

STATEMENT OF NEED AND REASONABLENESS  
RULE REGARDING FEES

5600.2500 ANNUAL REGISTRATION FEES

~~THE ANNUAL REGISTRATION FEE REFERRED TO IN MINNESOTA STATUTES, SECTION 146.13 IS HEREBY FIXED AT THE SUM OF \$20.~~ THE FEES CHARGED BY THE BOARD ARE FIXED AT THE FOLLOWING RATES:

<u>EXAMINATION FEE</u>	<u>\$300.00</u>
<u>APPLICATION FEE</u>	<u>100.00</u>
<u>PHYSICIAN ANNUAL REGISTRATION</u>	<u>40.00</u>
<u>OSTEOPATH ANNUAL REGISTRATION</u>	<u>40.00</u>
<u>TEMPORARY GRADUATE TRAINING PERMIT</u>	<u>15.00</u>
<u>CERTIFICATION TO OTHER STATES</u>	<u>10.00</u>
<u>TEMPORARY LICENSES</u>	<u>40.00</u>

The board proposes this new rule change in the fees which the board charges. The current rule covers the annual renewal fee, however, it is necessary for the board to access several other fees in order to cover costs. These are fees which have been in place, but have not been specified in rule. It was the concern of the board that the subject fees should be explicitly covered in the rules, so that all people involved with medical licensure will know what expenses will be incurred.

The fees listed in the proposed rule are changes already accessed by the board, with the exception of the examination fee (increased from \$125 to \$300) and the annual registration fees (increased from \$20 to \$40 per year). These two fees need to be increased to cover the board expenses, the attached request for a fee increase to the Commissioner of Finance explains the need in greater detail. The increase has been approved by the Commissioner of Finance, and the approval has also been attached.

## Office Memorandum

DEPARTMENT BOARD OF MEDICAL EXAMINERS

TO : Allen A. Yozamp, Director  
Budget Operations and Support  
Department of Finance

DATE: June 21, 1985

FROM : Jack Wallace  
Assistant Executive Secretary

PHONE: 623-5534

SUBJECT: Fee increase for the FLEX Examination, taken as a means of becoming licensed to practice medicine in Minnesota.

The Minnesota Board of Medical Examiners administers the FLEX (Federation Licensing Examination) as a means of meeting the requirements for licensure to practice medicine in Minnesota. The test is distributed by the Federation of State Medical Boards in the United States. This is one of the examinations which the medical board recognizes for the purpose of obtaining a medical license. The test is administered by the medical board twice a year. The applicants who take the test under the board are usually graduates of foreign medical schools or from states which don't recognize one of the board's approved examinations.

Effective for 1985, the Federation of State Medical Boards has revised the FLEX Examination. As a part of this revision they will also increase their fees from \$75 to \$240. Because of the uniqueness, quality, and availability of this examination, the board feels that it must continue to offer this examination, despite the drastic increase in cost. To compensate for this increase the board proposes to increase the fee charged to the applicants taking the FLEX examination from \$125 to \$300.

A copy of the notice from the Federation of State Medical Boards of the United States, of the increased cost of the new test has been enclosed. In order to approve this fee increase, it is my understanding that you must have an approximate breakdown on the costs involved with the fee. The following estimates are based upon an estimate that there will be 70 applicants taking this examination per year. The number will be subject to fluctuations, but over the last several years, this has been a rough approximation.

COST ITEMCOST

Test fee charged by the National Board of Medical Examiners (The NBME will charge \$240 for each applicant taking the examination, which is multiplied by the seventy that are estimated to be taking the examination on an annual basis).

\$16,800.00

Work by clerical personnel, figured at ninety-six hours for a Clerk/Typist II at the upper range of the pay scale. (Consists of answering questions from possible applicants, receiving and reviewing applications to take the examination, corresponding to the NBME regarding the examination, making arrangements for the examination, proctoring the examination and corresponding to the NBME and the applicants after the examination.)

811.20

COST ITEMCOST

Postage figured at one hundred regular letters and one heavier rate insured, all first class.	25.00
Paper, envelopes and other office supplies.	9.10
Long distance phone calls, figured at twelve calls, WATTS line calls during business hours.	15.20
Xeroxing, figured at six copies per applicant.	21.00
Work by executive secretary, figured at fifty-six hours for the executive secretary. (Consists of dealing with the more difficult problems of the clerical personnel and serving as head proctor for the examination.)	1,078.00
Work by part-time proctors, figured at having two proctors working nine hours per day (six days per year) at \$6.50 per hour.	702.00
Rental of space for holding the examination. (Based upon the coverage in recent years.)	1,500.00

To summarize, the costs are as follows:

Test Fee	\$16,800.00
Clerical Salary	811.20
Postage	25.00
Office Supplies	9.10
Phone Calls	15.20
Xeroxing	21.00
Executive Secretary Salary	1,078.00
Proctors' Salary	702.00
Space Rental	1,500.00
	<u>\$20,961.00</u> ✓

In order to finance the increased cost of this examination the board proposed to increase the fee charged to those applicants taking the examination from \$125 to \$300. Estimating that 70 applicants will take the examination, this will produce \$21,000 in revenue. This will offset the cost of \$20,946.50, which it will cost the board to administer the FLEX Examination.

The Board of Medical Examiners realizes that this is a drastic increase in the fee to take the examination. However, the increase is almost completely caused by the increase fee charged to the board for the examinations. The board feels that it is necessary to continue to offer this examination as a route towards medical licensure, and the fee increase is necessary in order to finance the examinations. The board urges that the Department of Finance approves this fee adjustment.

cc: David Weinfurtner  
Arthur Poore

BOARD OF MEDICAL EXAMINERS

Proposed Fees to Cover F.Y. 86

Anticipated Expenditures

<u>Type of Service</u>	<u>Quantity</u>	<u>Proposed Fee</u>	<u>Proposed Income</u>
Physician Annual Registration	14,500	\$ 20	\$290,000
Physician Application by Examination Fee	70	300	21,000
Physician Application by Endorsement Fee	800	100	80,000
Physician Temporary Graduate Training Permit	9	15	135
Physician Certification to Other States	180	10	1,800
Physician Temporary Licenses	220	40	8,800
Physician Emeritus Registration	10	5	50
Osteopathic Annual Registration	12	20	240
Physical Therapy Annual Registration	2200	5	11,000
Physical Therapy Application by Examination Fee	190	100	19,000
Physical Therapy Application by Endorsement Fee	160	15	2,400
Medical Corporation Initial Registration	60	100	6,000
Medical Corporation Renewal Registration	750	25	18,750
Physician Assistant Initial Registration	150	100	15,000
Physician Assistant Annual Registration	150	20	3,000
Physician-Physician Assistant Agreement Registration Fee	110	25	2,750
Physician/Osteopath/Physician Assistant Duplicate Registrations	50	5	250
Student Loans	variable	variable	<u>4,000</u>
			<u>\$484,175</u>
F.Y. 86 Appropriations	\$463,500		
Anticipated Indirect Cost for Statewide Services	6,440		
Anticipated Minnesota Department of Health General Support Costs	<u>4,761</u>		
	<u>\$474,701</u>		
F.Y. 86 Balance	9,474		



## Office Memorandum

DEPARTMENT BOARD OF MEDICAL EXAMINERS

TO : Allen Yozamp, Director  
Budget Operations and Support  
Department of Finance

DATE: June 27, 1985

FROM : Jack Wallace JW  
Assistant Executive Director

PHONE: 623-5534

SUBJECT: Fee increase for the annual relicensure of physicians

Senate file 1130 has passed both houses and has been signed by the governor as Chapter 247. This statute greatly revises Chapter 147, the legislation which gives the Board of Medical Examiners the authority to regulate the medical profession and to protect the public from unethical or incompetent practices of medicine. The changes in this chapter will greatly expand the responsibilities and workload placed upon the board.

According to M.S. 16A.128 fixed fees assessed by a state agency must approximate the cost of agencies expenses. Currently, the amount of revenue generated by fees assessed by the Board of Medical Examiners approximates the cost of running the medical board. However, with the new requirements placed upon the board by Chapter 247, new sources of revenue will need to be created.

It is the intent of the medical board to produce these revenues by increasing the annual relicensure fee for physicians. The current cost of relicensure is twenty dollars per year.

In reviewing the various fees which the other state medical boards charge compared to Minnesota, the relicensure fee is relatively low. An increase in the relicensure fee would be the fairest way to increase revenues and would help to put Minnesota fees in line with the other state fees. A summary of what other states charge for the renewal of medical license is located in the appendix.

The anticipated expenses which the board will have to incur are as projected below. Following the detailed description, a line item budget will be provided.

Payroll costs. Costs for hiring new professionals and clerical personnel in order to fulfill the requirements placed upon the board by S.F. 1130. To handle and process the additional disciplinary cases which will be generated under the new law, a new assistant executive director and a clerical secretary will be hired. In addition a second new clerical secretary will be hired, who will do clerical work for the other assistant executive director and any other clerical work created by the new legislation not covered by the new discipline secretary. The cost of \$70,000 is figured at \$28,500 for a Health Program Representative Intermediate (the new assistant executive secretary) and \$21,400 for each of the Clerk/Typist II's. These estimates include benefits.	\$71,300
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Office space rental. The Minnesota Department of Health has given notice to the Minnesota Board of Medical Examiners of eviction. Although the Medical Board has been given some leeway in regards to finding a new space, the board will soon be required to incur the cost of a new location. The board is currently housed in 1751 square feet of space and is charged eight dollars per square foot (\$68,031 year). In seeking a new place the board is seeking an additional 1300 square feet of space. Five hundred feet will be for office space, to alleviate current crowded conditions and provide space for the newly proposed employees listed above. The remaining 800 square feet will be for a conference room for meetings and public announcements. Rent will be more expensive than it was when we originally rented from the Health Department, the board is currently estimating \$14.00 per square foot. The cost breaks down as follows:

\$28,706

a) Current usage of 1751 square feet x \$6.00 additional cost	\$10,506
b) Space for new personnel 500 square feet x \$14.000	7,000
c) Conference room 800 square feet x \$14.00	<u>11,200</u>
	<u>\$28,706</u>

Moving costs. With the notice of eviction by the Health Department, the board will be required to incur the cost of moving to a new office. The cost of moving has been estimated at seven thousand dollars, based upon a board discussion on the costs of moving. This figure is only approximate and is subject to great fluctuation depending on the location and type of office that the board moves into.

\$ 7,000

Hiring of an outside consultant. One of the major problems facing the medical board is the problem of border medical schools, schools located in Caribbean nations which do not have medical school credentialling authorities and therefore are not subject to regulation through the board's foreign graduate requirements. To resolve this problem, the board intends to establish its own evaluation program for the border medical schools and hire an expert in medical school curriculum and credentialling to review these schools. The consultant will be hired at \$100 an hour for no more than 300 hours.

\$30,000

Increases in telephone/postage. This increase reflects costs associated with the new personnel activities.

\$ 2,800

Increases in in-state travel. New activities done by the newly hired and already existing personnel will result in an increase of in-state travel of \$2,000. \$ 2,000

Increase in out-state travel. \$20,000

- 1) The consultant hired to evaluate the border medical schools will need to make on-site visits to many of the border medical schools. These schools will be asked to provide the travel costs of the consultant. However, to insure that the job will be done, the board will provide \$10,000 of the traveling expenses.
- 2) The calculation of expenses for board and staff members to attend the annual meeting of the Federation of State Medical Boards was originally based upon meetings held in Chicago. Federation meetings are no longer held in Chicago, but are held in different sites throughout the nation. An additional \$10,000 represents a more accurate reflection of actual costs associated with attending National Board meetings.

Printing and office supplies. Additional office supplies will be required for the additional staff and the new responsibilities placed upon the existing staff. Seven hundred dollars is requested for this purpose. An additional \$3,800 represents the cost for printing a pamphlet for consumers: "Your Rights, How to File a Complaint". \$ 4,500

Office equipment. \$27,000

- 1) Three Desks/Chairs (reflects needs of new personnel). \$1,000
- 2) Two Typewriters (reflects needs of new personnel). \$4,000
- 3) Copy machine rental. The medical board currently shares a 1976 Xerox 4500 with the other nine health licensing boards. The machine is old, overworked, and under constant maintenance. In the time period of February, March and April of 1985, \$1201 was required for repairs. This would average out to about one breakdown per week. Much of the problem is due to overuse, in the same three month period 102,251 copies were made (213 per working hour). In that the medical board requires an average of 10,000 copies per month, a copy machine of its own is justified and would alleviate the workload on the existing machine. The \$8,000 represents the cost of renting a three year old Xerox machine near the capability of a Xerox 4500. \$8,000

4. Microfilm equipment. \$14,000. The board \$14,000 is initiating microfilming as a means of retaining older records. This is a means of saving office space and is a reflection of difficulties associated with obtaining file cabinets. The \$14,000 represents the cost of a printer/reader, storage cabinet, training, labor and maintenance.

Legal costs. It is estimated that the new legislation and the pamphlet on how to make a complaint, will generate a large increase in complaints. This in turn will create an increased demand for the work of the attorney general's office. The attorney general assigns cases to his staff and assesses each state agency based on the total workload. It is estimated that the increased workload will necessitate an additional one-half special assistant attorney general (\$21,200), one-half investigator (\$14,100), and one-half secretary (\$10,525). An additional \$20,000 has been allocated for expenses for hearings and investigations.

\$65,825

SUMMARY

Payroll Costs	\$71,300
Health program Rep-Int (\$28,500)	
2 Clerk Typist II (\$42,800)	
Office Space Rental	28,706
Moving Costs	7,000
Consultant Fees	30,000
Telephone/Postage	2,800
In-state Travel	2,000
Out-state Travel	20,000
Printing and Office Supplies	4,500
✓ Office Suppleis (\$700)	
Pamphlet (\$3,800)	
Office Equipment	27,000
Desks/Chairs (\$1,000)	
Two Typewriters (\$4,000)	
Copy Machine Rental (\$8,000)	
Microfilm Equipment (\$14,000)	
Legal Costs	65,825
	<u>\$259,131</u>

As a means of funding this increase, the board proposes to increase the fee for the annual renewal of licensure from \$20 to \$40. With approximately 14,500 physicians seeking renewal each year, this will provide \$290,000 of extra revenue, which will offset the cost of Chapter 247 and the board's overall costs.

cc: Arthur Poore  
Richard Tompkins, M.D.  
David Weinfurtner



BOARD OF MEDICAL EXAMINERS

Proposed Fees to Cover F.Y. 86

Anticipated Expenditures

Source

<u>Type of Service</u>	<u>Quantity</u>	<u>Proposed Fee</u>	<u>Proposed Income</u>
Physician Annual Registration	14,500	\$ 40	\$480,000
Physician Application by Examination Fee	70	300	21,000
Physician Application by Endorsement	800	100	80,000
Physician Temporary Graduate Training Permit	9	15	135
Physician Certification to Other States	180	10	1,800
Physician Temporary License	220	40	8,800
Physician Emeritus Registration	10	5	50
Osteopathic Annual Registration	12	40	480
Physical Therapy Annual Registration	2,200	5	11,000
Physical Therapy Application by Examination Fee	190	100	19,000
Physical Therapy Application by Endorsement Fee	160	15	2,400
Medical Corporation Initial Registration	60	100	1,600
Medical Corporation Renewal Registration	750	25	18,750
Physician Assistant Initial Registration	150	100	15,000
Physician Assistant Annual Registration	150	20	3,000
Physician-Physician Assistant Agreement Registration Fee	110	25	2,750
Physician/Osteopath/ Physician Assistant Duplicate Registrations	50	5	250
Student Loans	variable	variable	<u>4,000</u>
			<u>\$774,415</u>
F.Y. 86 Appropriations	\$463,500		
Cost of Expenditures Necessitated by Chapter 247	259,131		
Anticipated Indirect Cost of Statewide Services	6,440		
Anticipated Minnesota Department of Health General Support Costs	<u>4,761</u>		
	<u>\$733,832</u>		
F.Y. 86 Balance	40,583		

APPENDIX

Relicensure fees in other States

Note: States with the type fee crossed out, and with different figures next to the original fee, represent a revised fee. States with a new figure in parenthesis next to the original fee, represent a proposed new fee.

TABLE 14  
STATES REQUIRING LICENSE  
REREGISTRATION BY REGISTRATION  
INTERVAL AND FEE

State	Registration Interval (years)	Fee
Alabama	1	\$ 50
Alaska	4	600
Arizona	1	100 (135)
Arkansas	1	<del>15</del> 25
California	2	200 <sup>a</sup>
Colorado	2	<del>95</del> 78
Connecticut	1	160
Delaware	2	30
District of Columbia	2	120
Florida	2	50
Georgia	2	50
Guam	2	40
Hawaii	2	150
Idaho	1	75
Illinois	2	40
Indiana	2	40
Iowa	2	100
Kansas	1	50 (75)
Kentucky	1	65
Louisiana	1	<del>25</del> 50
Maine	2	75
Maryland	2	50
Massachusetts	2	100
Michigan	3	120
Minnesota	1	20
Mississippi	1	40
Missouri	1	30
Montana	1	35 <sup>h</sup>
Nebraska	1	20
Nevada	1	75
New Hampshire	1	50
New Jersey	2	80
New Mexico	1	30
New York	3	<del>120</del> (130)
North Carolina	2	25
North Dakota	1	40 (60)
Ohio	2	100
Oklahoma	1	50
Oregon	1	85 <sup>i</sup>
Pennsylvania	2	0
Puerto Rico	3	50
Rhode Island	1	50
South Carolina	1	60
South Dakota	1	50
Tennessee	1	35
Texas	1	36
Utah	2	<del>50</del> 40
Vermont	1	50
Virgin Islands	1	100
Virginia	2	50 (80)
Washington	1	60
West Virginia	2	25 (50)
Wisconsin	2	35
Wyoming	1	<del>20</del> 40

<sup>a</sup> Fee is \$100 for resident. <sup>b</sup> Endorsement fee \$75. <sup>c</sup> Cost of exam will be equal to the board's cost of purchasing the exam from FSMB with an additional administrative cost of \$75. <sup>d</sup> Plus \$130 licensure fee; (\$230 NJ). <sup>e</sup> Plus cost of FLEX and oral exam. <sup>f</sup> Plus cost of oral exam. <sup>g</sup> Fee is higher for graduate of foreign medical school. (MD add \$20 and MT add \$80 to examination fees listed above.)  
<sup>h</sup> Active, \$5 inactive. <sup>i</sup> Plus cost of FLEX. <sup>j</sup> Active, \$45 inactive out-of-state.

DEPARTMENT : of Finance

STATE OF MINNESOTA

# Office Memorandum

PHONE : 296-5188

DATE : July 18, 1985

TO : Jack Wallace, Assistant Executive Secretary  
Board of Medical Examiners



FROM : Allen A. Yozamp, Director  
Budget Operations and Support

SUBJECT : Fee Increase for the Flex Examination  
Fee Increase for the Annual Relicensure  
of Physicians

These fee increases are approved to become effective after the necessary rule making procedures have been completed.

The increase for the Flex examination fee from \$125 to \$300 is necessary since the Federation of State Medical Boards increased the fee for the examination from \$75 to \$240.

The increase from \$20 to \$40 for the annual relicensure of physicians is approved because of new requirements placed upon the board by Chapter 247.

BO/BN/SC/133