

M00B0104
Health Professional Boards and Commissions
 Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$514	\$470	\$499	\$30	6.3%
Adjustments	0	0	-1	-1	
Adjusted General Fund	\$514	\$470	\$498	\$29	6.1%
Special Fund	31,973	41,932	38,733	-3,199	-7.6%
Adjustments	0	0	-78	-78	
Adjusted Special Fund	\$31,973	\$41,932	\$38,655	-\$3,277	-7.8%
Reimbursable Fund	502	539	630	91	16.8%
Adjusted Reimbursable Fund	\$502	\$539	\$630	\$91	16.8%
Adjusted Grand Total	\$32,989	\$42,941	\$39,783	-\$3,158	-7.4%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- After adjusting for back of the bill contingent reductions, the Governor's proposed allowance for the Health Professional Boards and Commissions decreases by approximately \$3.2 million below the fiscal 2017 working appropriation.
- The majority of this decrease is for one-time contractual expenses for the evaluation of grower and processor applicants for the Medical Cannabis Commission.

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

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Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Positions	282.70	266.60	266.60	0.00
Contractual FTEs	<u>10.03</u>	<u>39.40</u>	<u>49.65</u>	<u>10.25</u>
Total Personnel	292.73	306.00	316.25	10.25

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	13.49	5.06%
Positions and Percentage Vacant as of 12/31/16	22.00	8.25%

- The fiscal 2018 allowance includes no new regular positions for any of the boards or commissions.
- Contractual full-time equivalent positions increase by 10.25 in the fiscal 2018 allowance above the fiscal 2017 working appropriation. This includes increases for the Board of Dental Examiners (4.0), the Medical Cannabis Commission (2.0), the Board of Social Work Examiners (1.5), and various other boards (4.5). There were also decreases for the Board of Nursing (1.25), and the Board of Occupational Therapy Examiners (0.5).

Analysis in Brief

Major Trends

Most Boards Are Able to Meet Processing Goals for Licensees: In fiscal 2016, all of the boards met their respective goals for processing licenses in a timely manner. The total number of licenses in fiscal 2016 range from 108,013 for the Board of Nursing to 62 for the Board of Environmental Health Specialists.

Complaint Processing: In fiscal 2016, seven of the boards were unable to process complaints according to their respective timeframes. Four of these boards (Nursing, Pharmacy, Dental Examiners, and Social Work) were also unable to process complaints within their respective timeframes in fiscal 2015.

Issues

Medical Cannabis Commission: The Natalie M. LaPrade Medical Cannabis Commission published final regulations governing the State’s medical cannabis program and began the approval process for growers and processors, including granting preliminary licenses in August 2016. However, the final approval process has faced significant controversy regarding geographic, racial, and ethnic diversity, and overall Maryland’s implementation of medical cannabis continues to be slow. **The commission should comment, to the extent possible, on what effect pending litigation as well as legislative changes will have on the implementation timeline for medical cannabis in the State as well as on the commission’s ability to raise revenues to meet expenses.**

Health Occupational Boards Sunset Reviews: During the 2016 interim, the Department of Legislative Services (DLS) completed full sunset evaluations of both the Board of Physicians and the Board of Morticians, as well as a preliminary sunset evaluation on the Board of Professional Counselors and Therapists. Among other recommendations, DLS recommended that the sunset dates be extended for both the Board of Physicians and Board of Morticians by 5 and 10 years, respectively, and recommended that the Board of Professional Counselors and Therapists undergo a full sunset evaluation in the 2017 interim.

Board of Physicians Major Information Technology Project: The board is currently in the process of replacing its major information technology (IT) system for licensure and investigations. However, the Department of Information Technology (DoIT) has held up the process to expand the scope to an enterprise system that would be beneficial for numerous health boards. However, there is still funding in the allowance for the Board of Pharmacy and the Board of Dental Examiners to procure and develop separate licensure IT systems. These projects seem premature given DoIT’s push to create an integrated licensure system. **DLS recommends that the funds for other licensure IT projects be reduced within the boards.**

Recommended Actions

	<u>Funds</u>
1. Reduce funding for new licensing software.	\$ 1,220,000
Total Reductions	\$ 1,220,000

Updates

Report on the Availability of Online Training for Forensic Nurse Examiners: The 2016 *Joint Chairmen’s Report* requested that the Board of Nursing submit a report on the availability of online training for forensic nurse examiners. This report was submitted on December 15, 2016.

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Health Professional Boards and Commissions
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

Within the Department of Health and Mental Hygiene (DHMH), there are 21 boards (including two commissions) 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
- receive, investigate, and resolve complaints in a timely manner.

Performance Analysis: Managing for Results

1. Most Boards Are Able to Meet Processing Goals for Licensees

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 that 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 2015 and 2016. The total number of licenses issued in fiscal 2016 range from 108,013 for the Board of Nursing to 62 for the Board of Environmental Health Specialists.

In previous years, the boards have generally aimed to process 100% of new licenses within 10 days of receipt of a complete application and to process 100% of licensure renewals within 5 days. However, this year those goals have been lowered to 95% for both initial licenses and renewals. At this lower threshold, all boards are performing adequately. However, all but three of the boards met the 100% threshold that was the prior year's goal. Both the Board of Morticians and Board of Pharmacy fell just short for issuing both initial licenses and renewals within the specified timeframes, with the Board of Morticians at 98% and 95%, respectively, and the Board of Pharmacy at 96% for both measures. Similarly, the Board of Physicians missed the 100% mark for the issuance of initial licenses within 10 days at 96%.

Exhibit 1
Licenses Processed
Fiscal 2015-2016

<u>Board/Commission</u>	<u>2015</u>	<u>2016</u>
Nurses*	101,419	108,013
Physicians*	27,268	19,101
Pharmacy*	10,902	15,873
Social Work*	6,058	6,658
Dental Examiners*	4,750	4,853
Physical Therapy Examiners*	4,122	4,360
Professional Counselors and Therapists*	3,904	4,311
Occupational Therapists	4,103	4,162
AUD/HAD/SLP*	2,544	2,654
Psychologists*	1,436	1,562
Chiropractic and Massage Therapy Examiners*	4,572	1,332
Residential Child Care Program Professionals	10	929
Dietetic Practice*	914	915
Morticians*	1,339	633
Acupuncture*	524	555
Optometry*	420	555
Podiatric	490	518
Nursing Home Administrators	274	264
Kidney Disease	127	131
Environmental Health Specialists*	479	62

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

*Boards with a biennial renewal cycle.

Source: Department of Health and Mental Hygiene

2. Complaint Processing

The other primary 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. Of the 21 boards, 7 were unable to process complaints within their respective 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 processed according to their goals. Four of these boards (Nursing, Pharmacy, Dental, and Social Work) fell short in the processing of complaints last year as well, with particularly sharp declines from fiscal 2015 for the Board of Nursing, from 86% to 67%, and the Board of Social Work, from 95% to 50%.

Exhibit 2
Complaints Not Processed in a Timely Manner
Fiscal 2016

<u>Board/Commission</u>	<u>Complaints Investigated</u>	<u>Goal</u>	<u>2016</u>
Nursing	1,033	90% in 270 days	67%
Pharmacy	350	100% in 180 days	90%
Dental	208	100% in 180 days	99%
Morticians	177	100% in 180 days	97%
Audiologists	161	100% in 180 days	99%
Physical Therapy	47	100% in 180 days	80%
Social Work	34	100% in 180 days	50%

Source: Department of Health and Mental Hygiene

Fiscal 2017 Actions

Section 20 Position Abolitions

The fiscal 2017 budget bill contained a section that directed the Executive Branch to abolish 657.0 positions and achieve a savings of \$25 million, including \$20 million in general funds and \$5 million in special funds. This agency's share of the reduction is 13.1 positions and approximately \$24,799 in general funds and \$94,973 in special funds.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2018 allowance decreases by \$3.2 million (7.4%) under the fiscal 2017 working appropriation net of back of the bill contingent reductions. Special funds make up the majority of the decline (\$3.3 million) since the boards (except for the State Board of Examiners of Nursing Home Administrators and the State Board of Residential Child Care Program Professionals) are almost completely funded with special funds.

Exhibit 3
Proposed Budget
DHMH – Health Professional Boards and Commissions
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2016 Actual	\$514	\$31,973	\$502	\$32,989
Fiscal Working Appropriation	470	41,932	539	42,941
Fiscal 2018 Allowance	<u>498</u>	<u>38,655</u>	<u>630</u>	<u>39,783</u>
Fiscal 2017-2018 Amount Change	\$29	-\$3,277	\$91	-\$3,158
Fiscal 2017-2018 Percent Change	6.1%	-7.8%	16.8%	-7.4%

Where It Goes:

Personnel Expenses

Turnover adjustments.....	\$103
Workers' compensation premium assessment	-4
Social Security contributions	-75
Retirement contributions.....	-163
Salary adjustments	-329
Employee and retiree health insurance	-565

Other Changes

Contractual employee expenses	1,147
DHMH indirect cost recovery.....	440
New licensing system – dental examiners	320
Medical Cannabis Commission grants.....	250
Board of Nursing equipment and computers	99
Board of Pharmacy grants.....	-24
Legal service support (court reporters)	-36
Travel expenses.....	-41
Attorney General indirect cost recovery	-50
Department of Budget and Management budget and personnel system allocations	-86
Board of Dental Examiners printing costs	-99
New licensing system – pharmacy	-100
Per diems.....	-143

Where It Goes:

Board of Nursing software maintenance.....	-174
Medical Cannabis Commission – new equipment.....	-378
Medical Cannabis Commission contracts.....	-3,128
Other	-123
Total	-\$3,158

DHMH: Department of Health and Mental Hygiene

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

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency’s share of these reductions is \$995 in general funds and \$78,171 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act (BRFA) of 2017.

Personnel

Personnel changes decrease the allowance by approximately \$1 million. The largest changes are due to reductions in employee and retiree health insurance premiums (\$565,460) and in regular salary changes (\$329,106). The salary reductions are mainly due to the Section 20 position abolitions, since the amount of funding reduced in the working appropriation is less than the amount of the salaries of the positions abolished.

Other Changes

The largest increase in the allowance is \$1.1 million to fund new contractual full-time equivalent (FTE) positions within various boards. A total of 10.25 FTEs are added in the fiscal 2018 allowance, which includes 4.0 for the Board of Dental Examiners, 2.0 for the Medical Cannabis Commission, 1.5 for the Board of Social Work Examiners, and 1.0 each for the Board of Examiners of Professional Counselors, the Board of Chiropractors, the Board of Examiners of Nursing Home Administrators, the Board of Physical Therapy Examiners, and 0.5 for the Board of Examiners in Optometry. Some of these increases are offset by decreases including 1.25 FTEs from the Board of Nursing, and 0.5 from the Board of Occupational Therapy Examiners.

Other large increases include \$439,724 in increased cost recoveries for DHMH administrative costs, \$320,000 for a new licensing system for the Board of Dental Examiners, and \$250,000 in research grants for the Medical Cannabis Commission. However, these increases are more than offset by large

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decreases, most of which occur in the Medical Cannabis Commission budget. This includes decreases of \$3.1 million in contractual costs and \$378,000 in new equipment costs. Other large decreases in other boards include \$174,000 in software maintenance costs for the Board of Nursing, \$143,000 in per diem payments across all the boards, and \$100,000 for the new licensing system for the Board of Pharmacy.

Issues

1. Medical Cannabis Commission

The Natalie M. LaPrade Medical Cannabis Commission is responsible for the implementation of programs to make medical cannabis available to qualifying patients in a safe and effective manner. The commission oversees licensing, registration, inspection, and testing related to the State's medical cannabis program and provides relevant program information to patients, physicians, growers, dispensers, processors, testing laboratories, and caregivers.

Chapter 251 of 2015 authorized a qualifying patient who has been provided with a written certification from a certifying physician in accordance with a *bona fide* physician-patient relationship to obtain medical cannabis. Chapter 474 of 2016 expanded the types of health care practitioners who may discuss medical cannabis with a patient, complete an assessment of a patient's medical condition, and certify that a patient qualifies for medical cannabis to include dentists, podiatrists, nurse practitioners, and nurse midwives.

Statute dictates that cannabis may only be obtained from a grower or dispensary licensed by the commission, and that the commission may license no more than 15 growers. There is no established limit on the number of processor licenses. While there is no specific restriction on the number of dispensaries in statute, regulations set a limit of 2 dispensary licenses per senatorial district, or up to 94 dispensary licenses statewide. Most states with medical cannabis programs cap the number of growers, processors, and dispensaries in order to manage production and limit the size of the industry. States also typically use a merit-based application process to identify the best applicants and award licenses to those deemed most qualified. The commission is in the process of awarding grower, processor, and dispensary licenses.

Grower and Processor License Application Process

The commission opened applications for grower, processor, and dispensary licenses in September 2015. The application forms included instructions and a description of the scoring process for evaluating the applications. The commission received 145 grower applications, 124 processor applications, and 811 dispensary license applications. Towson University's Regional Economic Studies Institute (RESI) was commissioned to review the grower and processor applications through a double-blind review process in which all identifying information was redacted. The scoring system contained six main categories, including additional factors, which stated that, for scoring purposes, the commission may take into account the geographic location of the growing operation to ensure that there is geographic diversity in the award of licenses. In August 2016, the commission announced the 15 growers and 15 processors who were awarded stage one license preapprovals. The evaluation procedures to be used in the award of dispensary licenses were adopted by the commission in November 2016.

Controversy over Geographic, Racial, and Ethnic Diversity

Since the award announcement, there has been significant controversy surrounding two main issues: (1) the decision to include geographic diversity as a final factor in choosing the grower finalists and (2) the fact that none of the 15 stage one approved grower finalists are led by minorities.

Geographic diversity became an issue when two companies among the top 15 ranked growers did not receive preapproval after being replaced by other companies in order to provide geographic representation throughout the State. Although the applications did not require applicants to include information related to location, in June 2016, the commission subsequently asked applicants for the locations of their prospective operations. In July 2016, a subcommittee of the commission unanimously voted to preliminarily approve the top 15 growers based on RESI's scoring, which did not include a consideration of location. Afterward, three members of the subcommittee reversed their vote, which resulted in two lower ranked firms being moved into the top 15 growers in order to achieve geographic diversity. The two companies that were initially included in the top 15 growers but later removed are suing the commission, claiming that the determination of how geographic diversity was to be considered was unclear to applicants.

In September 2016, the Legislative Black Caucus stated its intent to ensure that the grower licensure process does not move forward without representation from companies owned by African Americans. In October 2016, a company that is majority owned by African Americans and was denied a grower license filed a lawsuit against the commission seeking to halt the medical cannabis program until the commission takes action to ensure racial and ethnic diversity among licensed growers.

Commission's Response

Despite the controversy, the commission maintains that it had the authority to take geographic diversity into account, and that it declined to make preapproval awards based on racial diversity due to advice received from the Office of the Attorney General (OAG). According to the commission, racial diversity was initially included as a weighted component in the application process, since § 13-3306 of the Health-General Article requires the commission to “actively seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis growers” and to “encourage applicants who qualify as a minority business enterprise.” The commission contends that it was necessary to remove racial and ethnic considerations from final application regulations based on a letter from an assistant Attorney General (AAG) advising that constitutional limits prevent the commission from considering race or ethnicity when licensing when there is no disparity study that indicates past discrimination in similar programs. The AAG letter also states that there is no constitutional limitation on considering geographic diversity and that the provisions of § 13-3306 of the Health-General Article require the commission to seek to achieve geographic diversity to the extent possible. After the award of the licenses, OAG stated that the commission could have commissioned a racial disparity study in similar industries to justify allowing racial preferences.

Status of Medical Cannabis Implementation

The chair of the commission has stated that the commission is committed to seeking and promoting racial diversity and minority inclusion and will continue to work with the legislature to help solve these complex problems but does not want to further delay the program. If the program continues without delay, the commission expects to issue final licenses by early 2017.

Additional Legislation

This process could potentially be extended as new legislation has been introduced in the 2017 session that would change the composition of the commission as well as require the commission to hire a consultant for the purpose of rescoring applicants which have already received stage one approval. SB 267 and HB 487 would also require that the number of growers be increased from 15 to 20 and set the number of processor licenses in statute at 25 with certain exceptions. The legislation would also require the commission to rescore the top 75 grower applicants and the top 20 processor applicants, while also laying out a new scoring system that will be used in the rescoring process. Potential changes in the new legislation, as well as the ongoing litigation, beyond just slowing the process down, could also severely affect the ability of the commission to raise enough revenue to meet expenditures. The commission has already added more than \$5 million to its current working appropriation this year in order to pay expenses tied to the already completed grower and processor application process. However, revenues for fiscal 2017 have already been revised downward from previous projections as the licensure fees from dispensaries have been slow to accumulate. Further, most of the funding already collected in fiscal 2017 is from the growers and processors who have already received preliminary approval. To the extent that the process is restarted, some of these fees may need to be refunded, further hampering the commission's bottom line. **The commission should comment, to the extent possible, on what effect pending litigation as well as legislative changes will have on the implementation timeline for medical cannabis in the State as well as on the commission's ability to raise revenues to meet expenses.**

2. Health Occupational Boards Sunset Reviews

Maryland's 19 health occupations boards are subject to periodic evaluation and reestablishment provisions of the Maryland Program Evaluation Act (sunset law). In the 2016 interim, DLS performed full sunset evaluations of 2 health occupations boards – the State Board of Physicians and Allied Health Advisory Committees and the State Board of Morticians and Funeral Directors – and 1 preliminary sunset evaluation of the State Board of Professional Counselors and Therapists.

State Board of Physicians

In the evaluation, DLS found that the board generally fulfills its stated mission to protect the public by effectively regulating physicians and allied health professionals. The board has made significant progress and addressed most of the issues from the previous sunset evaluation in 2011. Specifically, the board has improved its licensing process and eliminated the complaint backlog. The

board has also implemented a two-panel disciplinary system and continues to process complaints with no backlog. However, as the two-panel system has been fully operational for only two years, DLS could not evaluate the long-term efficacy of the new system. Further, implementation of criminal history records checks was initially delayed. Thus, DLS could not evaluate the effect of this requirement on the board or licensees. Finally, some issues from the 2011 sunset evaluation continue to linger, such as licensing fees and compliance with the Open Meetings Act.

In total, DLS issued 19 recommendations with this report, including that the termination dates of the board and its allied health advisory committees be extended for an additional five years. Further, the scope of the next sunset evaluation should be limited to (1) the implementation of recommendations made in the report; (2) the efficacy of the two-panel disciplinary system; and (3) the impact of criminal history records checks on the board and licensees. DLS also recommends that the board include certain additional information in follow-up reports, including a specific report based on an internal fiscal analysis and reassessment of the fee schedule recommended for fiscal 2018. In this report, the board should specifically comment on the board's fund balance in light of the additional retained revenue from the Maryland Loan Assistance Repayment Program and the Health Personnel Shortage Incentive Grant Program changes, as well as the ongoing issue of filling staff vacancies and the impact of filling those vacancies on the board's expenditures and fund balance.

State Board of Morticians and Funeral Directors

DLS finds that the State Board of Morticians and Funeral Directors complies with its statutory mandate to regulate the funeral industry in the State. Board members are dedicated, productive, and professional, as well as aware of ongoing issues with board operations. The board functions well despite resource limitations and fulfills its licensing, inspection, complaint, disciplinary, and other regulatory duties. However, issues with the information technology (IT) department shared by most health occupations boards and commissions, and a negative perception of the board by some licensees, need improvement. In total, DLS made seven recommendations in the report, including recommendations that the board work with DHMH and the Department of Budget and Management to fill the vacant compliance officer position and to seek an inspector/investigator position to assist with the board's expanded workload. Further, DHMH should assist the board in conducting a workload analysis to determine whether fees collected from specific regulated groups adequately reflect the costs associated with regulating that group.

Based on these findings, DLS recommended that the board's termination date be extended for 10 years, with uncodified language requiring a follow-up report on or before October 1, 2019, on the board's efforts to (1) ensure sufficient staff resources; (2) work with DHMH to facilitate board recordkeeping and improve the board's website; (3) work to improve the negative perception of the board by some licensees; and (4) further enhance communications with the industry.

State Board of Professional Counselors and Therapists

Throughout the preliminary evaluation of the State Board of Professional Counselors and Therapists, DLS found inconsistencies in licensing and complaint data, a backlog of complaints, and several administrative issues – generally, mirroring concerns raised by professional associations.

Although similar issues were raised in the 2007 full evaluation, the board has had to focus its efforts on keeping pace with the significant growth in the number of individuals regulated, as well as with the greater complexity in the types of credentials issued. Based on these concerns, DLS recommended a full evaluation of this board, focusing on issues concerning data inconsistencies and systems, complaint backlogs, the credentialing process, the number of credentials and specializations regulated by the board, and the board's fiscal status and fund balance.

3. Board of Physicians Major Information Technology Project

The DHMH – Administration budget includes \$1.1 million (all special funds) to support the planning and development by the Board of Physicians of a new integrated IT system for medical licensure and investigation. As noted in the board's 2011 sunset evaluation (as well as a report prepared by an independent consultant), the board's licensing and investigatory needs have exceeded its current software capabilities. Development of the project has stalled numerous times over the years. However, once a project manager was hired in June 2015, the board proceeded with developing a formal Request for Proposals (RFP) and was ready to issue the RFP during calendar 2017, with the expectation that the project would be completed in fiscal 2018. However, the RFP was held back by the Department of Information Technology (DoIT) so that the scope of the project could be realigned with DoIT's new goal of creating enterprise projects.

Moving to an Enterprise System

The new administration at DoIT has made it a statewide priority to develop, procure, and implement enterprise systems wherever possible in State government. Enterprise systems are software packages that can be used by multiple entities that administer similar functions. In this particular situation, since the State has multiple health professional boards that all conduct similar licensing and complaint investigations functions, it makes sense that they all operate with a similar licensing and investigation software package. According to DoIT, moving to an enterprise IT system will optimize the State's portfolio of services and investments, enable better decision making, create faster delivery of IT solutions through a shared solutions approach, promote a highly collaborative culture, and ensure alignment of IT projects and initiatives with the State IT Master Plan.

With these goals in mind, DoIT has begun outreach to the various other health professional boards in order to solicit interest and determine need before moving forward with the Board of Physicians project. Next steps include creating an IT solutions request, confirming the stakeholder workgroup, assessing the funding model, identifying an acquisition strategy, and finally resubmitting the IT project request with the revised information. Currently in the fiscal 2017 mid-year report on all of the State's major IT projects, DoIT indicates that the project's schedule milestones and deliverables have been updated to include a multi-agency approach, and that new draft functional requirements will be completed by the end of fiscal 2017. Thus far, the largest drawbacks to the switch to enterprise are the slowdown in the project during the current year and the potential for further delays beyond fiscal 2018 if a multi-agency solution is not identified. However, at this point it seems worthwhile to wait for the DoIT process to complete its course. Further information on this project is provided in **Appendix 2**.

Beyond the Board of Physicians licensing system, there are two other boards that have funding included within the allowance for their own licensing systems: the Board of Dental Examiners and the Board of Pharmacy. However, since DoIT is currently in the process of determining the scope of this new multi-agency project, it does not make sense for either board to be moving forward with new licensing software packages that are not related to the Board of Physicians major IT project. In particular, the Board of Pharmacy project is already on hold pending DoIT's review of the Board of Physicians project. Further, if these boards are going to be contributing toward the Board of Physicians project as part of an enterprise approach, all funds should be appropriated through the major IT development program within DHMH – Administration. **Thus, DLS is recommending that the funds for other licensure IT projects be reduced within the boards.** Should the boards subsequently need additional special funds in fiscal 2018 to either support the Board of Physicians project or procure their own software after DoIT has certified that the Board of Physicians project is not a viable IT solution, additional special funds should be processed by budget amendment to the appropriate program.

Recommended Actions

	<u>Amount Reduction</u>
1. Reduce funding for new licensing software for the Board of Dental Examiners and the Board of Pharmacy. Should additional funding be required either for the Board of Physicians project, or after the Department of Information Technology makes a recommendation that neither board should be included in the enterprise project solution, funds may be replaced through budget amendment to the appropriate program.	\$ 1,220,000 SF
Total Special Fund Reductions	\$ 1,220,000

Updates

1. Report on the Availability of Online Training for Forensic Nurse Examiners

The fiscal 2017 budget bill included language that withholds \$100,000 in special funds within the Board of Nursing pending a report from the board on the availability of online instruction for the nonclinical component of training for forensic nurse examiners (FNE) to become certified to perform sexual assault forensic examinations. The Board of Nursing submitted this report on December 15, 2016.

In the report, the board reviewed all of the online courses that are available for either FNE or Sexual Assault Forensic Examiner (SANE) programs. Of the available courses, there are 12 that teach either a FNE or SANE program. Only one program is physically located in the State, and except for two university programs and one hospital program, none of them have a required clinical experience component for certification as an FNE or SANE. However, while the request only required information on the availability of nonclinical training, the board notes that in order to be certified as either an FNE or SANE, the board requires a clinical education experience in an FNE program. The board further notes that in order to increase the availability of FNE programs in Maryland these stand-alone programs will have to arrange for a clinical experience component either through a contract or Memorandum of Understanding with a health care facility located in the State.

Appendix 1
Current and Prior Year Budgets
DHMH – Health Professional Boards and Commissions
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2016					
Legislative Appropriation	\$451	\$34,890	\$0	\$539	\$35,880
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	63	1,351	0	0	1,414
Reversions and Cancellations	0	-4,268	0	-37	-4,304
Actual Expenditures	\$514	\$31,973	\$0	\$502	\$32,989
Fiscal 2017					
Legislative Appropriation	\$487	\$36,469	\$0	\$539	\$37,495
Cost Containment	0	0	0	0	0
Budget Amendments	-18	5,463	0	0	5,446
Working Appropriation	\$470	\$41,932	\$0	\$539	\$42,941

DHMH: Department of Health and Mental Hygiene

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

Actual spending for the Health Professional Boards and Commissions was \$2,890,397 below the legislative appropriation. Budget amendments increased the appropriation by \$1,413,858, including \$1,011,523 in special funds for the Medical Cannabis Commission to replace general funds that were reduced by the General Assembly with the intent that the commission be entirely special funded, \$339,696 in special funds and \$4,946 in general funds to restore a 2% general salary reduction, \$37,848 in general funds to cover the cost of 1 contractual position that was not originally budgeted, and \$19,845 in general funds to realign cost containment expenditures within the department.

Cancellations totaled \$4,304,255, including \$4,267,572 in special funds, \$36,680 in reimbursable funds, and \$3 in general funds. These cancellations were primarily due to higher than expected turnover within the boards, as well lower software acquisition costs.

Fiscal 2017

The fiscal 2017 working appropriation to date has increased \$5.5 million above the legislative appropriation. The majority of this increase, \$5,147,003 in special funds, is due to increased costs for the Medical Cannabis Commission due to higher than expected workload issues. Other increases include \$332,920 in special funds and \$3,393 in general funds for the fiscal 2017 increment. There is also a decrease of \$21,188 in general funds and \$16,519 in special funds to realign the reduction from Section 20 of the fiscal 2017 budget bill.

Appendix 2
Major Information Technology Projects
Department of Health and Mental Hygiene – Administration
Maryland Board of Physicians Integrated Software System

Project Status	Planning.			New/Ongoing Project:		New.		
Project Description:	Development of a new, more fully integrated medical licensure and investigation software system to replace the board’s existing system.							
Project Business Goals:	Correction of deficiencies in the board’s existing software system and improvement of board’s efficiency.							
Estimated Total Project Cost:	\$1,999,675			Estimated Planning Project Cost:		\$770,256		
Project Start Date:	November 2014			Projected Completion Date:		June 2018		
Schedule Status:	A project manager has been hired, and system concept development and planning are underway. Fiscal 2017 funding reflects general delays in the project.							
Cost Status:	Fiscal 2018 funding included in the Department of Health and Mental Hygiene Administration budget.							
Scope Status:	n/a.							
Project Management Oversight Status:	Department of Information Technology project oversight is now in place.							
Identifiable Risks:	Moderate identifiable risks are the large scale of the project and the need to familiarize staff with a new system.							
Additional Comments:	Shortcomings of the board’s outdated software systems were noted in the 2011 Sunset Evaluation of the board, as well as in a report prepared by an independent consultant, which pointed to the need for the replacement of the board’s existing systems.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	590.2	1,409.5	0.0	0.0	0.0	0.0	0.0	1,999.7
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$590.2	\$1,409.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,999.7

Appendix 3
Object/Fund Difference Report
DHMH – Health Professional Boards and Commissions

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	282.70	266.60	266.60	0.00	0%
02 Contractual	10.03	39.40	49.65	10.25	26.0%
Total Positions	292.73	306.00	316.25	10.25	3.3%
Objects					
01 Salaries and Wages	\$ 21,751,340	\$ 23,956,503	\$ 23,002,454	-\$ 954,049	-4.0%
02 Technical and Spec. Fees	1,327,579	2,812,521	3,794,174	981,653	34.9%
03 Communication	512,797	571,053	573,640	2,587	0.5%
04 Travel	309,991	629,487	588,000	-41,487	-6.6%
07 Motor Vehicles	133,804	178,292	50,968	-127,324	-71.4%
08 Contractual Services	6,555,701	12,138,931	9,210,293	-2,928,638	-24.1%
09 Supplies and Materials	361,678	348,895	349,992	1,097	0.3%
10 Equipment – Replacement	161,792	124,594	173,943	49,349	39.6%
11 Equipment – Additional	415,826	527,229	190,398	-336,831	-63.9%
12 Grants, Subsidies, and Contributions	24,000	24,000	250,000	226,000	941.7%
13 Fixed Charges	1,434,916	1,629,297	1,677,797	48,500	3.0%
Total Objects	\$ 32,989,424	\$ 42,940,802	\$ 39,861,659	-\$ 3,079,143	-7.2%
Funds					
01 General Fund	\$ 513,669	\$ 469,531	\$ 499,166	\$ 29,635	6.3%
03 Special Fund	31,973,496	41,932,290	38,732,967	-3,199,323	-7.6%
09 Reimbursable Fund	502,259	538,981	629,526	90,545	16.8%
Total Funds	\$ 32,989,424	\$ 42,940,802	\$ 39,861,659	-\$ 3,079,143	-7.2%

DHMH: Department of Health and Mental Hygiene

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 4
Fiscal Summary
DHMH – Health Professional Boards and Commissions

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
04 Health Professional Boards and Commission	\$ 16,067,007	\$ 23,516,100	\$ 20,779,602	-\$ 2,736,498	-11.6%
05 Board of Nursing	8,204,865	9,211,759	8,990,969	-220,790	-2.4%
06 Maryland Board of Physicians	8,717,552	10,212,943	10,091,088	-121,855	-1.2%
Total Expenditures	\$ 32,989,424	\$ 42,940,802	\$ 39,861,659	-\$ 3,079,143	-7.2%
General Fund	\$ 513,669	\$ 469,531	\$ 499,166	\$ 29,635	6.3%
Special Fund	31,973,496	41,932,290	38,732,967	-3,199,323	-7.6%
Total Appropriations	\$ 32,487,165	\$ 42,401,821	\$ 39,232,133	-\$ 3,169,688	-7.5%
Reimbursable Fund	\$ 502,259	\$ 538,981	\$ 629,526	\$ 90,545	16.8%
Total Funds	\$ 32,989,424	\$ 42,940,802	\$ 39,861,659	-\$ 3,079,143	-7.2%

DHMH: Department of Health and Mental Hygiene

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

M00B0104 – DHMH – Health Professional Boards and Commissions