

STATE OF MINNESOTA
COUNTY OF RAMSEY



BEFORE THE MINNESOTA
BOARD OF MEDICAL EXAMINERS

In the Matter of Proposed
Amendments to Rules Relating
to Fees, Minn. Rule part
5600.2500

STATEMENT OF NEED FOR AND
FACTS ESTABLISHING
REASONABLENESS OF AMENDMENTS

Pursuant to Minnesota Statute §14.23 (1984), the Minnesota Board of Medical Examiners (hereinafter "Board") hereby affirmatively presents the need for and facts establishing the reasonableness of proposed amendments to Minnesota Rules, part 5600.2500, relating to fees.

In order to adopt the proposed amendments, the Board must demonstrate that it has complied with all procedural and substantive requirements for rulemaking. These requirements are as follows: 1) there is statutory authority to adopt the rules; 2) the rules are needed; 3) the rules are reasonable; 4) all necessary procedural steps have been taken; and 5) any additional requirements imposed by law have been satisfied. This Statement demonstrates that the Board has met these requirements.

1. STATUTORY AUTHORITY

The statutory authority of the Board to adopt these rules is as follows:

Minnesota Statutes, §§ 147.01, 147.02, 147.03, 147.037, 148.705, 148.73 (1984), authorize the Board to promulgate licensure fees and other rules necessary to administer sections 147.01 to 147.151 and 148.65 to 148.78.

Minnesota Statutes, §§ 16A.128 (Supp. 1985) and 214.06 (1984), require the Board to adjust any fee which the Board is empowered to assess a sufficient amount so that the total fees collected will as closely as possible equal equal anticipated expenditures, including support costs and statewide indirect costs attributable to the fee function.

2. STATEMENT OF NEED

The Board has reviewed its anticipated expenditures for 1988 and found that if its revenue is derived from existing fees, the Board's expenditures would exceed revenue by more than \$848,000. Thus, the Board would not be in compliance with Minnesota Statutes, §§ 16A.128 and 214.06. Therefore, the need for the Board to adjust its fees is so that the Board can comply with the statute.

3. STATEMENT OF REASONABLENESS

Board expenditures are rising for a number of reasons. In 1985, the Medical Practices Act (Chapter 147) was amended to substantially increase the Board's statutorily mandated activities in licensing of physicians. The largest increase in cost resulting from these changes is in the area of enforcement actions involving physicians who violate the Medical Practices Act. In addition to increased numbers of consumer complaints against physicians, reports required to be submitted by medical organizations, insurers and individual licensed health professionals have resulted in substantially increased legal and enforcement activities. The investigation and discipline of problem physicians, and physicians with problems, has a direct cost impact on Board staffing, space requirements, specialist consultation, administrative hearings and data processing requirements.

Two changes in the Minnesota Medical Practices Act enacted in 1985 account for a dramatic increase in complaint, report and discipline activity.

M.S. 147.111 requires all medical institutions and societies and all licensed health care professionals to report to the Board any knowledge of any breach of the grounds for disciplinary action specified in M.S. 147.021, Subd. 1. It further requires institutions and societies to report any internal discipline, sanction or reductions in privileges which they impose on a physician. Reports of this type now account for approximately twelve percent of the Board's

discipline case load. The number of such reports is expected to increase as this portion of the law becomes better known in the health care industry.

M.S. 147.02, Subd. 6, also accounts for a portion of the increased activity. This section requires the Board to publish all disciplinary actions. This has dramatically increased the visibility of the Board to the general public. As a result, the number of consumer complaints has risen.

Recent changes in federal laws and regulations are also affecting the Board. Beginning in November 1987, the Board will receive reports from other states concerning malpractice judgements and settlements against Minnesota-licensed physicians, as well as any change in hospital privileges affecting Minnesota-licensed physicians. The Board will also receive increased reports from Minnesota hospitals and insurance carriers and will be required to transmit those reports to the federal government, as well as taking action in this state. Because of these changes, the Board expects to receive approximately 150 additional complaints and reports annually. Most of these complaints will involve competency issues, which are much more complex and much more expensive to investigate and prosecute.

Because of the sharp increase in complaint load, the amount of staff work for pre-disciplinary case preparation has also risen sharply. In addition, there has been an increase in staff work required to follow-up and monitor disciplinary orders. In order to enable the Board to cope with increasing needs and pressures, the 1987 legislature authorized increase in the Board's staff component from 13 to 17. Three of the new positions will be in the discipline area.

During FY 1987, approximately 800 new license applications were received. The Board anticipates processing approximately the same number during FY 1988. In additions, the Board anticipates receiving approximately 150 applications

for registration from physical therapists. Staff processing of each application requires approximately two hours per application. Activities include verification of all education and work experience, searching national data bases for licensure and discipline histories in other states, preparing application documentation for review by the Licensure Committee, Physical Therapy Advisory Council and full Board, and investigating and verifying any adverse legal information concerning malpractice suits and disciplinary actions in other jurisdiction. Total staff and Board time per application averages nearly three hours for physical therapists and six hours for physicians. A new staff position, approved by the legislature this year, will provide an Assistant Director who will oversee all license application processing and investigation.

Physical therapist applications are processed and investigated by Board staff, and reviewed by the Physical Therapy Advisory Council. Total direct staff costs, plus office space and indirect costs for physical therapy licensing, annual renewal, discipline and Advisory Council activities, including testing, are approximately \$65,000 per year, an amount which must be covered by application, testing and renewal fees.

Costs directly related to the testing of physician licensure applicants are paid to the Federation of State Medical Boards. Recent changes in national standards allow the physician examination to be given in one sitting or in two separate parts. The Board's fee for the full exam will remain the same. Since Part I and Part II may now be taken separately, new fees are required. The proposed fees include the amount charged to the Board by the Federation, plus administrative costs for processing the application and administering the examination. The fee for Part I will be \$250, the fee for Part II will be \$300. The fee for the total examination will be unchanged.

The Board applied to the Legislature in 1987 for an increased appropriation

and staff authorization to carry out statutorily mandated activities. The Governor and the Legislature approved an appropriation of \$1,323,100 for F.Y. 88 and \$1,353,000 for F.Y. 89. In addition, authorization was obtained for four new staff positions. Two professional and one clerical will be in the area of physician discipline, and one professional position will be licensure investigation and verification.

For the foregoing reasons, the fee increases being sought are wholly reasonable. See also Attachments 1 and 2 which detail current and proposed fees, plus estimated receipts. Attachment 3 is the Biennial Budget Request Detail and Justification, which was approved by the legislature when the appropriation was adopted as requested.

4. COMPLIANCE WITH PROCEDURAL RULEMAKING REQUIREMENTS

Minnesota Statutes §§ 14.05-14.12 and 14.22-14.28, specify certain procedures which must be followed when an agency adopts or amends rules. Procedures applicable to all rules, Minnesota Statutes §§ 14.05-14.12, have been complied with by the Board as noted below. Because Board fees are fixed by rule rather than by statute, the procedures for adoption of non-controversial rules in sections 14.22 to 14.28 are being used, except that no public hearing is presently planned and need not be held unless 20 percent of those affected by the proposed amendments make a timely written request for a hearing. See Minnesota Statute §16A.128, Subd. 2a.

The adoption of these rules will not require the expenditure of public money by local public bodies, nor do the rules have any impact on agricultural land. Minnesota Statute §14.11. The adoption of these rules could have a negligible effect on small businesses as discussed below. See Minnesota Statutes §14.115.

Pursuant to Minnesota Statutes, §14.23, the Board has prepared this Statement

of Need and Reasonableness which is available to the public. The Board will publish a notice of Intent To Amend The Rules Without a Public Hearing in the State Register and mail copies of the notice and proposed amendments to persons registered with the Minnesota Board of Medical Examiners pursuant to Minnesota Statutes, §14.14, Subd. 1a. The notice will include the following information: a) that the public has thirty days in which to submit comments on the proposed amendments and giving information pertaining to the manner in which persons may comment; b) that no public hearing will be held pursuant to Minnesota Statutes §16A.128, Subd. 2a, unless 20 percent of those affected request a hearing in writing within the 30 day comment period; c) that the rule may be modified if modifications are supported by data and the view submitted; and d) that notice of the date of submission of the proposed amendments to the Attorney General for review will be mailed to any persons requesting to receive the notice, and giving information on how to request the notice.

5. ADDITIONAL REQUIREMENTS

Approval of the Commissioner of Finance. Pursuant to Minnesota Statutes §16A.128, Subd. 1, if a fee adjustment is required to be fixed by rule, the Commissioner of Finance must approve the adjustment and the Commissioner's approval must be in the Statement of Need and Reasonableness. The Commissioner's approval of the proposed amendments to part 5600.2500 is contained in the attached document.

Small Business Considerations. In preparing to propose these amendments, the Board considered the methods for reducing the impact of the amendments on small businesses as set forth in Minnesota Statutes, §14.115, Subd. 2 (1984). The Board noted that the suggested methods for reducing the the impact on the rules on small businesses concern compliance and reporting requirements and performance standards. Since the proposed amendments merely raise fees charged

by the Board to individual licensees, there would appear to be no impact or significant effect on small businesses.

Dated: June 2, 1987

STATE OF MINNESOTA
BOARD OF MEDICAL EXAMINERS



David M. Ziegenhagen
Executive Director

ATTACHMENT 1

BOARD OF MEDICAL EXAMINERS FEE REVISION

<u>TYPE</u>	<u>ESTIMATED NUMBER</u>	<u>CURRENT FEE</u>	<u>ESTIMATED RECEIPTS</u>
Physician application	800	\$ 100	\$ 80,000
Physician exam (entire FLEX)	60	425	25,500
Part I only	-----	-----	-----
Part II only	-----	-----	-----
Physician annual renewal	13,100	55	720,500
Physician late fees	655	40	26,200
Physician temporary license	200	40	8,000
Physician verification to other states	180	10	1,800
Physician verification to institutions	-----	-----	-----
Physician endorsement to other states	-----	-----	-----
Physician emeritus license	10	5	50
Physical therapist application fee	150	40	6,000
Physical therapist examination	150	90	13,500
Physical therapist annual registration	2,100	15	31,500
Physical therapist late fee	105	7	735
Physical therapist certification to other states	20	10	200
Physical therapist verification to institutions	-----	-----	-----
Physician assistant application	150	100	15,000
Physician assistant annual registration	150	20	3,000
Physician assistant supervisory agreement	150	20	3,000
Medical Corporation application	25	100	2,500
Medical corporation annual registration	700	25	17,500
Civil penalties	20	1,000	20,000
TOTAL ESTIMATED RECEIPTS			\$974,985

ATTACHMENT 2

BOARD OF MEDICAL EXAMINERS FEE REVISION

<u>TYPE</u>	<u>ESTIMATED NUMBER</u>	<u>PROPOSED FEE</u>	<u>ESTIMATED RECEIPTS</u>
Physician application	800	\$ 200	\$ 160,000
Physician exam (entire FLEX)	60	425	25,500
Part I only	10	250	2,500
Part II only	10	300	3,000
Physician annual renewal	13,100	115	1,506,500
Physician late fees	400	60	24,000
Physician temporary license	200	60	12,000
Physician certification to other states	180	10	1,800
Physician verification to institutions	3,000	5	15,000
Physician endorsement to other states	100	40	4,000
Physician emeritus license	10	50	500
Physical therapist examination fee	150	90	13,500
Physical therapist application fee	150	40	6,000
Physical therapist annual registration	2,100	20	42,000
Physical therapist late fee	105	10	1,050
Physical therapist certification to other states	20	10	200
Physical therapist verification to institutions	15	5	65
Physician assistant application	5	100	500
Physician assistant annual registration	150	20	3,000
Physician assistant supervisory agreement	15	20	300
Medical corporation application	25	100	2,500
Medical corporation annual registration	700	25	17,500
Civil penalties	20	1,000	<u>20,000</u>
TOTAL ESTIMATED RECEIPTS			\$1,861,415

ESTIMATED COSTS FY 1988

*Appropriation	\$1,343,100
Attorney General estimate	<u>500,000</u>
	\$1,843,100

*Includes estimated salary supplement and SWA/MDH indirect costs

AGENCY: MEDICAL EXAMINERS, BOARD OF

1987-89 Biennial Budget

AGENCY PURPOSE:

To protect the citizens by ensuring that all practitioners meet state competency standards through enforcement of M.S. 146, 147, 148 and 319.

OPERATION AND CLIENTELE:

To protect the citizens through enforcement of Minnesota statutes by: 1) testing and interviewing each candidate for licensure or registration as a physician, physical therapist, mid-wife, physician assistant or corporation, 2) registering annually every physician, surgeon, osteopathic physician, physical therapist, mid-wife, physician assistant or corporation, 3) receiving and taking action on every complaint or report of malpractice alleging a violation of the statutes, investigating allegations, conducting hearings, and taking disciplinary action as indicated, 4) endorsing applications of Minnesota residents to other states for licensure; certify status of licenses and registration to the public, drug enforcement agencies, state licensing boards, hospitals and clinics, specialties boards, medical societies, etc., and 5) enforcing continuing medical education requirements.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Examinations Administered	60	46	60	60	60
Licenses Issued:					
New	805	872	900	900	900
Renewals	13,113	13,503	13,100	13,100	13,100
Complaints:					
Received	304	735	845	1,047	1,268
Resolved	208	650	608	707	820

RECENT DEVELOPMENTS:

In 1985, the Medical Practices Act (Chapter 147) was amended to substantially increase the board's statutorily mandated activities in licensing of physicians. The largest increase in cost resulting from these changes is in the area of enforcement actions involving physicians who violate the Medical Practices Act. In addition to increased numbers of consumer complaints against physicians, reports required to be submitted by medical organizations, insurers and individual licensed health professionals have resulted in substantially increased legal and enforcement activities. The investigation and discipline of problem physicians, and physicians with problems, has a direct cost impact on board staffing, space requirements, specialist consultation, administrative hearings and data processing requirements. The attached CHANGE request shows the budgetary impact of this change in Minnesota law.

A major gap in complaint data available to the board has been in the area of Peer Review Organizations (PROs). Federal regulations currently prohibit PROs from

<u>ACTIVITY GENERATES NON-DEDICATED REVENUE</u>	<u>ACTUAL F.Y. 1985</u>	<u>ACTUAL F.Y. 1986</u>	<u>ESTIMATE F.Y. 1987</u>	<u>ESTIMATE F.Y. 1988</u>	<u>ESTIMATE F.Y. 1989</u>
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$ 437.2	\$ 739.1	\$ 967.5	\$1,893.1	\$2,060.7

sharing information concerning incompetent physicians. These regulations have been changed, however, and the board will begin receiving competency investigation and discipline records from the Minnesota PRO during F.Y. 1987. The attached CHANGE request describes the impact of receiving this important new information concerning problem physicians.

EXPLANATION OF BUDGET REQUEST:

The board is requesting an increase of \$708.5 in F.Y. 1988 and \$738.9 in F.Y. 1989.

Increased costs are directly related to increased board activity in identifying and disciplining problem physicians.

All appropriations and costs related to board activities are recovered through fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: BO OF MEDICAL EXAM

PROGRAM: HEALTH BOARDS

AGENCY: MEDICAL EXAMNRS. BO OF

*** DOLLARS IN THOUSANDS (137,522 = 137.5) ***

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	520.6	619.8	604.8	614.6	708.5	1,323.1	1,323.1	614.1	738.9	1,353.0	1,353.0
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	520.6	619.8	604.8	614.6	708.5	1,323.1	1,323.1	614.1	738.9	1,353.0	1,353.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	269.5	376.1	369.4	390.7	136.6	527.3	527.3	390.2	136.6	526.8	526.8
EXPENSES & CONTRAC. SERV	243.4	200.3	214.3	194.3	556.7	751.0	751.0	194.3	593.1	787.4	787.4
SUPPLIES & MATERIALS	5.1	19.4	7.6	7.6	7.6	15.2	15.2	7.6	4.6	12.2	12.2
EQUIPMENT	2.6	17.6	5.0	5.0	7.6	12.6	12.6	5.0	4.6	9.6	9.6
OTHER EXPENSE ITEMS		6.4	8.5	17.0		17.0	17.0	17.0		17.0	17.0
TOTAL STATE OPERATIONS	520.6	619.8	604.8	614.6	708.5	1,323.1	1,323.1	614.1	738.9	1,353.0	1,353.0
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	520.6										
SP REV DIRECT APPROP		619.8	604.8	614.6	708.5	1,323.1	1,323.1	614.1	738.9	1,353.0	1,353.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	520.6	619.8	604.8	614.6	708.5	1,323.1	1,323.1	614.1	738.9	1,353.0	1,353.0
POSITIONS BY FUND											
GENERAL	10.0										
SP REV DIRECT APPROP		13.0	13.0	13.0	4.0	17.0	17.0	13.0	4.0	17.0	17.0
TOTAL POSITIONS	10.0	13.0	13.0	13.0	4.0	17.0	17.0	13.0	4.0	17.0	17.0

CHANGE REQUEST

Agency Program Activity

1987-89 Biennial Budget

ACTIVITY: MEDICAL EXAMINERS, BOARD OF
 PROGRAM: MEDICAL EXAMINERS, BOARD OF
 AGENCY: MEDICAL EXAMINERS, BOARD OF

Request Title: Increased Discipline and Licensing Responsibilities	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Direct Appropriated	\$ 708.5	4.0	\$ 738.9	4.0
Special Revenue Fund-12				
Governor's Recommendation				
Direct Appropriated	\$ 708.5	4.0	\$ 738.9	4.0
Special Revenue Fund-12				
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The Medical Examiners Board requests the above funds to meet the increased disciplinary caseload projected for the 1988-89 biennium and to ensure proper monitoring of the licensure activity.

DESCRIPTION/BACKGROUND:

The board needs an additional professional position in its licensure unit to prevent fraudulent licensure activities. The board is also facing a substantial increase in disciplinary cases in the coming biennium due to two causes:

1. Recent changes in Minnesota law.
2. Recent changes (1-1-87) in federal regulations.

The following table indicates the significant impact these 2 changes will have on the board's workload.

STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Complaints received	304	735	845	1,268	1,268
Resolved	208	650	608	820	820
Referred for AGO Investigation	96	175	237	448	448

1. Discipline Activity Increase - Minnesota Law:

Two changes in the Minnesota Medical Practices Act enacted in 1986 account for a dramatic increase in complaint activity between F.Y. 1985 and F.Y. 1986 (304 to 735). These are M.S. 147.111 and 147.02, Subd. 6.

M.S. 147.111 requires all medical institutions and societies and all licensed Health Care Professionals to report to the board any knowledge of any breach of the grounds for disciplinary action specified in M.S. 147.021, Subd. 1. It further requires institutions and societies to report any internal discipline, sanction or reductions in privileges which they impose on a physician. Reports of this type now account for approximately 12% of the board's discipline caseload. The number of such reports is expected to increase as this portion of the law becomes better known in the health care industry.

M.S. 147.02, subd. 6, will account for by far the largest portion of the increased activity. This section requires the board to publish all disciplinary actions. This has dramatically increased the visibility of the board to the general public. As a result, the numbers of consumer complaints has risen.

Because of the publication and reporting requirements of the new statutes, it is estimated that the board will see an annual increase in complaint activity from public complaints and professional reports of approximately 15%. This 15% annual increase forms the basis for the projected figures for F.Y. 1987-89.

For F.Y. 1985 and F.Y. 1986 the board has referred an average of 28% of its complaints to the Attorney General for investigation. This 28% forms the basis for the projections on referrals for F.Y. 1987-89.

Because of recent changes in federal regulations discussed in another section, the board expects to receive an additional 150 complaint reports in F.Y. 1988, and expects to refer 135 of these to the Attorney General's Office. For F.Y. 1989 the added complaints are expected to be 150, 135 of which will be referred. These numbers have been added to the projected 15% increases for F.Y. 1988 and F.Y. 1989.

Because of the sharp increase in complaint load, the amount of staff work for pre-disciplinary case preparation has also risen sharply. Historically, it was more or less assumed that, once a disciplinary order was issued, it was self enforcing. Experience, however, has shown that this is far from true, and that extensive post order followup and monitoring are necessary. The present staffing level of 2 professional and 1 clerical position is inadequate to handle the workload.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity
(Continuation)

ACTIVITY: MEDICAL EXAMINERS, BOARD OF
PROGRAM: MEDICAL EXAMINERS, BOARD OF
AGENCY: MEDICAL EXAMINERS, BOARD OF

The board is therefore requesting the following increases to meet these Minnesota law changes.

- 1 professional position for discipline at the 8I level @ \$26,392 annually + \$4,751 fringes = \$31,143 for both fiscal years.
- 1 clerical position at the CT 3 level at \$19,418 annually + \$3,495 fringes = \$22,913 for both fiscal years.

The normal caseload (excluding that resulting from federal changes) which the board encounters requires an outside Medical Specialist on approximately 20% of the cases. Current consultant fees average \$1,200 per case. The board thus anticipates consultant costs for normal caseload of:

F.Y. 1988	F.Y. 1989
195 cases x \$1,200 = \$234,000	224 cases x \$1,200 = \$268,800

The normal caseload for F.Y. 1985 resulted in 1 contested case hearing. F.Y. 1986 resulted in 2. We estimate 3 contested case hearings for both F.Y. 1988 and F.Y. 1989.

The Chief Administrative Law Judge (ALJ) provided us estimates of \$11,970 and \$12,484 per case for F.Y.s 1988 and 1989 respectively.

The CHANGE level request for Minnesota law changes, therefore, is:

	F.Y. 1988	F.Y. 1989
1 professional position	\$ 31.1	\$ 31.1
1 clerical position	22.9	22.9
Equipment, supplies and office space for new positions	7.6	4.6
Consulting fees for case reviews	234.0	268.8
3 contested case hearings	35.9	37.5
TOTAL	\$ 331.5	\$ 364.9

2. Discipline Activity Increase - Federal Regulations:

Release of Peer Review Organizations competency reports. Because of imminent changes in the federal regulations governing the Peer Review Organization program, operated by the Health Care Finance Administration (CFR Title 42, Sect. 466 ff), state Boards of Medical Examiners can expect to be the recipient of investigation and review data regarding physician competence and quality of care as it is developed by designated Peer Review Organizations. Under current federal regulations, this information is inaccessible to boards. However, effective 1/1/87, state boards, including Minnesota's, will not only be mandated to receive this information, but are directed to act on it.

In Minnesota, the designated Peer Review Organization is presently the Foundation for Health Care Evaluation. Initial estimates of the number of competency cases which the board would review under the federal change is approximately 150 annually.

Competency cases require the following activities:

- Board staff review
- Board committee review
- Consultant's review
- Attorney General's Office review
- Contested case hearings

Estimates for the number of cases at each step for F.Y. 1988-89 are as follows:

	F.Y. 1988	F.Y. 1989
- Board staff review	150	150
- Board committee review	150	150
- Consultant's review	135	135
- Attorney General's Office review	135	135
- Contested case hearings	10	10

To accomplish the board staff review, the board will have to add one full professional staff position at approximately the 10I level @ \$28,251 annually + \$5,099 fringes = \$33,350.

Board Committee Review would be at a per diem rate of \$35 x 3 reviewers x 1 day for an estimated cost of \$105 per day for 150 days = \$15,800 for 1988 and 1989.

Currently, consultants' review costs are approximately \$1,200 per case.

CHANGE REQUEST

1987-89 Biennial Budget

Agency Program Activity
(Continuation)

ACTIVITY: MEDICAL EXAMINERS, BOARD OF
PROGRAM: MEDICAL EXAMINERS, BOARD OF
AGENCY: MEDICAL EXAMINERS, BOARD OF

Information supplied by Chief Administrative Law Judge indicates that cases from our Board of this type should average \$11,970 for F.Y. 1988 and \$12,484 for F.Y. 1989.

The CHANGE level request for federal regulations changes, therefore, is:

	F.Y. 1988	F.Y. 1989
1 professional position 101	\$ 33.4	\$ 33.4
Equipment, supplies and office space for new position	3.8	2.3
Board Committee review	15.8	15.8
Consultants review	162.0	162.0
Contested case hearings - ALJ	124.8	124.8
TOTAL	\$ 339.8	\$ 338.3

3. Fraud Prevention and Malpractice Monitoring in Licensure

Existing licensure staff lacks a professional component. As the board has gained experience in the areas of detecting fraudulent licensure applications, evaluating malpractice histories of applicants and verifying the credentials of foreign medical graduates, it has become obvious that the board staff must be augmented. It currently lacks the analytical reporting, writing and supervisory skills of a professional position in licensure. As a result, the board is requesting a professional position at the 101 level to serve this function in the licensure unit.

The CHANGE level request for the licensure activity, therefore, is:

	F.Y. 1988	F.Y. 1989
1 professional position 101	\$ 33.4	\$ 33.4
Equipment, supplies & rent	3.8	2.3
TOTAL	\$ 37.2	\$ 35.7

RATIONALE:

It is essential that the board meet its statutory responsibilities in the area of licensure and enforcement of professional standards and discipline. If the board is unable to meet these responsibilities, the public health is impaired and the board is vulnerable to tort claims by aggrieved patients.

All costs will be recovered through fee adjustments.

SUMMARY:

	F.Y. 1988	F.Y. 1989
CHANGE level - Licensure	\$ 37.2	\$ 35.7
CHANGE level - State Law	331.5	364.9
CHANGE level - Federal Regulations	339.8	338.3
GRAND TOTAL	\$ 708.5	\$ 738.9
Biennial request		\$1,447.4

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.