

STATE OF MINNESOTA
COUNTY OF RAMSEY

BEFORE THE MINNESOTA
BOARD OF PODIATRIC MEDICINE

In the Matter of a Proposed New
Rule Part Relating to Fees for
Renewal of License

STATEMENT OF NEED
AND REASONABLENESS

The above captioned rule part is an amendment to the existing rules of the Minnesota Board of Podiatric Medicine (hereinafter "Board").

The legal authority for promulgating this amendment to existing rules is contained in Minn. Stat. SS 153.02 and 214.06 (1988), which grant the Board the authority to make rules necessary to effectuate the provisions of the licensing law and to set fees.

The Board has proposed this change to Chapter 6900 to ensure that the Board has sufficient revenue to meet its expenses.

It has been determined by the Board that Minn. Stat. SS 14.11, subd. 2, and 14.115 do not apply to this proposed rule because (a) the rule does not require the expenditure of moneys by public bodies, (b) the rule does not have a direct and substantial adverse effect on agricultural land, and (c) any service businesses owned by licensees of the Board are regulated by government bodies as to standards and costs. However, in the event that it should be determined that section 14.115 does apply, the rule as it may relate to small businesses is discussed in the Statement of Need and Reasonableness.

Further need is set forth in the Statement of Need and Reasonableness which is attached hereto and made a part thereof.

Dated: December 30, 1988

Lois E. Mizuno
Lois E. Mizuno
Executive Secretary

MINNESOTA BOARD OF PODIATRIC MEDICINE

STATEMENT OF NEED AND REASONABLENESS

Proposed Fee Increase, Amending Rule Part 6900.0250

INTRODUCTION

Health-related licensing boards are required by law to generate sufficient revenue from fees to cover budgeted expenses and extra-budget expenses, such as fees for legal services provided by the Attorney General's office, administrative services provided by the Department of Health, and the agency's share of statewide administrative costs. No tax revenues are used to fund their operations.

The fees set by rule part 6900.0250 are deemed to be insufficient to cover the costs outlined above for fiscal year 1989 and the projected costs for fiscal years 1990 and 1991. There are two major causes of the shortfall: provision of administrative services to the Board, and increased legal fees due to greater Board activity regarding complaints. Therefore, there is a pressing need to generate additional income through an increase in fees.

THE PROBLEM

Prior to January 1, 1986, administrative services were provided to the Board by personnel of the Department of Health, for which no compensation was made.

In January, 1986, the health-related boards moved out of the Health Department Building and occupied separate quarters. The Commissioner of Health decided that the Board of Podiatry should move with the other boards. The Executive Director of the Board of Nursing agreed to provide administrative services for the Board, absorbing the cost for the first year or so into the budget of the Board of Nursing. Although \$3,000 was budgeted for FY 1988 for reimbursing the Board of Nursing, the amount was never paid because other expenditures exhausted the budget. In any case, the amount was insufficient to cover the level of services provided.

In July, 1988, due to an additional group about to be regulated by the Board of Nursing, the Executive Director could no longer provide services to the Board. The only "home" which could be found for the Board was with the Board of Psychology, which had a staff consisting of an Executive Director on four-fifths of full-time, two full-time support persons, and one half-time support person. With this small a staff, services could not be provided without increasing staff time, and the Psychology Board's budget was too small to absorb the costs associated with services to the Board. An agreement was reached between the two boards that the Board would pay for an additional one-fourth time for the half-time employee and that any services provided by the Executive Director would be over and above the time devoted to the Board of Psychology and paid for by the Board. Services were to be provided through an interagency agreement. The amount of additional funds needed for staff services, including prorated FICA, retirement, and insurance costs, is approximately \$15,000. For a Clerk Typist II,

base salary plus benefits (insurance, retirement, FICA) for one-fourth time approaches \$6,000. For the Executive Director, base salary plus benefits for up to one-fifth time will amount to no more than \$9,000.

The current budget (without any deficiency appropriation) is also insufficient to cover anticipated costs related to professional-technical services, which is borne out by the fact that the budgeted amount of \$400 in this account has been exceeded in five months by \$430. It is anticipated that such expenditures will approach \$1,000 over the amount budgeted by the end of the fiscal year.

THE RESOLUTION

To finance the expenses outlined above, a fee increase becomes a necessity. The renewal fee, because of its being the major source of Board income, is the only fee for which an increase is proposed. It is necessary to increase the renewal fee from present \$75 per year to \$225 to generate the \$16,000 needed.

A renewal fee of \$225 is reasonable because the present permit to practice in a preceptorship (prior to licensure) and the present license application are each \$200. The permit is for one year and the license fee covers the right to practice during the first year before the first renewal. The proposed renewal fee is reasonable because it is very close in amount to the permit and licensure fees and confers essentially the same right to practice.

EFFECT ON SMALL BUSINESSES

The proposed rule increasing the renewal fee may be considered to affect small businesses to the extent that it affects licensees who may be owners of small businesses. The Board considered each of the methods proposed in Minn. Stat. S 14.115, subd. 2, for reducing the impact on small businesses. The Board finds that the rule focuses on the individual licensee, not on the business operation. Because a distinction cannot easily be made between the podiatrist's professional practice and his or her business practice, the Board has rejected each of the methods listed in the statute. If they were implemented, the objectives of the podiatric medicine practice act would need to be disregarded, an unacceptable outcome which the Board believes to be contradictory to legislative intent.

SUPPORTING DOCUMENTS

Attached are the documents which support the need for the fee increase:

1. Deficiency Appropriation Request
2. Department of Finance Approval of Increase
3. Fee Review
4. Fee Review - Details of Costs
5. Estimated Receipts Detail - FY 1989
6. Notification to Senate Finance Chairman, House Appropriations Chairman

AGENCY: Podiatric Medicine, Board of

AMOUNT: \$16,000

FUND: Special Revenue - 12

APID: 215050012

Request is made for a deficiency appropriation of \$16,000 for F.Y. 1989 to fund the cost of administrative services provided to the Board by the staff of the Board of Psychology.

To fund this request, the Board of Podiatric Medicine is raising its license renewal fee from \$75 annually to \$225 annually. The change will be effective in January 1989, so an additional \$20,000 will be raised as revenue in F.Y. 1989.

Prior to January, 1986, the Department of Health provided services to the Board and absorbed the costs of doing so. From January, 1986, until July, 1988, the Board of Nursing provided administrative services and was supposed to be reimbursed \$3,000 for its work. However, not only was the \$3,000 inadequate to pay for the administrative expense, it was never paid because other expenses of the Board consumed the entire \$10,000 budget. On July 15, 1988, therefore, the Board of Psychology took over the responsibility of providing services for the Board. In order to cover the additional expenses incurred by the Board of Psychology, the Board of Podiatric Medicine is increasing its revenue as described above.

The appropriation is needed in order to pay for the services of a Clerk Typist 2 for one-fourth time and for the services of an Executive Director for one-fifth time. The staff services are provided through an inter-agency agreement between the Board and the Psychology Board.

Board of Podiatric Medicine - Statement of Need and Reasonableness

Attachment # 1

Department of Finance FEE REVIEW

Date Prepared:
12/14/88 (9/6/88)

Department/Agency: BOARD OF PODIATRIC MEDICINE	Budget Activity:
Fee Name:	
Legal Citation: Minn. Stat. S 153.01-153.25	Fee Set By: <input type="checkbox"/> Law <input checked="" type="checkbox"/> Agency
Purpose of Fee: To maintain operations of the Board.	

<input type="checkbox"/> Dedicated	<input checked="" type="checkbox"/> Non-Dedicated	Revenue Code: 310
APID: 21505:00	Fund: 12	Accumulated Difference Thru 1988 13
Dollars in Thousands (137,522 = 137.5)		

Fiscal Year	Actual F.Y. 87	Actual F.Y. 88	Estimated F.Y. 89	Requested F.Y. 90	Requested F.Y. 91
Actual/Anticipated Receipts	14	14	33	33	33
Less Actual/Anticipated Costs	8	17	31	33	35*
Current Difference	6	[3]	2	0	[2]
Accumulated Difference	6	3	5	5	3
Number Paying Fee	See below				
Present Fee	See below				
Date Fee Last Changed			anticipated 5/31/88		

Remarks:

Fee Name	Fee Amount	Number Paying
Examination - Licensure	200	4
Reciprocity - Licensure	200	4
License Renewal	225 (Anticip)	144
Late Renewal	50	6
* Corporation Registration	100	0
* Corporation Re-registration	25	16
Permit for Residency	200	4

* Fee set by law.

Current fees appear to be adequate to cover requested biennial costs.

Department Authorized Signature:
Lois E. Mujino

Finance Department Recommendation:

Board of Podiatric Medicine - Statement of Need and Reasonableness

Attachment # 3

Department of Finance FEE REVIEW - Details of Costs

Date Prepared:
12/14/88 (9/6/88)

Department/Agency: **BOARD OF PODIATRIC MEDICINE** Budget Activity:

Fee Name:

Fiscal Year	Actual F.Y. 87	Actual F.Y. 88	Estimated F.Y. 89	Requested F.Y. 90	Requested F.Y. 91
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Detailed Listing of Items Included as Costs on Fee Review Form FI-00194-06 Dollars in Thousands (137,522 = 137.5)

Agency Direct Expenditures	6	10	25	26	26
Salary Increases	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		
Attorney General	1	5	3	2	2
Statewide Indirect	1	2	3	5	7
Agency Indirect	0	0	0	0	0
Totals - <small>must agree with cost on Fee Review Form</small>	8	17	31	33	35

Remarks:

The large increase in expenditures beginning with 1989 is the result of the Board having to pay for staff services provided to the Board by the Board of Psychology, at the rate of one-fourth of full-time for a Clerk Typist II and up to one-fifth of full-time for an Executive Director. Prior to July, 1988, the Board was staffed by Nursing Board personnel, for which services the Board was budgeted to pay the Nursing Board \$3,000, for FY 1988. The payment was never made because other expenses consumed the allowable appropriations.

Board of Podiatric Medicine - Statement of need and Reasonableness

Attachment # 4

Attachment # 5 Board of Podiatric Medicine - Statement of Need and Reasonableness

Department: Board of Podiatric Medicine
 Division: _____

STATE OF MINNESOTA
 ESTIMATED RECEIPTS DETAIL
 - - - WORKSHEET - - -

Fiscal Year: 1989
 Amended 9/6/88

4/13/88

FOR MONTH OF	SOURCE CODE # 001 Amount	SOURCE CODE # 002 Amount	SOURCE CODE # 003 Amount	SOURCE CODE # 004 Amount	SOURCE CODE # 005 Amount	SOURCE CODE # 006 Amount	SOURCE CODE # 007 Amount	SOURCE CODE # Total Amount
July			1,500	300				
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Jan.							400	
Feb.								
March								
April								
May	600	600						
June	200	200	29,250					
TOTAL	\$ 800	\$ 800	\$ 30,750	\$ 300	\$ --	\$ --	\$ 400	\$ 33,050

EXPLANATION

Source Code #	Name	No. Paying	Unit Cost	Total
001	Licensure by exam & re-exam	4	200	800
002	Licensure by endorsement	4	200	800
003	Renewal	20	75	1,500
003	Renewal	130	225	29,250
004	Late renewal	6	50	300
005	Miscellaneous fees	0	100	0
006	Corporation registration	0	100	0
007	Corporation renewal	16	25	400
				<u>33,050</u>

DEPARTMENT Board of Podiatric Medicine

Office Memorandum

TO: The Honorable Glen Anderson
Chair, House Appropriations Committee

DATE: October 26, 1988

FROM: The Honorable Gene Merriam
Chair, Senate Finance Committee

PHONE: 612/642-0588

Lois E. Mizuno
Executive Director

SUBJECT: Fee Increase

Attached are copies of a memo to Bruce Reddemann, the proposed rule re a fee increase, the Budget Request for Fiscal Year 1990-91, and the Deficiency Appropriation Request for Fiscal Year 1989.

It is my understanding that you are to receive notice of intent to adopt a rule increasing fees prior to publication in the State Register. We anticipate publication around January, 1989.

If you have any questions, please contact me.

LEM:gcn

DEPARTMENT Board of Podiatric Medicine

Office Memorandum

TO: Bruce Reddemann
Department of Finance

DATE: October 26, 1988

FROM: Lois E. Mizuno
Executive Director

PHONE: 612/642-0588

SUBJECT: Fee Increase

Attached is a copy of the proposed amendment to the rules of the Board of Podiatric Medicine, increasing the license renewal fee from present \$75 to \$225. A copy of the 1990-91 Budget Request and 1989 Deficiency Appropriation Request is attached by way of explanation for the need to increase the fee.

In a nutshell, administration of the Board of Podiatric Medicine was transferred in July, 1988, from the Board of Nursing to the Board of Psychology. In order to provide administrative services, the half-time Clerk Typist I was put on three-quarter time, and the Executive Director provides service above the eight-tenths time now spent serving the Board of Psychology, up to no more than fulltime for both boards. There is obviously not enough income from the present fee schedule to finance the cost of providing staff.

I would appreciate your formal approval of the increase so that the necessary administrative procedures can be completed and the rule adopted before May 1, 1989, when the renewal notices are prepared.

Thank you in advance for your prompt attention to this matter. If you have any questions, please call.

LEM:gcn

xc: Rob Super, Controller
The Honorable Glen Anderson, Chair, House Appropriations Committee
The Honorable Gene Merriam, Senate Finance Committee

Board of Podiatric Medicine - Statement of Need and Reasonableness

Attachment # 7