

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

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 14</u></b> <b><u>Actual</u></b>	<b><u>FY 15</u></b> <b><u>Working</u></b>	<b><u>FY 16</u></b> <b><u>Allowance</u></b>	<b><u>FY 15-16</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$343	\$387	\$1,492	\$1,105	285.6%
Deficiencies and Reductions	0	0	-10	-10	
<b>Adjusted General Fund</b>	<b>\$343</b>	<b>\$387</b>	<b>\$1,482</b>	<b>\$1,095</b>	<b>283.0%</b>
Special Fund	27,246	32,461	35,665	3,203	9.9%
Deficiencies and Reductions	0	0	-560	-560	
<b>Adjusted Special Fund</b>	<b>\$27,246</b>	<b>\$32,461</b>	<b>\$35,104</b>	<b>\$2,643</b>	<b>8.1%</b>
Reimbursable Fund	455	518	539	21	4.1%
<b>Adjusted Reimbursable Fund</b>	<b>\$455</b>	<b>\$518</b>	<b>\$539</b>	<b>\$21</b>	<b>4.1%</b>
<b>Adjusted Grand Total</b>	<b>\$28,044</b>	<b>\$33,366</b>	<b>\$37,125</b>	<b>\$3,759</b>	<b>11.3%</b>

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- The Governor's proposed allowance for the boards increases by \$3.8 million (11.3%) over the fiscal 2015 working appropriation net of contingent and across-the-board reductions.
- Of the total increase, \$1.8 million is due to the first year of significant funding, including positions, for the Natalie M. LaPrade Medical Marijuana Commission, including \$1.0 million in general funds.

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

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## ***Personnel Data***

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	<b><u>FY 14</u></b> <b><u>Actual</u></b>	<b><u>FY 15</u></b> <b><u>Working</u></b>	<b><u>FY 16</u></b> <b><u>Allowance</u></b>	<b><u>FY 15-16</u></b> <b><u>Change</u></b>
Regular Positions	265.70	271.70	286.20	14.50
Contractual FTEs	<u>9.51</u>	<u>13.01</u>	<u>15.20</u>	<u>2.19</u>
<b>Total Personnel</b>	<b>275.21</b>	<b>284.71</b>	<b>301.40</b>	<b>16.69</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions

11.60      4.26%

Positions and Percentage Vacant as of 12/31/14

28.60      10.53%

- The fiscal 2016 allowance includes an additional 14.5 regular positions. Of these, 9.0 are for the Natalie M. LaPrade Medical Marijuana Commission. Other increases include the Board of Nursing with 2.0 new positions, the Boards of Physicians, Pharmacy, and Examiners of Professional Counselors with 1.0 new position each, and the Board of Social Work Examiners with 0.5 new positions.
- Full-time equivalent (FTE) contractual positions increase overall by 2.19, representing a combination of new FTEs for certain boards offset by the conversion and consolidation of others.

## ***Analysis in Brief***

### **Major Trends**

***Most Boards Are Able to Meet Processing Goals for Licensees:*** In fiscal 2014, all but 4 of the boards met their goals for processing licenses in a timely manner. The total number of licenses issued in fiscal 2014 ranges from 102,908 by the Board of Nursing to 21 by the Board of Environmental Health Specialists.

***Complaint Processing:*** In fiscal 2014, 3 of the 20 boards were unable to process complaints according to their respective target timeframes.

## Issues

**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. The hiring of a project manager to oversee the project is currently underway. **The board should brief the committees on the status of its efforts to recruit a project manager, on the relative merits and costs of a custom IT system in comparison with an off-the-shelf product, as well as on how the Governor’s plan to transfer \$1.8 million from the board’s special fund to the general fund will affect the board’s ability to pay for this project in the future.**

**Board of Physicians and Criminal History Record Checks:** Recent news articles have highlighted how the lack of a criminal history record check during the licensing of a physician can lead to individuals with prior criminal histories being licensed to practice medicine in the State. Subsequently, the board anticipates that legislation will be introduced to require these checks prior to the granting of a license. **The board should comment on any potential costs, beyond personnel, that may be required to begin this program, as well as what this change in the licensing and regulation process may have upon both the costs and the timeframe for the new licensing software system.**

**The Beginning of the Natalie M. LaPrade Medical Marijuana Commission:** The fiscal 2016 allowance provides, for the first time, staff and significant funding for the commission. **The commission should discuss the timeframe involved and expectations for the licensing of growers and dispensaries in the next fiscal year, including a discussion of the reliability of the special fund estimates.**

## Recommended Actions

	<u>Funds</u>
1. Reduce general funds for the Natalie M. LaPrade Medical Marijuana Commission.	\$ 1,002,549
<b>Total Reductions</b>	<b>\$ 1,002,549</b>

***M00B0104 – DHMH – Health Professional Boards and Commissions***

***Analysis of the FY 2016 Maryland Executive Budget, 2015***

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

## ***Operating Budget Analysis***

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### **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 2013 and 2014. The total number of licenses issued in fiscal 2014 ranges from 102,908 by the Board of Nursing to 21 by the Board Environmental Health Specialists.

The boards generally aim to process 100% of new licenses within 10 days of receipt of a complete application. Similarly, the boards aim to process 100% of licensure renewals within 5 days. All but 4 of the boards met their respective targets in fiscal 2014 for issuing licenses in a timely manner. Both the Board of Nursing and Board of Pharmacy fell just short of their goal for renewal of licenses, issuing 98% and 95%, respectively, of renewal licenses within 5 days. Similarly, the Board of Morticians fell short in the issuance of initial licenses at 80%, while the Board of Physicians missed its goal of completing 95% of initial licenses within 10 days for physician applications (80%) and for allied health applications (83%).

**Exhibit 1**  
**Number of Licenses Processed**  
**Fiscal 2013-2014**

<b><u>Board/Commission</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Nurses*	102,424	102,908
Physicians*	29,306	21,659
Pharmacy*	7,825	13,088
Social Work*	6,634	6,447
Dental Examiners*	4,094	4,619
AUD/HAD/SLP*	770	4,166
Physical Therapy Examiners*	3,834	4,026
Occupational Therapists	3,643	3,907
Professional Counselors and Therapists*	3,190	2,635
Psychologists*	1,435	1,547
Chiropractic and Massage Therapy Examiners*	4,378	1,475
Dietetic Practice*	799	829
Optometry*	757	564
Morticians*	971	557
Acupuncture*	504	513
Podiatric	484	488
Nursing Home Administrators	261	253
Kidney Disease	125	123
Residential Child Care Program Professionals	32	104
Environmental Health Specialists*	524	21

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

\*Boards with a biennial renewal cycle. Allied health practitioners licensed by the Board of Physicians are also on a biennial renewal cycle.

Source: Department of Health and Mental Hygiene

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## **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 20 boards, 3 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 actually processed according to their goals. These three boards were also the only three last year to fall short in the processing of complaints.

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**Exhibit 2**  
**Complaints Not Processed in a Timely Manner**  
**Fiscal 2014**

<u>Board/Commission</u>	<u>Complaints Investigated</u>	<u>Goal</u>	<u>2014</u>
Dental	188	100% in 180 days	99%
Pharmacy	377	100% in 180 days	90%
Social Work	63	100% in 180 days	95%

Source: Department of Health and Mental Hygiene

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## **Fiscal 2015 Actions**

### **Cost Containment**

On January 7, 2015, the Board of Public Works withdrew \$205.3 million in appropriations as fiscal 2015 cost containment. This included a 0.6% across-the-board general fund reduction to DHMH totaling \$25,448,100. If allocated proportionally, it would equal \$2,407 in this program.

Further, the 2015 Budget Reconciliation and Financing Act (BRFA) includes three fund transfers from the Board of Nursing, Physicians, and Pharmacy to the general fund. These amounts are \$2.5 million, \$1.8 million, and \$1.6 million, respectively. **Exhibit 3** illustrates how each of these fund transfers would affect the balances of each board at the end of fiscal 2016.

It should be further noted that the BRFA also contains a fund transfer of \$1,700,000 from the Health Personnel Shortage Incentive Grant Program, which is funded through a revenue diversion from the licensing fees collected by the Board of Physicians.

**Exhibit 3**  
**Special Fund Balances from the Boards**  
**Fiscal 2014-2016**

	<b>Nursing</b>			<b>Physicians</b>			<b>Pharmacy</b>		
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Unexpended Prior Year	\$4,446,397	\$5,819,676	\$2,029,429	\$5,357,783	\$5,836,710	\$3,943,865	\$2,825,013	\$3,582,189	\$1,910,208
Revenue	8,755,696	7,457,239	8,611,405	9,115,349	11,092,636	9,297,656	3,518,531	3,387,575	3,197,380
Expenditures	-7,382,417	-8,747,486	-9,788,045	-8,636,422	-11,185,481	-11,437,355	-2,761,355	-3,459,556	-4,088,946
<i>BRFA Fund Transfer</i>		<i>-2,500,000</i>			<i>-1,800,000</i>			<i>-1,600,000</i>	
<b>Ending Balance</b>	<b>\$5,819,676</b>	<b>\$2,029,429</b>	<b>\$852,789</b>	<b>\$5,836,710</b>	<b>\$3,943,865</b>	<b>\$1,804,166</b>	<b>\$3,582,189</b>	<b>\$1,910,208</b>	<b>\$1,018,642</b>
<b>Ending Balance Without Fund Transfer</b>		<b>\$4,529,429</b>	<b>\$3,352,789</b>		<b>\$5,743,865</b>	<b>\$3,604,166</b>		<b>\$3,510,208</b>	<b>\$2,618,642</b>

BRFA: Budget Reconciliation and Financing Act

Source: Department of Health and Mental Hygiene



## **Proposed Budget**

As shown in **Exhibit 4**, the fiscal 2016 allowance increases by \$3.8 million (11.3%) over the fiscal 2015 working appropriation net of contingent and across-the-board reductions. Because the boards (except for the State Board of Examiners of Nursing Home Administrators and the State Board of Residential Child Care Administrators) are almost completely funded with special funds, special fund increases total \$2.6 million. General funds increase by \$1.1 million, almost exclusively due to start-up costs being funded in general funds for the Natalie M. LaPrade Medical Marijuana Commission.

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**Exhibit 4**  
**Proposed Budget**  
**DHMH – Health Professional Boards and Commissions**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
Fiscal 2014 Actual	\$343	\$27,246	\$455	\$28,044
Fiscal 2015 Working Appropriation	\$387	\$32,461	\$518	\$33,366
Fiscal 2016 Allowance	<u>\$1,482</u>	<u>\$35,104</u>	<u>\$539</u>	<u>\$37,125</u>
Fiscal 2015-2016 Amt. Change	\$1,095	\$2,643	\$21	\$3,759
Fiscal 2015-2016 Percent Change	283.0%	8.1%	4.1%	11.3%

### **Where It Goes:**

#### **Personnel Expenses**

New positions.....	\$740
Employee and retiree health insurance .....	498
Increments and other compensation (prior to cost containment) .....	293
Retirement contributions.....	214
Social Security Contributions .....	61
Other fringe benefit adjustments.....	-12
Workers' compensation premium assessment .....	-10
Turnover adjustments.....	-68
Section 21: abolition of employee increments .....	-226
Section 20: abolition of prior year 2% cost-of-living adjustment.....	-345

#### **Other Changes**

Natalie M. LaPrade Medical Marijuana Commission operating costs.....	1,267
Board of Nursing information technology imaging upgrades.....	418

## *M00B0104 – DHMH – Health Professional Boards and Commissions*

### **Where It Goes:**

New Board of Pharmacy database .....	400
Legal services fees .....	112
Software acquisitions and maintenance .....	103
Contractual payroll.....	92
Per diems.....	63
Travel.....	53
New vehicles and associated costs.....	52
Other changes.....	54
<b>Total</b>	<b>\$3,759</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

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### **Cost Containment**

The fiscal 2016 allowance contains back of the bill reductions for the 2015 cost-of-living adjustment (COLA) as well as removing increment/merit payments from agency allowances. These reductions equal \$570,653 for the boards.

Further, there is a 2% across-the-board general reduction in the fiscal 2016 allowance, which included a 0.6% across-the-board general fund reduction to DHMH totaling \$27,215,000. If allocated proportionally, it would equal \$9,570 in this program.

### **Personnel**

Personnel expenditures increase by \$1.7 million before the back of the bill reductions, with the largest increase tied to new positions within the boards. There are a total of 14 new positions, 9 of which are for the medical marijuana commission. Additionally, the Board of Nursing receives 2 new positions, and the Boards of Physicians, Pharmacy, and Examiners of Professional Counselors receive 1 new position each. The additional 0.5 position is for the Board of Social Work Examiners. The total increase for all of these new positions is \$739,745.

Other large personnel increases are mainly tied to fringe benefits, including \$497,827 in employee and retiree health insurance contributions and \$213,921 in retirement contributions.

### **Other Changes**

The largest change in the fiscal 2016 allowance is \$1.3 million in start-up and operating costs for the medical marijuana commission, including approximately \$1.0 million in general funds (discussed further in Issue 3). Other large increases include \$418,000 for upgrades to the Board of Nursing information technology (IT) imaging system, \$400,000 for a new database for the Board of

***M00B0104 – DHMH – Health Professional Boards and Commissions***

Pharmacy, \$112,000 in legal services costs from the Office of the Attorney General, and \$103,478 in increased software costs, primarily for the Board of Dental Examiners and the Board of Residential Child Care Administrators.

Contractual personnel costs also increase by \$92,000, mainly due to an increase of 2.19 full-time equivalents (FTE). This includes 3 new FTEs for the Board of Physicians; 1 FTE for the Board of Residential Child Care Administrators; and 0.5 FTEs for the Board of Chiropractic and Massage Therapy Examiners. These increases were offset by some decreases in contractual positions, including 1 FTE decrease from the Board of Dental Examiners; 0.5 FTEs from the Board of Environmental Health Specialists; 0.49 FTEs from the Board of Examiners of Professional Counselors; 0.3 FTEs from the Board of Social Work Examiners; and 0.02 FTEs from the Board of Physical Therapy Examiners.

## ***Issues***

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### **1. Board of Physicians Major Information Technology Project**

The DHMH administration budget includes \$684,000 (all special funds) to support planning by the Board of Physicians for the development of a new integrated IT system for medical licensure and investigation. As noted in the board's 2011 sunset evaluation (as well as in 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 basically stalled for an entire year, beginning with the hiring of a project manager. However, the board indicates that the selection of a project manager is currently imminent.

The board had previously estimated total costs for an off-the-shelf IT system to be less than \$1.0 million. However, the board (which has experienced significant personnel changes at the management level in the past two years) has recently advised that a custom-developed system would better suit the board's needs. The board advises that the development of such a system would cost approximately \$2.6 million. However, the actual final estimate of the total project costs can only be known after a project manager is hired. The current status and cost estimates of the project are presented in Appendix 2. **The board should brief the committees on the status of its efforts to recruit a project manager, on the relative merits and costs of a custom IT system in comparison with an off-the-shelf product, as well as on how the Governor's plan to transfer \$1.8 million from the board's special fund to the general fund will affect the board's ability to pay for this project in the future.**

### **2. Board of Physicians and Criminal History Record Checks**

The issue of criminal history record checks (CHRCs) for various licensed medical professionals has taken on increased visibility in recent months. Currently, only six boards require that any licensee undergo a CHRC (Morticians and Funeral Directors, Nursing, Pharmacy, Examiners of Psychologists, Residential Child Care Professionals, and Processional Counselors and Therapists). Of these six, only the Board of Nursing requires subsequent CHRCs at least once every 12 months. Most recently, the lack of CHRCs for licensees with the Board of Physicians has become an issue following recent new articles which have highlighted how the lack of a CHRC can allow for an individual who has been convicted of a crime in another state to become a licensed physician in Maryland.

Subsequently, the board plans to have legislation introduced, which would require physicians to apply for a background check when first seeking a medical license, or for currently practicing doctors, when they next renew their license. Further, the board plans to use a Federal Bureau of Investigation program, known as "rap back," to continuously monitor physicians and alert the board to any new criminal activity. With these changes, the board estimates that it would need three additional personnel at a cost of \$178,539, and would also have to cover the cost of the rap back services, which would cost approximately \$13 per application. Should the legislation be enacted this session, the board estimates that CHRCs will begin October 1 of this year.

**The board should comment on any potential costs, beyond personnel, that may be required to begin this program, what this change in the licensing and regulation process may have upon both the costs and timeframe for the new licensing software system, and the status of any legislation.**

### **3. The Beginning of the The Natalie M. LaPrade Medical Marijuana Commission**

Chapter 403 of 2013 authorized the investigational use of marijuana for medical purposes through research programs operated by academic medical centers in the State. The Act also established the Natalie M. LaPrade Medical Marijuana Commission as an independent commission within DHMH. The commission initially was established to (1) develop requests for applications for academic medical centers to operate programs in the State; (2) approve or deny initial and renewal program applications; and (3) monitor and oversee programs approved for operation.

Due to lack of interest among academic medical centers to participate in the program and pressure from patient advocates to make medical marijuana available beyond only those patients participating in a research study, Chapters 240 and 256 of 2014 expanded the State's medical marijuana program to allow qualifying patients to obtain medical marijuana from persons other than academic medical centers. Specifically, the Act allows 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 marijuana. Qualifying patients may only obtain marijuana from a grower or dispensary licensed by the commission. The Act prohibits the commission from licensing more than 15 growers. The commission is authorized to set fees to cover the costs of operating the commission.

The commission has met monthly since September 2013 and is tasked with adopting certain regulations that must include specifications on (1) how certifying physicians will make marijuana available to patients; (2) the requirements for identification cards; (3) the requirements for growers and dispensaries, including an application review process; and (4) what constitutes a 30-day supply of marijuana. The commission is also required to maintain a website on how medical marijuana can be obtained, how to find a certifying physician, and contact information for growers and dispensaries. The deadline for the regulations was September 2014. However, the commission was unable to meet the deadline due to the volume of complicated and controversial issues that were presented when drafting the regulations. However, regulations were posted in the Maryland Register on January 23, 2015, and are now going through public comment.

### **Funding for the Commission**

Funding for the commission has previously been contained within the DHMH administration budget and totaled only \$125,000 each year. The fiscal 2016 allowance now contains approximately \$1.8 million, including 9 new positions as previously mentioned. The commission has also hired a new executive director, and plans to have all remaining staff in place by the start of the new fiscal year. Further, it is also planning to begin the application and selection process for growers and dispensaries,

as well as the certification process for physicians within the upcoming fiscal year. This will lead to fee revenue coming into the commission, as allowed through statute and regulation, to fund the cost of running the commission. **Exhibit 5** contains the fees and revenue estimates for the commission for fiscal 2016 through 2018. It should be noted that the revenue estimates represent the “best case” scenario. Actual revenues should be lower.

While the goal of the commission is to fund itself on the fee revenue that it may levy, the majority of the one-time start-up costs in the allowance are funded with general funds. According to cost estimates from the commission, it should be able to fund all costs, including the first year start-up costs, with special funds. However, revenues may not meet expectations for a variety of reasons. For example, the high fees may deter applicants, block out smaller entities, and are not in proportion to fees charged in other states. Also, if further issues arise in adopting the regulations which result in the need to push back the timeframe for reviewing and accepting applications from growers and dispensaries, special fund revenues could suffer.

**The commission should discuss the timeframe involved and expectations for the licensing of growers and dispensaries in the next fiscal year, including a discussion of the reliability of the special fund estimates.**

**The Department of Legislative Services also recommends that the general funds be cut with the understanding that a special fund budget amendment be processed that restores the funding for the commission. Further, should the fee revenue for the commission lag the estimates, a deficiency for general funds for the commission should be included with the fiscal 2017 budget submission.**

**Exhibit 5**  
**Natalie M. LaPrade Medical Marijuana Commission**  
**Fee Revenue Estimates**

	Fiscal 2016			Fiscal 2017			Fiscal 2018		
	<u>Fee Amount</u>	<u>Transactions</u>	<u>Anticiapted Revenue</u>	<u>Fee Amount</u>	<u>Transactions</u>	<u>Anticiapted Revenue</u>	<u>Fee Amount</u>	<u>Transactions</u>	<u>Anticiapted Revenue</u>
<b>Growers</b>									
Application Fee – Stage 1	\$2,000	\$50	\$100,000	\$2,000			\$2,000		
Application Fee – Stage 2	4,000	15	60,000	4,000			4,000		
Biennial Licensing Fee	125,000	15	1,875,000	125,000	\$15	\$1,875,000	125,000	\$15	\$1,875,000
Agent Card Fee	200	300	60,000	200	15	3,000	200	15	3,000
Agent Card Fee – Replacement	100	17	1,700	100	2	200	100	2	200
<b>Totals</b>			<b>\$2,096,700</b>			<b>\$1,878,200</b>			<b>\$1,878,200</b>
<b>Dispensary</b>									
Application Fee – Stage 1	\$1,000	\$100	\$100,000	\$1,000			\$1,000		
Application Fee – Stage 2	4,000	45	180,000	4,000			4,000		
Biennial Licensing Fee	40,000	45	1,800,000	40,000	\$45	\$1,800,000	40,000	\$45	\$1,800,000
Agent Card Fee	200	360	72,000	200	18	3,600	200	18	3,600
Agent Card Fee – Replacment	100	20	2,000	100	2	200	100	2	200
<b>Totals</b>			<b>\$2,154,000</b>			<b>\$1,803,800</b>			<b>\$1,803,800</b>
<b>Qualifying Patient/Caregiver</b>									
Identification Card Base Fee – Replacement	\$50	\$113	\$5,650	\$50	\$50	\$2,500	\$50	\$50	\$2,500
<b>Totals</b>			<b>\$5,650</b>			<b>\$2,500</b>			<b>\$2,500</b>

	<u>Fee Amount</u>	<u>Fiscal 2016 Transactions</u>	<u>Anticiapted Revenue</u>	<u>Fee Amount</u>	<u>Fiscal 2017 Transactions</u>	<u>Anticiapted Revenue</u>	<u>Fee Amount</u>	<u>Fiscal 2018 Transactions</u>	<u>Anticiapted Revenue</u>
Total Revenues			\$4,256,350			\$3,684,500			3,684,500
Prior Year Balance			6,401			2,445,729			4,621,981
Expenditures			1,817,022			1,508,248			1,533,673
End Year Balance			\$2,445,729			\$4,621,981			\$6,772,808

Source: Natalie M. LaPrade Medical Marijuana Commission



## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	<b><u>Position Reduction</u></b>
1. Reduce general funds for the Natalie M. LaPrade Medical Marijuana Commission. The agency is authorized to process a budget amendment to provide for these costs with special funds. If insufficient special fund revenue is collected in fiscal 2016, the agency should seek a general fund deficiency with the fiscal 2017 budget submission.	\$ 1,002,549	GF
<b>Total General Fund Reductions</b>	<b>\$ 1,002,549</b>	

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets DHMH - Health Professional Boards and Commissions (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$383	\$31,031	\$0	\$483	\$31,897
Deficiency Appropriation	-8	-408	0	0	-416
Budget Amendments	-32	219	0	0	187
Reversions and Cancellations	0	-3,596	0	-28	-3,624
<b>Actual Expenditures</b>	<b>\$343</b>	<b>\$27,246</b>	<b>\$0</b>	<b>\$455</b>	<b>\$28,044</b>
<b>Fiscal 2015</b>					
Legislative Appropriation	\$385	\$32,291	\$0	\$518	\$33,194
Cost Containment	0	0	0	0	0
Budget Amendments	2	170	0	0	172
<b>Working Appropriation</b>	<b>\$387</b>	<b>\$32,461</b>	<b>\$0</b>	<b>\$518</b>	<b>\$33,366</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

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## **Fiscal 2014**

The boards completed fiscal 2014 \$3,852,996 below the original legislative appropriation mainly due to special fund cancellations as well as negative deficiencies. Negative deficiencies totaled \$416,095 including \$8,252 in general funds and \$407,843 in special funds related to lower payments for health insurance and retirement contributions.

In contrast, budget amendments added \$187,030 in total funds. This included increases for the 2014 COLA and salary increment increase for State employees (\$4,324 in general funds and \$323,349 in special funds), as well as an increase of \$22,634 in special funds to realign the State Retirement Administration fee and Department of Information Technology services allocation within DHMH. Another budget amendment increase included \$447,140 in special funds for the State Board of Pharmacy for optical scanning record retention services and other costs. Funds were also removed through budget amendments, including \$359,000 in special funds, which were transferred from the Board of Physicians to the DHMH Major IT budget for the board's new integrated medical license and investigation IT system, as well as \$215,521 in special funds from the Board of Physicians as part of closeout. Further, general funds decreased by \$35,896 to realign funds within DHMH from programs with general fund surpluses to those with deficits.

Cancellations totaled \$3,623,931, including \$3,595,757 in special funds and \$28,174 in reimbursable funds, mainly due to vacancies within the various boards.

## **Fiscal 2015**

To date, \$170,065 in special funds and \$2,202 in general funds have been added to the legislative appropriation for the allocation of the fiscal 2015 COLA.

## Major Information Technology Projects

### Department of Health and Mental Hygiene – Administration Maryland Board of Physicians Integrated Software System

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	New					
<b>Project Description:</b>	Development of a new, more fully integrated medical licensure and investigation software system to replace the board’s existing systems.							
<b>Project Business Goals:</b>	Correction of deficiencies in the board’s existing software system and improvement of board’s efficiency.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	n/a.	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$1,318,000					
<b>Project Start Date:</b>	November 2014.	<b>Projected Completion Date:</b>	Requirement analysis to be completed by April 2015. Project completion date to be determined.					
<b>New Schedule Status:</b>	The original start date of the project was September 2013. However, work delays have pushed this date back, and the hiring of a project manager is currently underway.							
<b>Schedule Status:</b>	The hiring of a project manager is currently underway.							
<b>Cost Status:</b>	Fiscal 2016 funding included in the Department of Health and Mental Hygiene administration budget.							
<b>Scope Status:</b>	n/a.							
<b>Project Management Oversight Status:</b>	DoIT project oversight is now in place.							
<b>Identifiable Risks:</b>	Moderate identifiable risks are the large scale of the project and the need to familiarize staff with a new system.							
<b>Additional Comments:</b>	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, pointing to the need for the replacement of the board’s existing systems.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	634	684	0.0	0.0	0.0	0.0	0.0	1,318
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$634</b>	<b>\$684</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$,1318</b>

<sup>1</sup> Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

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

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	265.70	271.70	286.20	14.50	5.3%
02 Contractual	9.51	13.01	15.20	2.19	16.8%
<b>Total Positions</b>	<b>275.21</b>	<b>284.71</b>	<b>301.40</b>	<b>16.69</b>	<b>5.9%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 18,712,641	\$ 21,541,015	\$ 23,256,722	\$ 1,715,707	8.0%
02 Technical and Spec. Fees	1,272,733	1,559,468	1,720,644	161,176	10.3%
03 Communication	503,944	615,212	776,911	161,699	26.3%
04 Travel	307,360	489,887	576,710	86,823	17.7%
07 Motor Vehicles	25,844	15,960	100,972	85,012	532.7%
08 Contractual Services	5,149,438	7,095,710	8,735,217	1,639,507	23.1%
09 Supplies and Materials	318,727	296,074	309,703	13,629	4.6%
10 Equipment – Replacement	94,009	120,242	160,056	39,814	33.1%
11 Equipment – Additional	79,835	122,788	468,323	345,535	281.4%
12 Grants, Subsidies, and Contributions	0	24,000	24,000	0	0%
13 Fixed Charges	1,579,468	1,485,586	1,566,758	81,172	5.5%
<b>Total Objects</b>	<b>\$ 28,043,999</b>	<b>\$ 33,365,942</b>	<b>\$ 37,696,016</b>	<b>\$ 4,330,074</b>	<b>13.0%</b>
<b>Funds</b>					
01 General Fund	\$ 343,321	\$ 386,978	\$ 1,492,234	\$ 1,105,256	285.6%
03 Special Fund	27,245,802	32,461,412	35,664,843	3,203,431	9.9%
09 Reimbursable Fund	454,876	517,552	538,939	21,387	4.1%
<b>Total Funds</b>	<b>\$ 28,043,999</b>	<b>\$ 33,365,942</b>	<b>\$ 37,696,016</b>	<b>\$ 4,330,074</b>	<b>13.0%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions..

**Fiscal Summary**  
**DHMH – Health Professional Boards and Commissions**

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
04 Health Professional Boards and Commission	\$ 13,118,449	\$ 15,332,005	\$ 18,270,335	\$ 2,938,330	19.2%
05 Board of Nursing	7,382,417	8,747,486	9,788,045	1,040,559	11.9%
06 Maryland Board of Physicians	7,543,133	9,286,451	9,637,636	351,185	3.8%
<b>Total Expenditures</b>	<b>\$ 28,043,999</b>	<b>\$ 33,365,942</b>	<b>\$ 37,696,016</b>	<b>\$ 4,330,074</b>	<b>13.0%</b>
General Fund	\$ 343,321	\$ 386,978	\$ 1,492,234	\$ 1,105,256	285.6%
Special Fund	27,245,802	32,461,412	35,664,843	3,203,431	9.9%
<b>Total Appropriations</b>	<b>\$ 27,589,123</b>	<b>\$ 32,848,390</b>	<b>\$ 37,157,077</b>	<b>\$ 4,308,687</b>	<b>13.1%</b>
Reimbursable Fund	\$ 454,876	\$ 517,552	\$ 538,939	\$ 21,387	4.1%
<b>Total Funds</b>	<b>\$ 28,043,999</b>	<b>\$ 33,365,942</b>	<b>\$ 37,696,016</b>	<b>\$ 4,330,074</b>	<b>13.0%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.