>	<u>6.05</u>	<u>7.92</u>	<u>1.87</u>
Total Personnel	253.03	253.35	262.02	8.67

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	9.22	3.63%
Positions and Percentage Vacant as of 12/31/09	15.50	6.27%

- The fiscal 2011 allowance includes 6.8 additional regular positions.
- The Board of Nursing received 4.0 additional positions for the increasing workload.
- Six boards received additional or increases to part-time contractual positions.

Analysis in Brief

Major Trends

All Boards Are Able to Meet Processing Goals for Licenses: In fiscal 2009, all of the boards met their goals for processing licenses in a timely manner. The total number of licenses issued in fiscal 2009 ranges from 100,895 by the Board of Nursing to 23 by the Podiatry Board.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Limited Voluntary Adherence to the Recommendations from the Task Force on Discipline of Health Care Professionals: The Task Force on Discipline of Health Care Professionals and Improved Patient Care was created in accordance with Chapter 212 of 2008. Legislation to make the recommendations of the task force mandatory failed during the 2009 legislative session. The Dental Board is voluntarily adhering to some of the recommendations.

Sunset Report on the Board of Dental Examiners: The Department of Legislative Services (DLS) completed a Sunset Evaluation during 2009. DLS made 22 specific recommendations.

Preliminary Sunset Reports for Five Health Boards: Five of the health occupation boards underwent a preliminary sunset evaluation. These include Podiatric Examiners, Nursing Home Examiners, Chiropractic Examiners, Optometry, and Physical Therapy Examiners.

M00B0104 – DHMH – Health Occupation Boards

M00B0104
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 1 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:

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

Performance Analysis: Managing for Results

The first goal of the boards is to protect the public by ensuring that licensees are properly credentialed. Each board has different procedures for issuing initial and renewal licenses. Some renew every two years, while others stagger renewals so they are completed at a continual pace throughout the year. **Exhibit 1** shows the number of initial and renewal licenses processed by each board in fiscal 2008 and 2009. The total number of licenses issued in fiscal 2009 ranges from 100,895 by the Board of Nursing to 23 by the Podiatry Board.

The boards have different target goals for processing licenses in a timely manner. The goals range from 100% of licenses issued within 2 days of receipt of request to 100% of licenses issued within 30 days. All boards met their respective targets in fiscal 2009 for issuing licenses in a timely manner.

The second main goal of the boards is to protect the public and promote the delivery of quality health care by receiving and resolving complaints lodged against licensees in a timely manner. Four of the 19 boards were not able to process complaints according to their respective target timeframes, as shown in **Exhibit 2**. The chart shows the total number of complaints, the goals that the boards have for timely complaint resolution, and the percentage of complaints that were actually processed according to their goals.

Exhibit 1
Licenses Processed
Fiscal 2008-2009

<u>Board/Commission</u>	<u>2008</u>	<u>2009</u>
Nurses	98,655	100,895
Physicians	17,096	25,191
Social Work	5,746	5,585
Pharmacy	4,193	4,243
Dentistry	4,078	4,078
Physical Therapy	3,157	3,190
Professional Counselors and Therapists	1,966	3,083
Psychology	1,283	1,266
Chiropractic	1,287	1,150
AUD/HAD/SLP*	2,793	928
Dietetic Practice	722	754
Optometry	87	696
Morticians and Funeral Directors	957	570
Acupuncture	470	404
Nursing Home Administrators	282	261
Occupational Therapy*	3,105	247
Residential Child Care Administrators	88	222
Kidney Disease	115	128
Podiatry*	472	23

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

*Board of Occupational Therapists and Board of AUD/HAD/SLP renew every two years.

Source: Department of Health and Mental Hygiene

Exhibit 2
Complaints Processed in a Timely Manner
Fiscal 2009

<u>Board/Commission</u>	<u>Complaints Investigated</u>	<u>Goal</u>	<u>Actual 2009</u>
AUD/HAD/SLP	20	100% in 180 days	79%
Chiropractic	110	100% in 180 days	67%
Dental Examiners	220	85% in 180 days	74%
Social Work	135	95% in 190 days	92%

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

Source: Department of Health and Mental Hygiene

Fiscal 2010 Actions

Impact of Cost Containment

The boards participated in the statewide furlough plan; however, because they are special funded, the salary savings will be realized from a fund balance transfer. In order to facilitate the transfer, the Budget Reconciliation and Financing Act (BRFA) of 2010 contains language authorizing the transfer of special funds in fiscal 2010 from each of the boards to the general fund. The total furlough savings is \$531,053.

The Board of Public Works (BPW) further reduced the boards in November 2009 for various operating expenses including printing, postage, travel, software maintenance, and special projects. The total reduction to the boards was \$695,515. Of this total, \$200,610 was reduced from the Board of Nursing and \$255,700 from the Board of Physicians. Again, special funds are transferred to the general fund in an action requiring legislation, the BRFA of 2010. **Exhibit 3** shows the exact amount of fund balance transfer from each of the boards in fiscal 2010.

Exhibit 3
Cost Containment Transfer
Fiscal 2010

<u>Board/Commission</u>	<u>General Fund Transfer</u>
Physicians	\$527,619
Nurses	305,549
Pharmacy	98,544
Dentistry	73,530
Social Work	52,097
Chiropractic	36,128
Psychology	23,718
Professional Counselors and Therapists	22,013
Physical Therapy	17,567
AUD/HAD/SLP	13,698
Occupational Therapy	11,923
Optometry	9,837
Acupuncture	9,666
Morticians and Funeral Directors	9,566
Podiatry	7,283
Kidney Disease	4,092
Dietetic Practice	3,738
Total	\$1,226,568

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

Source: Department of Health and Mental Hygiene

Proposed Budget

As seen in **Exhibit 4**, the fiscal 2011 allowance is \$27.7 million, \$787,000 more than the fiscal 2010 working appropriation. Since the boards are almost completely funded with special funds, with the exception of the State Board of Nursing Home Administrators and the State Board of Residential Childcare Administrators. The special fund increases totals \$784,000 and general funds increase \$5,000. Reimbursable funds decrease by \$2,000.

Exhibit 4
Proposed Budget
DHMH – Health Occupation Boards
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Reimb. Fund	Total
2010 Working Appropriation	\$323	\$26,169	\$455	\$26,947
2011 Allowance	<u>335</u>	<u>27,409</u>	<u>466</u>	<u>28,209</u>
Amount Change	\$12	\$1,240	\$11	\$1,262
Percent Change	3.6%	4.7%	2.4%	4.7%
 Contingent Reductions	 -\$7	 -\$456	 -\$13	 -\$475
Adjusted Change	\$5	\$784	-\$2	\$787
Adjusted Percent Change	1.6%	3.0%	-0.4%	2.9%

Where It Goes:

Personnel Expenses

New positions	\$290
Salary changes including Section 18	38
Health insurance including Section 19	-144
Employees retirement system	205
Turnover adjustments.....	-101
Workers' compensation including Sections 21 and 23	-12
Other fringe benefit adjustments.....	1

Other Changes

Contractual services including software maintenance, advertising costs, printing, and equipment repairs.....	291
Board of Pharmacy grant	25
Contractual employee expenses	85
Funding for communications including postage and cell phone expenditures	84
Other adjustments	25

Total **\$787**

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

Impact of Cost Containment

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers’ settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers’ Insurance Fund cost savings. Section 35 of the BRFA authorizes this transfer to the general fund of any special fund furlough savings.

The BRFA also proposes \$1.3 million in fund balance transfers from four boards in fiscal 2011. This includes \$1.0 million from the Board of Physicians, \$200,000 from the Pharmacy Board, and \$50,000 from the Board of Examiners of Psychologists and the State Board of Professional Counselors and Therapists. The impacts of these transfers are shown on **Exhibit 5**. Section 28 of the BRFA also authorizes the transfer of any interest earned in special fund accounts to the general fund. **Appendix 5** shows the cumulative effects of the fiscal 2010 and 2011 transfers on the fund balances of the boards.

Exhibit 5 Impact of Fiscal 2011 Fund Balance Transfers

	<u>Physicians</u>	<u>Pharmacy</u>	<u>Psychology</u>	<u>Professional Counselors</u>
Fiscal 2010 Beginning Balance	\$5,590,521	\$926,215	\$334,432	\$431,216
Income	8,503,185	2,304,055	589,999	500,000
Expenditures	-8,802,361	-2,229,749	-624,319	-578,711
Transfers to the General Fund (Scholarship Funding)	-1,020,382			
BRFA Transfer (Furlough Savings)	-\$527,619	-\$98,544	-\$23,718	-\$22,013
Fiscal 2010 Ending Balance	3,743,344	901,977	276,394	330,492
Fund Balance as a % of Expenditures	42.5%	40.5%	44.3%	57.1%
Fiscal 2011 Beginning Balance	\$3,743,344	\$901,977	\$276,394	\$330,492
Income	9,235,685	2,592,035	587,999	500,000
Expenditures	-8,799,514	-2,581,348	-634,637	-608,716
Transfers to the General Fund (Scholarship Funding)	-1,083,282			
BRFA Transfer	-\$1,000,000	-\$200,000	-\$50,000	-\$50,000
Fiscal 2011 Ending Balance	2,096,233	712,664	179,756	171,776
Fund Balance as a % of Expenditures	23.8%	27.6%	28.3%	28.2%

BRFA: Budget Reconciliation and Financing Act

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

Personnel

The fiscal 2011 allowance includes 6.8 additional regular positions. The Dental Board added an administrative specialist and the Board of Social Workers added an additional social worker position to review and evaluate new licenses. Both positions were added for increased workload. The Kidney Disease Commission added a part-time (0.5) program manager position to manage the daily operations of the commission. The Acupuncture Board increased the part-time program manager position from 0.5 to 0.8.

The Board of Nursing received 4 additional positions for the increasing workload of the board. The positions include an administrative specialist to coordinate criminal background checks, an additional health facility surveyor to investigate complaints, a paralegal to provide administrative support to the boards' legal department, and an additional investigator to handle the high volume of complaints received each year.

Five boards received part-time contractual positions. This included the Board of Professional Counselors (0.5), the Occupational Therapy Board (0.3), the Board of Psychologists (0.5), the Board of Social Workers (0.5) and the Kidney Disease Commission (0.3). Three out of 5 of these positions will assist in the administrative functioning of the boards. The Occupational Therapy Board and the Kidney Disease Commission positions will investigate complaints. The Board of Physicians increased a part-time administrative contractual position by 0.04.

Other Changes

Much of the increase to other operating expenses restores one-time reductions taken during the fiscal 2010 cost containment. These include restoration to contractual services including software maintenance, advertising and printing costs, and office equipment repairs (\$290,939). Also, replacement of funding for postage and communications expenses (\$84,194) and the restoration of a grant program provided by the State Board of Pharmacy eliminated for fiscal 2010 (\$25,000).

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Limited Voluntary Adherence to the Recommendations from the Task Force on Discipline of Health Care Professionals

The Task Force on Discipline of Health Care Professionals and Improved Patient Care was created in accordance with Chapter 212 of 2008. The task force was created to study and issue recommendations relating to Maryland's 18 health occupations boards. Specifically, the task force examined board disciplinary procedures, the organizational structure of the boards and their relationship to DHMH, and the complaint and investigation process of the boards.

In studying these issues, the task force focused its deliberations on four main areas: (1) fairness (in both process and outcome of disciplinary actions); (2) timeliness of board action; (3) communication between boards, respondents, complainants, and the public; and (4) reliable data collection for various board actions. Within these focus areas, the task force explored the current board practices in Maryland as well as board practices in other states.

Findings and Recommendations

- **Statute of Limitations:** Absent unusual circumstances, boards should not charge based solely on events that occurred more than six years before the initiating complaint. The six-year time limit would not apply to cases involving criminal convictions, sexual abuse, reciprocal discipline matters, and ongoing substance abuse.
- **Peer Review:** In standard of care cases where peer review is conducted, licensees under investigation should be given the opportunity to review the preliminary written report and the opportunity to respond to questions or concerns expressed by the peer reviewer prior to the finalization of the report.
- **Sanctioning Guidelines:** Each board should adopt specific sanctioning guidelines that will be applied to that board to increase uniformity in board sanctions for similar infractions. All guidelines should conform to a general framework or incorporate a common set of elements across all 18 boards.
- **Board Resources:** Boards should be able to use their own financial resources to hire staff needed within State personnel guidelines.
- **Collecting Racial and Ethnic Data:** All boards should collect racial and ethnic information on a mandatory basis as part of their licensing application process. The collection of racial data was one of the main reasons for the creation of the task force, due to allegations of the Dental Board that sanctions were not uniformly imposed on licensees with respect to race or ethnicity. By collecting race data, fairness in licensure and disciplinary process could be

M00B0104 – DHMH – Health Occupation Boards

verified. Research performed by the task force showed that collecting race and ethnicity data is allowed by federal and State law.

- **Other Timeliness Issues:** As a rule, a board should complete its investigation and vote on whether or not to issue charges within 18 months of the date a complaint is filed. After the board has voted to charge, absent good cause, charges should be issued no later than 90 days after the decision has been made. The hearing shall be set no earlier than 90 days from the date the charges are served on the licensee, except at the request of the licensee. Lastly, absent good cause, the board should render its decision within 90 days of the later of the receipt of the opinion from the Office of Administrative Hearings, or the final day of any hearing before the board. According to the boards' Managing for Results submission, each board did render decisions in less than 90 days after receipt of the opinion.
- **Data Collection:** Boards should collect data relating to the age of cases at various stages of the disciplinary process which should be incorporated into StateStat whenever possible.
- **Communication with Complainants and Respondents:** With the exception of the Board of Physicians and the Board of Nursing, each board should adopt the following timelines and guidelines for communication with complainants and respondents:
 - complainant and respondent should be notified of the receipt of a complaint within 7 days of the receipt of that complaint;
 - a status update should be sent to the respondent and the complainant within 90 days of the receipt of the complaint; and
 - after disposition, a final notification letter should be sent to the complainant and the respondent within 7 days of completion of the case.
- **Public Information:** The data on disciplinary actions recorded through StateStat should be made available through each board's web site. Additionally, the boards and the DHMH Public Information Office should be encouraged to utilize various methods of communication including flyers, public notices of board meetings, televised board meetings, and outreach to the public through speakers to groups and organizations.

Legislation to make the recommendations of the task force mandatory failed during the 2009 legislative session. The Dental Board has begun collecting ethnic information on all renewal applications as suggested by the task force. The Dental Board is also in the process of developing uniform sanctioning guidelines. At this time, these are the only voluntary actions taken by the boards to implement the recommendations.

2. Sunset Report on the Board of Dental Examiners

The Department of Legislative Services (DLS), pursuant to the Maryland Program Evaluation Act, evaluated the State Board of Dental Examiners (BDE), which is scheduled to terminate July 1, 2011. DLS found that there is continued need for regulation of the dental industry by the State but identified areas in which the board could strengthen its authority and improve its services to dental professionals. DLS made 22 specific recommendations.

- Statute should be amended to allow the entire nomination process to be conducted electronically.
- BDE should amend regulations on the recusal policy to include the dental compliance officer.
- Statute should be amended to clarify that the Dental Hygienist Well-being Committee provides assistance to dental radiation technologists and dental assistants in addition to dental hygienists.
- Statute should be amended to remove the term “rehabilitation” and replace it with “well-being” to make it consistent with regulations and practice.
- BDE staff should carry out all final actions taken by the board.
- The board should institute a policy that all letters of education and advisory letters be completed within 30 to 45 days following the board’s final vote.
- The prosecuting Office of the Attorney General should send a representative to serve as an advisor in all Discipline Review Committee Meetings.
- Statute should be amended to include the failure to comply with an investigation of BDE as grounds for discipline of dentist and dental hygienists.
- The board should consider ways to secure expert witnesses more efficiently.
- The board should meet its obligation to adopt new, specified regulations for the rules of procedure for the disciplinary process, collect race and ethnicity information on all licensees during the application process, and meet the law’s data manipulation requirements.
- After other administrative issues are addressed, the board should explore the costs and benefits of switching to a rolling year-round renewal cycle for licenses and certificates.
- Board staff should ensure that the data entered into License 2000 is accurate and it matches what is recorded in the paper file.

M00B0104 – DHMH – Health Occupation Boards

- Board staff should ensure that hard copy files have consistent organizational structure to ensure that key documents can be located.
- The executive director should institute a policy for regular staff performance evaluations for all staff members.
- The executive director should institute a policy to cross train staff members, and board staff should develop procedure manuals that explain the responsibilities of each unit and the steps needed to accomplish each responsibility.
- The executive director should reassess the current distribution of staff to determine if the proper balance exists between the functions of the office.
- BDE staff should upload a list of public orders to the web site at least quarterly.
- Board staff should ensure that all forms are updated regularly.
- BDE staff should publish the newsletter at least twice a year.
- The board should continue to reduce its fund balance to a more reasonable level.
- The board should consult with the administrators of the License 2000 system to determine whether the system can be upgraded to perform specified tasks described in the report.
- Legislation should be enacted to extend the termination date for the board by 10 years to July 1, 2021. Senate Bill 325/House Bill 501 would extend the termination date and are under consideration in the 2010 session.

3. Preliminary Sunset Reports for Five Health Boards

Five of the health occupation boards underwent a preliminary sunset evaluation. These include Podiatric Examiners, Nursing Home Examiners, Chiropractic Examiners, Optometry, and Physical Therapy Examiners.

For the Board of Podiatric Examiners, DLS recommended that the board submit a follow-up report by October 1, 2010. This report should include final fiscal 2010 revenues and expenditures, projected licensing trends, and projected revenues and expenditures for fiscal 2011. DLS also recommended the decision on whether to waive the board from full evaluation be deferred until the required report is submitted.

The preliminary evaluation of the State Board of Physical Therapy Examiners included recommendations waving the full evaluation and enacting legislation to extend the board's

M00B0104 – DHMH – Health Occupation Boards

termination date by 10 years to July 1, 2022. DLS also recommended the board submit a follow-up report on fund balances, the practice of physical therapy by chiropractors and other operating issues by October 1, 2011. Senate Bill 146/House Bill 131 would extend the termination date and are under consideration in the 2010 session.

DLS also completed a preliminary evaluation of the State Board of Examiners in Optometry. Recommendations included waiving the board from full evaluation and enacting legislation to extend the termination date by 10 years to July 1, 2023. The board was requested to submit a follow-up report by October 1, 2011, on actions the board has taken to monitor the declining new licenses, track developments in the scope of practice for optometry, a review of future revenue and expenditures, and implementation of a biennial license renewal cycle. Senate Bill 145/House Bill 132 would extend the termination date and are under consideration in the 2010 session.

The recommendations in the preliminary evaluation of the State Board of Examiners of Nursing Home Administrators included waiving the board from full evaluation and extending the termination date four years to July 1, 2017. The evaluation also requested a report by October 2, 2011, outlining a plan to improve timeliness of disciplinary process, a plan to improve communication between the board and the Department of Aging's Long-term Care Ombudsman program, a review of trends in licensing, implementation of an online renewal process, the implementation of a database to track deficiency survey reports, and other operating functions. Senate Bill 144/House Bill 137 would extend the termination date and are under consideration in the 2010 session.

The last preliminary evaluation completed by DLS was the evaluation for the State Board of Chiropractic and Massage Therapy Examiners. The recommendations in the report included waiving the board from full evaluation and extending the termination date by 10 years to July 1, 2022. The evaluation also recommended that the board submit a report by October 1, 2010, detailing the fiscal 2009 financial activities and measures taken in fiscal 2010 to decrease any fund balances. Also, the recommendations included a report, to be submitted by October 1, 2011, on the progress in maintaining a more appropriate fund balance. Senate Bill 104/House Bill 135 would extend the termination date and are under consideration in the 2010 session.

Current and Prior Year Budgets

Current and Prior Year Budgets
DHMH – Health Occupations Boards
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2009					
Legislative Appropriation	\$331	\$25,328	\$0	\$439	\$26,098
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	9	312	0	0	321
Cost Containment	-44	-302	0	0	-346
Reversions and Cancellations	0	-2,168	0	-64	-2,232
Actual Expenditures	\$296	\$23,170	\$0	\$375	\$23,841
Fiscal 2010					
Legislative Appropriation	\$331	\$27,254	\$0	\$455	\$28,040
Cost Containment	-8	-1,085	0	0	-1,093
Budget Amendments	0	0	0	0	0
Working Appropriation	\$323	\$26,169	\$0	\$455	\$26,947

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

Fiscal 2009

The budget for the Health Professionals Boards and Commission (boards) closed at \$23.8 million in fiscal 2009, a decrease of \$2.3 million below the original legislative appropriation. The boards are primarily funded with special funds from licensing and regulatory fees, with the exception of the State Board of Examiners of Nursing Home Administrators and the State Board of Residential Child Care Administrators which are both funded with general funds.

Budget amendments over the course of fiscal 2009 increased the budget of the boards by approximately \$0.3 million. The amendments include a cost-of-living increase (\$251,712 in special funds and \$3,889 in general funds), an annual salary review adjustment for investigator positions at the boards (\$59,746 in special funds), and an increase in funds to cover health insurance costs at the boards (\$5,460 in special funds).

Cost containment actions by BPW reduced the budget by approximately \$0.3 million. Actions approved by BPW in June and October 2008, account for a \$30,056 decrease in general funds and a \$103,851 decrease in special funds for personnel reductions. Actions approved by BPW in March 2009, instituted a statewide furlough reduction for State employees. This action reduced the budget of the boards by \$198,187 in special funds and \$13,325 in general funds.

Finally, at the end of 2009, \$2.2 million in special fund appropriation and \$64,000 in reimbursable funds were cancelled due to reduced expenditure by the boards. Part of that reduced expenditure is attributable to salary savings based on frozen positions as well as a conscious effort on the part of the boards to reduce their discretionary spending. It should be noted that \$3.7 million in special fund balances was transferred to the general fund by the BRFA of 2009.

Fiscal 2010

The fiscal 2010 allowance is \$1.1 million less than the legislative appropriation. This reduction is due to the boards participation in the statewide furlough and other reductions taken by BPW during cost containment to reduce overall State spending.

Audit Findings

Audit Period for Last Audit:	June 1, 2005 – January 31, 2008
Issue Date:	January 2009
Number of Findings:	8
Number of Repeat Findings:	2
% of Repeat Findings:	25%
Rating: (if applicable)	

Finding 1: Certain boards had not established adequate control and accountability over collections and professional licenses.

Finding 2: DHMH had not consolidated certain fiscal and license recordkeeping functions of the boards and commission and had not provided adequate oversight in these areas.

Finding 3: The board did not have sufficient procedures to verify that physicians had obtained the required continuing medical education and did not withhold renewal licenses from physicians who had failed to complete educational requirements.

Finding 4: Controls over the licensing database were not adequate.

Finding 5: The board had not established adequate procedures to ensure that the license status recorded for nurses on its online licensing system was accurate.

Finding 6: Access controls over the licensing database and critical database activity monitoring were not adequate.

Finding 7: The board had not obtained an annual independent audit of the online license renewal system maintained by an independent contractor.

Finding 8: The board did not register and approve pharmacy technicians within the timeframe specified by State law.

*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	245.80	247.30	254.10	6.80	2.7%
02 Contractual	7.23	6.05	7.92	1.87	30.9%
Total Positions	253.03	253.35	262.02	8.67	3.4%
Objects					
01 Salaries and Wages	\$ 15,773,703	\$ 16,998,469	\$ 18,308,487	\$ 1,310,018	7.7%
02 Technical and Spec. Fees	1,020,454	1,360,946	1,403,296	42,350	3.1%
03 Communication	691,849	651,303	662,718	11,415	1.8%
04 Travel	364,426	596,872	367,241	-229,631	-38.5%
07 Motor Vehicles	13,648	5,052	58,229	53,177	1052.6%
08 Contractual Services	4,124,180	5,490,213	5,471,332	-18,881	-0.3%
09 Supplies and Materials	301,060	246,483	259,050	12,567	5.1%
10 Equipment – Replacement	26,925	12,280	34,398	22,118	180.1%
11 Equipment – Additional	246,775	168,904	194,607	25,703	15.2%
12 Grants, Subsidies, and Contributions	0	25,000	25,000	0	0%
13 Fixed Charges	1,277,670	1,391,490	1,425,058	33,568	2.4%
Total Objects	\$ 23,840,690	\$ 26,947,012	\$ 28,209,416	\$ 1,262,404	4.7%
Funds					
01 General Fund	\$ 296,351	\$ 322,809	\$ 334,551	\$ 11,742	3.6%
03 Special Fund	23,170,005	26,168,955	27,408,915	1,239,960	4.7%
09 Reimbursable Fund	374,334	455,248	465,950	10,702	2.4%
Total Funds	\$ 23,840,690	\$ 26,947,012	\$ 28,209,416	\$ 1,262,404	4.7%

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
DHMH – Health Occupation Boards**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
04 Health Professional Boards and Commission	\$ 11,007,036	\$ 11,764,944	\$ 12,471,910	\$ 706,966	6.0%
05 Board of Nursing	5,713,611	6,635,407	7,135,953	500,546	7.5%
06 Maryland Board of Physicians	7,120,043	8,546,661	8,601,553	54,892	0.6%
Total Expenditures	\$ 23,840,690	\$ 26,947,012	\$ 28,209,416	\$ 1,262,404	4.7%
General Fund	\$ 296,351	\$ 322,809	\$ 334,551	\$ 11,742	3.6%
Special Fund	23,170,005	26,168,955	27,408,915	1,239,960	4.7%
Total Appropriations	\$ 23,466,356	\$ 26,491,764	\$ 27,743,466	\$ 1,251,702	4.7%
Reimbursable Fund	\$ 374,334	\$ 455,248	\$ 465,950	\$ 10,702	2.4%
Total Funds	\$ 23,840,690	\$ 26,947,012	\$ 28,209,416	\$ 1,262,404	4.7%

Note: The fiscal 2010 appropriation does not include deficiencies.

Impact of Fiscal 2010 and 2011 Fund Balance Transfers

	<u>Board of Physicians</u>	<u>Board of Nursing</u>	<u>Board of Pharmacy</u>	<u>Dental Board</u>	<u>Board of Social Workers</u>	<u>Chiropractic</u>	<u>Psychologists</u>
Fiscal 2010 Beginning Balance	\$5,590,521	\$1,884,048	\$926,215	\$942,102	\$197,221	\$517,268	\$334,432
Income	8,503,185	6,582,800	2,304,055	1,665,640	1,252,100	690,000	589,999
Expenditures	-8,802,361	-6,635,407	-2,229,749	1,998,516	1,253,939	-887,048	-624,319
Transfers to the General Fund	-1,020,382						
BRFA Transfer (Furlough Savings)	-\$527,619	-\$305,549	-\$98,544	-\$73,530	-\$52,097	-\$36,128	-\$23,718
Fiscal 2010 Ending Balance	3,743,344	1,525,892	901,977	535,696	143,285	284,092	276,394
Fund Balance as a %	42.5%	23.0%	40.5%	26.8%	11.4%	32.0%	44.3%
Fiscal 2011 Beginning Balance	3,743,344	1,525,892	901,977	535,696	143,285	284,092	276,394
Income	9,235,685	7,321,000	2,592,035	1,728,420	1,305,600	850,000	587,999
Expenditures	-8,799,514	-7,135,953	-2,581,348	2,108,919	1,359,805	-906,398	-634,637
Transfers to the General Fund	-1,083,282						
BRFA Transfer	-\$1,000,000		\$200,000				-\$50,000
Fiscal 2011 Ending Balance	2,096,233	1,710,939	1,112,664	155,197	89,080	227,694	179,756
Fund Balance as a %	23.8%	24.0%	43.1%	7.4%	6.6%	25.1%	28.3%

Impact of Fiscal 2010 and 2011 Fund Balance Transfers

	<u>Professional Counselors</u>	<u>PT</u>	<u>Audiologist</u>	<u>OT</u>	<u>Optometry</u>	<u>Acupuncture</u>	<u>Morticians</u>	<u>Podiatric</u>	<u>Kidney Disease</u>	<u>Dietetic</u>
Fiscal 2010 Beginning Balance	\$431,216	\$485,972	\$357,768	\$282,871	\$233,394	\$17,720	\$81,691	\$59,916	\$69,887	\$0
Income	500,000	850,000	373,500	220,000	100,000	239,000	600,000	365,000	154,567	197,400
Expenditures	-578,711	-932,726	-365,446	-432,805	-254,986	-206,068	-495,059	-312,956	-128,839	-197,352
Transfers to the General Fund										
BRFA Transfer (Furlough Savings)	-\$22,013	-\$17,567	-\$13,698	-\$11,923	-\$9,837	-\$9,666	-\$9,566	-\$7,283	-\$4,092	-\$3,738
Fiscal 2010 Ending Balance	330,492	385,679	352,124	58,143	68,571	40,986	177,066	104,677	91,523	-3,690
Fund Balance as a %	57.1%	41.3%	96.4%	13.4%	26.9%	19.9%	35.8%	33.4%	71.0%	1.9%
Fiscal 2011 Beginning Balance	330,492	385,679	352,124	58,143	68,571	40,986	177,066	104,677	91,523	-3,690
Income	500,000	900,000	90,000	550,000	420,000	241,000	385,000	325,000	141,721	200,000
Expenditures	-608,716	-981,299	-344,178	-478,518	-260,453	-235,851	-470,403	-332,665	-169,558	-198,661
Transfers to the General Fund										
BRFA Transfer	-\$50,000									
Fiscal 2011 Ending Balance	171,776	304,380	97,946	129,625	228,118	46,135	91,663	97,012	63,686	-2,351
Fund Balance as a %	28.2%	31.0%	28.5%	27.1%	87.6%	19.6%	19.5%	29.2%	37.6%	-1.2%

OT: Occupational Therapy
PT: Physical Therapy

Source: Department of Health and Mental Hygiene