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SUNSET COMMISSION: HEALTH LICENSING BOARDS SECTION 32(b) – ASU REPORT

Administrative Services Unit – Health Licensing Boards
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In compliance with Minn. Stat. § 3.197, this report cost approximately \$2,642.18 to prepare.

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I. Legislative charge and background

Pursuant to the Sunset Commission legislative mandates, the Administrative Services Unit (“ASU”) is required to “report to the legislature by January 15, 2013, evaluating use of the units’ services by health-related licensing boards.”¹

ASU is part of the Boards’ business, providing administrative and business services to the Minnesota Boards of Nursing Home Administrators, Medical Practice, Nursing, Chiropractic Examiners, Optometry, Emergency Medical Service, Physical Therapy, Psychology, Social Work, Marriage and Family Therapy, Behavioral Health and Therapy, Dietetics and Nutrition, Dentistry, Pharmacy, Podiatric Medicine, Veterinary Medicine, Barber Examiners, and Cosmetologist Examiners, and the Health Professional Services Program (collectively “the Boards”). ASU also facilitates the Boards’ collective policy and planning efforts and coordinates the Voluntary Health Care Provider Program, which provides malpractice coverage for health care professionals, including physicians, dentists, and nurses, volunteering with charitable organizations. ASU is funded collectively by the Boards.

This submission reports on and evaluates the Boards’ use of ASU’s services and reviews the broader goal of continuing ASU’s purposeful consolidation of state resources within the Boards.

This report includes a summary of the legislative background and history of ASU and a roadmap for ongoing purposeful consolidation of state resources.

II. Legislative History

Before 1994, the Minnesota Department of Health was statutorily required to provide administrative services to the Boards. The original health licensing boards, as defined in Minn. Ch. 214, noticed a delay with purchasing requests, payment processing, reporting, and payroll issues, so the health licensing boards approached the legislature and advocated for funding to voluntarily start their own administrative services unit. During the 1993 session, the legislature granted funding. In 1994, the funding came through and the Boards hired ASU’s first employee, who has overseen ASU’s growth and continues to direct ASU’s activities today.

¹ LAWS OF MINNESOTA 2012, CHAPTER 278, Article 2, Section 32(b) [REPORTS; ADMINISTRATIVE SUPPORT SERVICES].

During 2011, the legislature codified ASU's existence and funding in Minn. Ch. 214, as follows:

Minn. Stat. 214.107. Health-Related Licensing Boards Administrative Services Unit.

Subdivision 1. Establishment. An administrative services unit is established for the health-related licensing boards in section 214.01, subdivision 2, to perform administrative, financial, and management functions common to all the boards in a manner that streamlines services, reduces expenditures, targets the use of state resources, and meets the mission of public protection.

Subd. 2. Authority. The administrative services unit shall act as an agent of the boards.

Subd. 3. Funding. (a) The administrative service unit shall apportion among the health-related licensing boards an amount to be allocated to each health-related licensing board. The amount apportioned to each board shall equal each board's share of the annual operating costs for the unit and shall be deposited into the state government special revenue fund. (b) The administrative services unit may receive and expend reimbursements for services performed for other agencies.

Although ASU has only been codified since 2011, Minnesota legislation has been referencing it for decades. For example, Minn. Stat. 214.07 provides that ASU shall prepare a report on the Boards' activities by December 15 of each even-numbered year. Minn. Stat. § 214.07, subd. 2 (2012). In Minn. Stat. § 214.40, ASU was required to establish the Volunteer Health Care Provider Program, which it has established and currently maintains. Minn. Stat. § 214.40, subd. 2 (2012).

III. ASU and the Boards' Model for Growth

Since 1994, the Boards and ASU worked cooperatively together to add to ASU's role in Board administration, finance, and management. The goal is for ASU to offer business support services so the Boards can focus on their core business of protecting the public.

When ASU started in March 1994, it provided only payment and payroll services to the Boards. By the first half of 1995, ASU had added budgeting functions and a buyer to perform purchasing functions, a policy person who assisted the boards with legislative bills and other policy issues, and, a few years later, an attorney with expertise in human resources issues. Shortly thereafter,

ASU expanded to include information technology (“IT”) services, hiring a network administrator/help desk support and then, as the Boards’ IT needs grew, hiring a network developer and additional help desk support. ASU IT staff coordinated all the Boards’ IT functions and services until the State’s MNit IT consolidation project.

Since 1994, the Boards and ASU have also worked together to add state agencies to ASU’s client list when the state agency has needs comparable to those of the Boards. In 1996, the Emergency Medical Services Regulatory Board joined ASU. In 2006, the Boards of Barbers and Cosmetology joined ASU.

Because the areas for growth, both expansion of services and addition of state agencies, have been identified by ASU and the Boards, all growth has been positive, with little to no delay, interruption, or loss in other services. The Boards’ and ASU’s goal for growth has always been purposeful, thoughtful consolidation of resources to maximize efficiency.

Because ASU is located in the same building as the Boards, the Boards and ASU have a close working relationship and are able to capitalize on a number of efficiencies. ASU has a level of familiarity with the Boards’ business that is not replicated in any other area of state government, with the exception of those state agencies that have in-house human resources, finance, and payroll departments. Because several of the Boards are small state agencies, in-house human resources, finance, and payroll departments are cost-prohibitive. The most efficient mechanism, in terms of both cost and time, for the Boards to have these services has been through consolidation of the Boards’ resources in the ASU. ASU is a key part of the Boards’ business, providing on-site, efficient action on the Boards’ business needs.

In addition to being important for maintaining efficiencies in day-to-day operations, the co-location has been especially important with (1) coordinating all-staff events, including, for example, equal employment opportunity training, open enrollment meetings, and state employee flu vaccine clinics; (2) having access to private conference rooms to discuss sensitive human resource matters quickly and confidentially; (3) having all the necessary parties on-site to work through employee grievance issues; (4) being able to quickly and efficiently meet the Boards’ accounts payable, accounts receivable, purchasing and budgeting needs; and (5) providing staff training on information security. For example, a board executive director found a financial discrepancy and ASU and the executive director were able to take immediate action to establish additional internal controls,

investigate alleged misconduct, follow the appropriate procedures to put the employee on investigative leave, and report to the State auditor. Because of the co-location, ASU and the board were able to quickly and effectively coordinate all the different aspects of the problem, including financial and human resource issues, with relevant knowledge and experts in each area.

Moreover, ASU is the key player in preparing the Boards' biennial budget. ASU collaborates with each of the Boards individually and in-person and meets collectively with the Boards to discuss process, concerns, and joint purchases. Because the Boards are able to share resources, as coordinated by ASU, they are able to save on overall costs. Moreover, ASU and the Boards invite other small boards to join them at executive director and budget meetings to explore ways to share costs and address concerns in the biennial budgeting process.

ASU is more than a servicing center; ASU is a core part of the Boards' business. Because of ASU's intricate understanding of the Boards' business and ASU's on-site location, ASU is better able to timely respond to the Boards' needs, thereby supporting and advancing the Boards' mission of protecting the public.

IV. Current Services Provided to Boards

ASU currently consists of 4.6 FTE staff members, who provide services for the approximately 170 employees of the health-related licensing boards. The Boards' executive directors set ASU's budget, the Boards' Executive Directors Management Committee manages ASU, and the Boards oversee ASU activities on a rotating basis. Currently, the Board of Podiatric Medicine oversees ASU.

Since its inception in 1994, ASU has grown to provide the following services to the Boards:

- Biennial Budget
 - Prepare biennial base budgets, including maintaining data for past and future planning
 - Enter biennial budget narrative into biennial budget system
 - Present biennial budget appropriation request to legislature
- Budgeting, Audits, Cost Projections, and Financial Monitoring
 - Maintain and review budgets daily to ensure funds are allocated appropriately and not overspent
 - Monitor salaries every 2 weeks

- Create, maintain, and distribute expense and revenue, payroll, human resources and other financial reports
- Realign budgets monthly
- Create annual spending plans each year
- Report month-end and pay-period discrepancies to Department of Administration
- Work with legislative fiscal analyst on budget committees
- Calculate shared boards costs
- Project salaries
- Fiscal Notes
 - Prepare fiscal notes within time limit
 - Calculate projections
 - Monitor legislative tracking of fiscal notes
- Cash Receipts
 - Enter cash receipts on a daily basis based on data received from Boards
 - Reconcile daily Statewide Integrated Financial Tools (SWIFT) and the data from the different banks
 - Process expenditure transfers and corrections
 - Ensure receipts for over \$250 are deposited within 24 hours and receipts for less than \$250 are deposited weekly
- Human Resources
 - Assist Boards with hiring, creating new positions, terminating, and wage detail
 - Provide legal and administrative expertise on workers compensation, FMLA compliance, unemployment compensation, affirmative action, and insurance issues
 - Enforce and interpret bargaining unit contracts and employee relations, including grievances and investigations
 - Provide management consulting on performance management, policy development, and leave administration
 - Provide direct human resource services to board staff and board management
- Payroll (SEMA4) and Expense Reimbursements
 - Enter payroll biweekly
 - Monitor and audit payroll
 - Ensure employee expense reimbursements meets all state guidelines
 - Process in-state and out-of-state travel reimbursements for Board employees and Board members, including pre-travel certification for out-of-state travel

- Purchasing and Contract Services
 - Manage bid, solicitation, RFP, RFI, grant, and PT contracts and annual plans processes
 - Ensure that spending on grants, plans, RFPs, and RFIs is on budget with the value of the awarded grant, plan, RFP or RFI
 - Ensure buyer is certified to make purchase
 - Ensure purchase is in compliance with Department of Administration and/or individual board's guidelines, policies and procedures
 - Ensures best price and highest quality is obtained
 - Ensures contracts meet Materials Management Policies and Procedures
 - Ensures contracts meet MN.it policies and procedures
- Accounts Payable
 - Process payments to contractors and vendors
 - Process interagency billings and payments
 - Code and pay invoices within 30 days
 - Work with vendors to ensure complete services and accurate payment
- Fixed Assets
 - Maintain records of all fixed assets and sensitive items
 - Ensure proper disposal of fixed assets and sensitive items
 - Store and reuse surplus services, when possible
- Education
 - Provide financial and human resource presentations at board meetings
 - Provide training for board staff on changes in state policy and procedures, human resource issues, and financial issues
 - Provide updates on ASU topics to executive directors during monthly executive director forums
- Coordination of state activities
 - Coordinate all Board items coming from MMB, MN.it, Admin and other state agencies
 - Coordinate Board responses to statewide items, including MN.it data requests, survey data, and benchmarking projects
 - Attend, on behalf of the Boards, statewide meetings on human resources and finance
 - Coordinate biennial report for all Boards

Additionally, ASU developed the Boards' information technology ("IT") supervisory structure and previously directly supervised the Boards' IT staff. Since the reorganization of state IT services under MN.it, the Boards' IT staff has been supervised by an on-site IT MN.it employee who is supervised by the chief

information officer of the Department of Health. The Boards, however, still coordinate IT projects and advancements through the Boards' IT workgroup, which is comprised of four executive directors, the administrative director of ASU, and all IT staff assigned to the Boards.

When providing services to the Boards, ASU uses all the same systems used by other state agencies. ASU's policies and procedures come directly from the policies and procedures set forth by the Minnesota Department of Management and Budget and the Minnesota Department of Administration.

V. Going Forward

ASU and the Boards expect to continue and look forward to continuing on the path of purposeful consolidation of resources. To that end, ASU and the Boards have identified areas for increased efficiency. First, ASU is exploring providing additional services to the Boards during the contractor phases to shorten the timeline on the process and maintain consistencies across the Boards. Second, ASU and the Boards are exploring having ASU refine the auditing of financial records to maintain consistencies across the Boards both in terms of the degree to which Boards audit and the frequency with which the audits are performed. With both the contracting and the auditing expansion, ASU would have highly-trained experts handling these areas so the Board could focus on their core function of protection of the public. Moreover, the Boards and ASU are exploring having a credit card machine located in ASU so licensees will be able to renew by credit card.

As a final note, ASU provides all of the above services to the Boards with a very lean staff, comprising only a total of 4.6 full time employees. If ASU had additional staff, it would likely increase efficiencies in implementing new systems developed by the state. For example, when SWIFT began, it changed the Boards' internal processes to such a degree that it became more challenging to meet the Boards' needs with ASU's limited staff. ASU's staff continues to work on these challenges.

ASU continually seeks to provide additional services to the Boards and seeks innovation and efficiencies in the Boards' administrative and business processes.

VI. Conclusion

In conclusion, the Boards and ASU look forward to building on an already-strong and successful relationship and to continue on the path of progressively more efficient use of state resources. ASU is a model that could and should be replicated in other areas of state government.