

**M00B0104**  
**Health Professional Boards and Commissions**  
**Maryland Department of Health**

**Program Description**

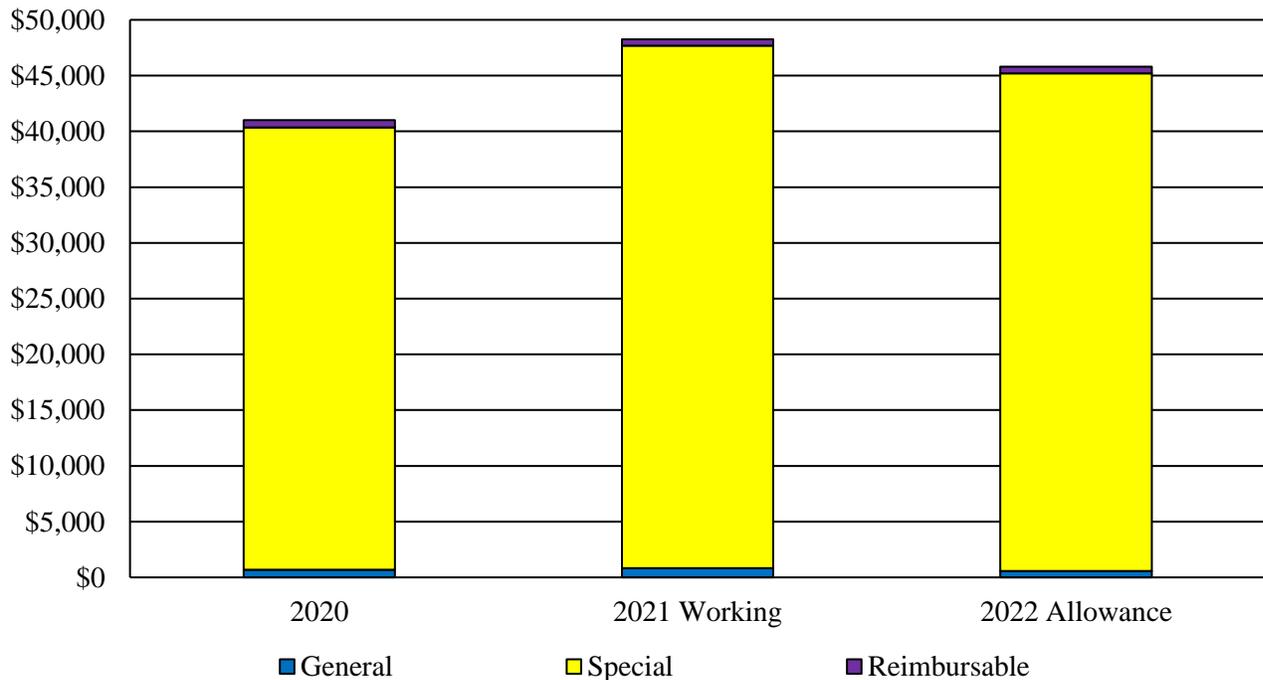
The 20 health professional boards and two commissions within the Maryland Department of Health (MDH) certify, license, resolve consumer complaints, and assist in establishing parameters for various providers through regulations. Nearly all of the boards and commissions funding is generated through licensing fees.

Each board shares the same goals of (1) protecting the public by ensuring that practicing health professionals are properly credentialed and licensed to provide high-quality services to Marylanders and (2) receiving, investigating, and resolving complaints in a timely manner.

***Operating Budget Summary***

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**Fiscal 2022 Budget Decreases \$2.5 Million, or 5.1%, to \$45.8 Million**  
**(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance includes contingent reductions, annual salary reviews, and annualization of general salary increases.

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- The Maryland Medical Cannabis Commission (MMCC), which had significant one-time expenditures in fiscal 2021, is returning to spending levels consistent with the fiscal 2020 actuals, accounting for most of the decrease shown above.
- The Governor’s Budget Reconciliation and Financing Act (BRFA) of 2021 utilizes surplus fund balance from three of the health occupation boards: the Board of Pharmacy; the Board of Licensed Professional Counselors and Therapists; and MMCC. These fund balance transfers total \$6.5 million and backfill general funds elsewhere in MDH.

## **Fiscal 2020**

The health occupation boards collectively received \$118,685 in reimbursable funds from the Office of Preparedness and Response supported by the funding authorized in the federal Coronavirus Aid, Relief, and Economic Security Act. Over half, \$67,205, went to support contractual staff in COVID-19-related redeployments. The next largest share supported salaries for regular employees redeployed, totaling \$43,629. The remaining \$7,851 went to the Board of Nursing for miscellaneous COVID-19-related operating expenses.

## **Fiscal 2021**

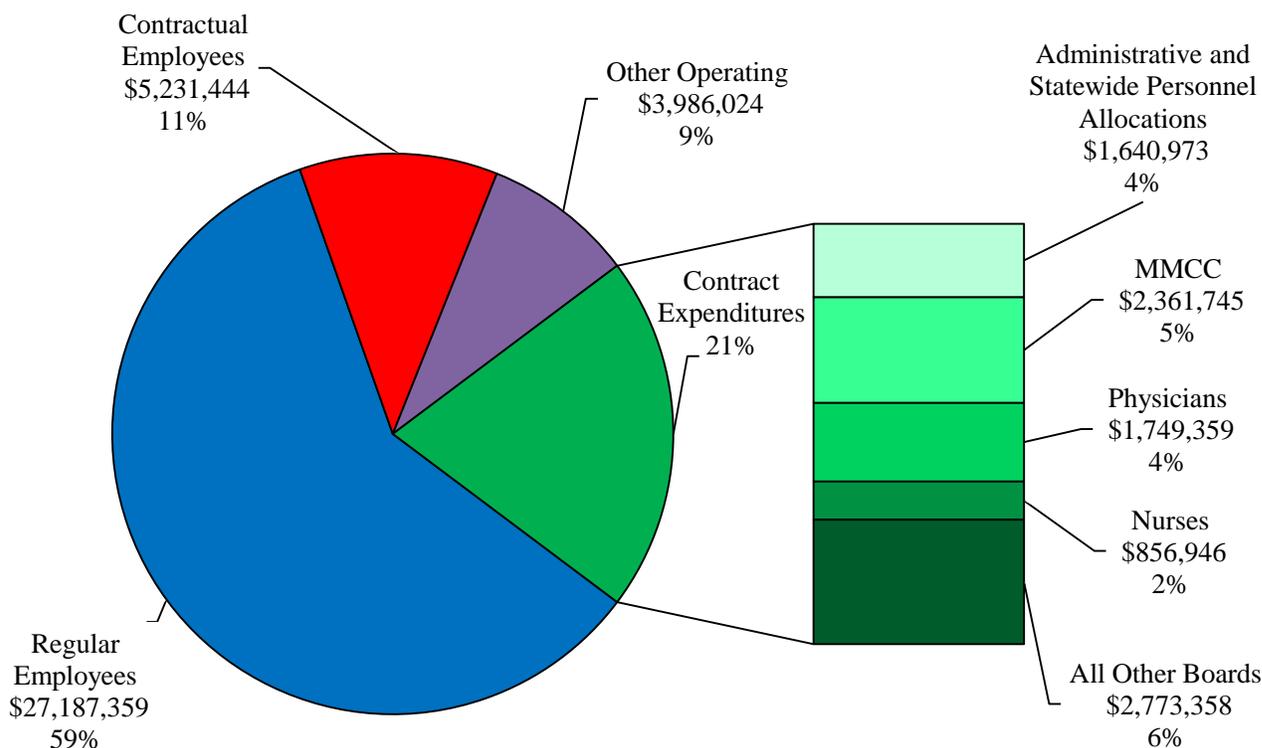
### **July 1, 2020 Board of Public Works Reductions**

At the July 1, 2020 meeting of the Board of Public Works (BPW), the Governor proposed and BPW approved a reduction in unemployment insurance across State government. This resulted in a total fund reduction of \$61,617 across all of the health occupation boards, all but \$808 of this reduction came from special funds.

## **Fiscal 2022 Overview of Agency Spending**

The Health Professional Boards and Commissions have a proposed fiscal 2022 budget of \$45.8 million. The overwhelming majority of the funding for the boards is generated through the licensing fees with the exception of the State Board of Nursing Home Administrators and the State Board of Residential Child Care Administrators, which receive general funds. Collectively, with the largely administrative nature of the boards, nearly 70% is spent on regular or contractual employees, as shown in **Exhibit 1**.

**Exhibit 1  
Overview of Agency Spending  
Fiscal 2022 Allowance**



MMCC: Maryland Medical Cannabis Commission

Note: The fiscal 2022 allowance data includes contingent reductions, annual salary reviews, and annualization of general salary increases.

Source: Governor’s Fiscal 2022 Budget Books

The health occupation boards vary significantly in size and expenditures – the largest board, the Maryland Board of Physicians (MBP), is budgeted for \$10.4 million in fiscal 2022 expenditures; the smallest board, the Environmental Health Specialists, is budgeted for \$144,219.

**Proposed Budget Change**

The Health Professional Boards and Commission total expenditures decrease by \$2.5 million in fiscal 2022, as shown by **Exhibit 2**. This is almost entirely accounted for by the \$2.4 million decrease in budgeted expenditures for MMCC, decreasing from \$10.9 million in fiscal 2021 to \$8.5 million in

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fiscal 2022. Within MMCC, the largest reduction from fiscal 2021 comes from spending \$2.6 million less in contractual expenditures than in the prior year. In fiscal 2021, \$2.2 million was budgeted for start-up funding for MMCC’s information technology (IT) project. The fiscal 2022 budget only contains \$500,000 for system maintenance. This \$1.7 million difference accounts for much of the overall reduction seen throughout the boards.

**Exhibit 2  
Proposed Budget  
Maryland Department of Health – Health Professional Boards and Commissions  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
Fiscal 2020 Actual	\$675	\$39,681	\$652	\$41,008
Fiscal 2021 Working Appropriation	819	46,873	568	48,260
Fiscal 2022 Allowance	<u>573</u>	<u>44,641</u>	<u>574</u>	<u>45,787</u>
Fiscal 2021-2022 Amount Change	-\$247	-\$2,232	\$6	-\$2,473
Fiscal 2021-2022 Percent Change	-30.1%	-4.8%	1.0%	-5.1%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Technical adjustment for shared services throughout the boards, driven by fiscal 2021 negative reduction in the Maryland Board of Physicians .....	\$488
Regular employee compensation .....	241
January 1, 2020 2% general salary increase annualization .....	239
Employee and retiree health insurance.....	164
Salary for 2 new employees for the Board of Social Workers and Audiologists.....	91
Unemployment compensation.....	50
Social Security contributions .....	24
Fiscal 2022 Annual Salary Review for fiscal service employees .....	17
Employee retirement system .....	-101
Turnover adjustments.....	-139
Other fringe benefit adjustments .....	-1
<b>State Board of Pharmacy</b>	
Legacy software upkeep.....	128
Increase in contractual workforce .....	108
<b>State Board of Residential Child Care Administrators</b>	
One-time upgrade in fiscal 2021 for training module and online platform.....	-230

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**State Board of Dental Examiners**

One-time expenses for IT consultant to issue RFP to replace legacy software and reduction in other IT-related expenditures – maintenance of legacy software continues into fiscal 2022 ..... -205

**Board of Physicians**

Supervisory services for practitioners on probation..... 282  
 Savings achieved in the physician rehabilitation program,..... -163  
 Reduction in expenditures for peer review services..... -308

**Board of Nursing**

Reduction in contract employee expenditures, ..... -280

**Maryland Medical Cannabis Commission**

Reduction in contract employee expenditures, ..... -151  
 One-time fiscal 2021 expenditures for disparity study as required by Chapter 598 of 2018 conducted by Morgan State University ..... -400  
 One-time fiscal 2021 expenditures for audit of licensees ..... -500  
 One-time fiscal 2021 start-up costs for enterprise license system ..... -1,700

**Other Changes**

Other operating expenditures across remaining boards ..... -126

**Total** ..... **-\$2,473**

IT: information technology  
 MDH: Maryland Department of Health  
 RFP: request for proposals

Note: Numbers may not sum to total due to rounding. The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance include contingent reductions, annual salary reviews, and annualization of general salary increases.

## ***Personnel Data***

	<b><u>FY 20</u></b>	<b><u>FY 21</u></b>	<b><u>FY 22</u></b>	<b><u>FY 21-22</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	286.60	280.50	282.50	2.00
Contractual FTEs	<u>61.30</u>	<u>85.19</u>	<u>84.80</u>	<u>-0.39</u>
<b>Total Personnel</b>	<b>347.90</b>	<b>365.69</b>	<b>367.30</b>	<b>1.61</b>

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

Turnover and Necessary Vacancies, Excluding New Positions	19.24	6.81%
Positions and Percentage Vacant as of 11/30/20	28.5	7.79%
Vacancies Above (Below) Turnover	9.26	

The health occupation boards gained a net of 2 regular employees. The Board of Audiologists and the Board of Social Workers added 1 new administrator each, increasing their regular employee compliments to 5 and 15, respectively. Additionally, an assistant Attorney General (AAG) position moved from the Board of Physicians to the Board of Nursing. The Board of Nursing now supports 8 AAGs, and the Board of Physicians supports 10. The only other boards that support AAGs as regular employees are MMCC (2), the Board of Pharmacy (2), and the State Board of Chiropractic Examiners (1). MMCC and the Board of Nursing each have 1 AAG in their contractual workforce as well, and the State Commission on Kidney Disease added part-time AAG services, shown and discussed further in this analysis.

### **Annual Salary Review for Fiscal Service Positions**

The fiscal 2022 allowance includes salary enhancements through an annual salary review (ASR) for certain fiscal services positions throughout State government. The health occupation boards have 3 such employees, 1 in each of the Board of Physicians, MMCC, and program coordination across the boards. ASR added \$12,590 in special funds (\$5,743 and \$6,847 for the Board of Physicians and MMCC, respectively) and \$4,379 in reimbursable funds.

### **Contractual Employee Changes**

Given that many boards are specially funded, they often employ contractual workers to increase administrative assistance as need increases. MBP gained 2.5 contractual full-time equivalents (FTE); 2 additional administrative support for licensures; and a 0.5 FTE increase for assistance in reviewing possible violations of the Maryland Medical Practice Act. However, net expenditures for contract employee payroll decreased, with direct compensation for medical practice violation review shifting to per diem payment expenditures.

These increases were offset by a net decrease of 2.89 FTEs across the rest of the boards, as shown in **Exhibit 3**.

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**Exhibit 3**  
**Change in Contractual Workforce**  
**Fiscal 2021-2022**

	<u>Change over Fiscal 2021 (FTE)</u>
<b>Maryland Board of Physicians</b>	<b>2.50</b>
<b>State Board of Nursing:</b> 1.09 reduction in contractual employees used to reduce case backlogs, offset by 0.1 increase in IT support	-0.99
<b>Board of Physical Therapy Examiners:</b> Additional Data Entry Operator to assist with licensure	1.00
<b>Maryland Medical Cannabis Commission</b>	-2.00
<b>State Board of Environmental Health Specialist:</b> Part-time executive director	0.30
<b>State Board of Examiners of Psychologists:</b> Elimination of 1 HSCRC Assistant Chief	-1.00
<b>State Board of Occupational Therapy Practice:</b> Elimination of contractual Executive Director	-1.00
<b>State Board of Pharmacy:</b> Additional Administrative Support	2.70
<b>State Board of Social Work Examiners:</b> Reduction of 2 FTEs assisting with CEUs and Administrative Support	-2.00
<b>State Commission on Kidney Disease:</b> Part-time board attorney	0.10
<b>Total Change in Contractual FTEs</b>	<b>-0.39</b>

CEU: Continuing Education Units

FTE: full-time equivalent

HSCRC: Health Services Cost Review Commission

IT: information technology

Source: Governor's Fiscal 2022 Budget Books

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MMCC, due to its rapid growth, has consistently had one of the largest compliments of contractual employees within the health occupation boards. The use of contractual employees provides the commission flexibility to respond to the changes needs in the regulation of the medical cannabis industry in the State. This flexibility has produced noticeable movement within the distribution of contractual resources. The changes in the roles performed by contractual workers from fiscal 2021 to 2022 are shown in **Exhibit 4**.

**Exhibit 4**  
**MMCC FTE Contractual Employees, Budgeted**  
**Fiscal 2021-2022**

	<u>2021</u>	<u>2022</u>	<u>Change</u>
Administrative Support	10	19	9
Investigative Support	12	7	-5
Education, Research, and Outreach	5	2	-3
Information Technology	1	1	0
Legal, Assistant Attorney Generals	2	1	-1
Executive Direction	2	0	-2
<b>Net Change</b>			<b>-2</b>

FTE: full-time equivalent

MMCC: Maryland Medical Cannabis Commission

Source: Governor’s Fiscal 2022 Budget Books

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As of December 2020, the commission had issued 17 final grower licenses, 18 final processor licenses, and 94 final dispensary licenses. Further, on October 1, 2020, the commission awarded 3 grower license pre-approvals and 8 processor license pre-approvals. Statute limits the number of grower (22 licenses) and processor (28) licenses that the commission can issue, and regulations establish a limit on the number of dispensary licenses (102). Given that only 2 more grower and processor licenses can be issued by MMCC, the need for the investigative function in contractual staff has decreased going forward.

**Proposed BRFA Actions**

The BRFA contains three separate fund balance transfers from the various health occupations, totaling \$6.5 million to replace a like amount of general fund expenditures elsewhere in MDH. These transfers are:

- \$6 million from the MMCC fund balance to replace general funds in the Behavioral Health Administration (BHA);
- \$2 million from the Board of Licensed Professional Counselors and Therapists fund balance also to replace general funds in BHA; and

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- \$500,000 from the Board of Pharmacy fund balance to replace general funds in the Deputy Secretary of Public Health Service budget. These funds are targeted to support the Office of Controlled Substances Administration.

In addition to these actions, the BRFA of 2020 authorized a fiscal 2022 fund balance transfer of \$750,000 from the Board of Pharmacy to support small, rural pharmacies through the Medicaid program. At present, the budget does not reflect the availability of these special funds.

In all, 20 of the 22 boards are funded through special funds derived from user fees. Generally, MDH recommends that each board maintain a fund balance between 20% and 30% of annual expenditures. Fund balances assist the boards in meeting unanticipated expenses and/or maintaining operations through periods of revenue instability. The COVID-19 pandemic presents short-term revenue instability for nearly all of the health occupation boards.

In an order issued on March 12, 2020, Governor Lawrence J. Hogan, Jr. extended any professional license renewal date that was set to expire during the State of Emergency to 30 days after the State of Emergency is terminated. Given that the different health occupation boards have different periods, timelines, and frequencies for renewals, this declaration had disparate impacts across the various boards, but it is understood to have reduced the need for renewals by many of the professions regulated. An amendment to this executive order was issued by the Governor on June 19, 2020, which granted the authority to units of State government or local jurisdictions to exempt certain authorizations from the renewal extensions. However, at the time of this writing, MDH has not exempted the health occupation boards.

Renewal of licenses act as an important source of board revenue and 9 boards, according to the General Accounting Division of the Comptroller reporting, collected fewer revenues in fiscal 2020 than 2018 (18 of 20 boards have a biannual renewal cycle, making fiscal 2018 the best point of comparison for renewals collected in fiscal 2020). The largest revenue and renewal downturns occurred with the Board of Dental Examiners and the Board of Nursing, with revenue declining over fiscal 2018 by \$673,011 and \$2.1 million, respectively. The Board of Nursing, for instance, issued notice to its licensees that renewals are to be extended a full 365 days from the date of expiration to comply with the Governor's executive order, resulting in the significant decline in renewals.

While the boards can be expected to ultimately recoup lost revenues when renewals restart, those with small fund balances may experience short-term fiscal challenges if the suspension of renewal requirements continues well into fiscal 2021. **Exhibit 5** shows the fund balance as the various boards closed fiscal 2020, the expenditures anticipated in fiscal 2022 given the board's allowances, and the share of fund balance as a percent of expenditures.

**Exhibit 5**  
**Special Fund Balances as a Share of Revenue**  
**Fiscal 2020 Fund Balance vs. Fiscal 2022 Allowance**  
**(\$ in Thousands)**

	<b>Closing Fund Balance <u>Fiscal 2020</u></b>	<b>Allowance <u>Fiscal 2022</u></b>	<b>Balance as % of <u>Allowance</u></b>	<b>BRFA Proposed Fund Balance <u>Transfers</u></b>	<b>Adjusted Fund Balance</b>	<b>Adjusted Balance as % of <u>Allowance</u></b>
Acupuncture	\$199.52	\$309.28	65%		\$199.52	65%
Audiologists	313.16	583.94	54%		313.16	54%
Chiropractic	418.62	558.78	75%		418.62	75%
Counselors/Therapists	2,612.82	1,228.61	213%	-\$2,000.00	612.82	50%
Dental	654.87	2,400.06	27%		654.87	27%
Dietetic	174.33	235.17	74%		174.33	74%
Environmental Health	0.00	144.22	0%		0.00	0%
Kidney Disease	77.61	219.17	35%		77.61	35%
Massage Therapy	201.88	642.00	31%		201.88	31%
Medical Cannabis	9,333.74	8,474.91	110%	-6,000.00	3,333.74	39%
Morticians	0.00	578.04	0%		0.00	0%
Nurses	1,236.38	8,639.54	14%		1,236.38	14%
Occupational Therapy	733.58	544.85	135%		733.58	135%
Optometry	124.58	373.66	33%		124.58	33%
Pharmacy	2,890.86	4,471.64	65%	-500.00	890.86*	20%
Physical Therapy	1,227.20	1,221.72	100%		1,227.20	100%
Physicians	5,805.49	10,369.33	56%		3,905.49*+	38%
Podiatric	375.12	344.35	109%		375.12	109%
Psychologists	1,116.99	734.90	152%		1,116.99	152%
Social Work	742.82	2,132.32	35%		742.82	35%

BRFA: Budget Reconciliation and Financing Act

\*The BRFA of 2020 authorized fund balance transfers of \$750,000 in both fiscal 2021 and 2022 for the Board of Pharmacy. The BRFA of 2020 also authorized fund balance transfers totaling \$1.3 million from the Board of Physicians in fiscal 2021. These transfers are reflected in the adjusted totals for both boards.

+ Chapter 403 of 2020 required at least \$1 million in funding for fiscal 2022 to the Maryland Loan Assistance Repayment Program (MLARP) for Physicians and Physician Assistants. If the funding is not appropriated by the Governor, this funding shall be provided by the Board of Physicians' special fund. MLARP is budgeted with the annual \$400,000 contribution from the Board of Physicians for fiscal 2022. The adjusted fund balance for the Board of Physicians removes an additional \$600,000 to reflect the requirements under Chapter 403.

Source: Governor's Fiscal 2022 Budget Books

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The Department of Legislative Services (DLS) believes that the fund balance for the Board of Pharmacy is nearing a level of concern, given future revenue uncertainty, and other demands on the fund balance from prior BRFA actions. **Given this, DLS recommends enforcing the BRFA of 2020 provision to fund Medicaid and not the Office of Controlled Substances Administration, rejecting the proposed \$500,000 in the BRFA of 2021. DLS also recommends using \$700,000 of fund balance from the Board of Psychologists to support community mental health services.** This action would still allow for a 57% fund balance, relative to the fiscal 2022 allowance for the Board of Psychologists.

The other two fund balance transfers proposed present less of a concern for the corresponding two boards – the Board of Licensed Professional Counselors and Therapists, even after the proposed transfers maintains a sizable fund balance, as does MMCC. Further, MMCC is not impacted by the Governor’s executive order pertaining to renewals of professional licensees.

## ***Key Observations***

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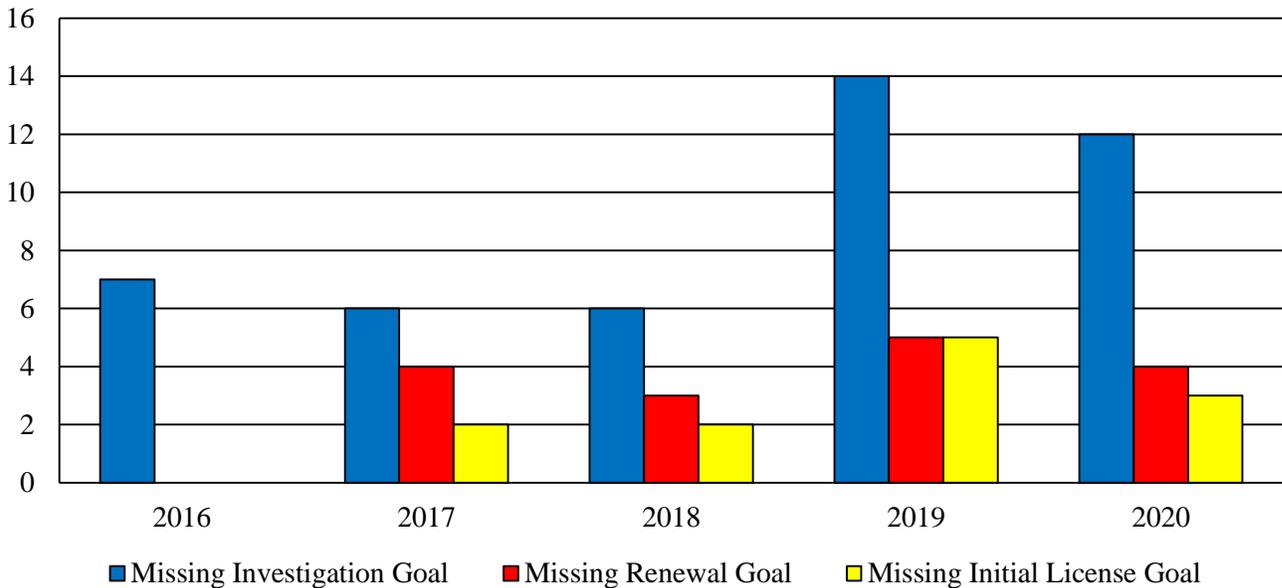
### **1. Shortfalls in Key Board Goals and Possible Solution Further Delayed**

The boards collectively aim to protect the public and promote the delivery of quality healthcare through the investigation of complaints against and the licensing of providers in the State. DLS analyzes the timeliness of the investigations, licensing, and renewal processes to measure the effectiveness of the boards. These measures are generally consistent in nature but vary slightly around board size, as follows:

- all boards are expected to issue *95% of initial licenses within 10 days* of the receipt of the last qualifying document;
- the Board of Nursing is expected to issue *90% of renewal licenses within 5 days* of the receipt of the last qualifying document. All other boards are expected to issue *95% of renewal licenses* within the same timeframe; and
- the Board of Physicians and the Board of Nursing are expected to complete *90% of investigations within 540 days*. All other boards are expected to complete *100% of investigations within 180 days*.

The boards are measured against their respective stated goals. **Exhibit 6** shows the number of boards and share of boards who have missed these goals in the last five fiscal years.

**Exhibit 6**  
**Licensing, Renewal, and Investigation Goals**  
**Fiscal 2016-2020**



Source: Governor’s Fiscal 2022 Budget Books

As shown, fiscal 2019 was a high watermark for boards being unable to meet stated goals, and while fiscal 2020 showed an improvement across these three metrics, they are universally still higher than fiscal 2018.

It is important to highlight that the failure to meet these goals is not equally distributed through the various health occupation boards. In fact, 67% (14 of 21) and 76% (16 of 21) did not miss any of the initial licensing or renewal goals outlined in any of the years analyzed. Completing investigations in a timely manner proved the most difficult, with only 4 boards meeting this objective in each of the last five fiscal years. **Exhibit 7** shows which boards meet each goal for initial licensing, renewal, and investigations in each of the five years considered.

**Exhibit 7**  
**Boards Meeting All Licensing, Renewal, and Investigation Goals**  
**Fiscal 2016-2020**

	<u>Initial License</u>	<u>Renewal License</u>	<u>Investigations</u>
Acupuncture	X	X	
Audiologists	X		
Chiropractic	X	X	
Dietetic	X	X	
Environmental Health	X	X	
Kidney Disease	X	X	
Massage Therapy		X	
Morticians	X	X	
Nursing Home Administrator	X	X	X
Occupational Therapy		X	
Optometry	X	X	
Physical Therapy	X	X	
Physicians and Allied Health	X	X	X
Podiatric	X	X	
Psychologists	X	X	X
Residential Child Care	X	X	X
Social Work		X	

Source: Governor's Fiscal 2022 Budget Books

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Conversely, several boards have routinely had issues meeting at least one of the objectives as outlined by the administration. **Exhibit 8** selected the boards that have missed either the license, renewal, or investigation objectives at least twice over the five-year period.

**Exhibit 8  
Frequency of Missing Objectives  
Fiscal 2016-2020**

<b>Missed Goal Two or More Years During Periods Analyzed</b>							<b>Frequency of Years with Goal Missed</b>
<b>Board</b>	<b>Goal Missed</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	
Audiologists	Investigations						100%
Chiropractic	Investigations						40%
Dental	Initial License						80%
Dental	Renewal License						80%
Dental	Investigations						100%
Environmental Health	Investigations						40%
Massage Therapy	Investigations						40%
Morticians	Investigations						80%
Nursing	Renewal License						80%
Nursing	Investigations						100%
Optometry	Investigations						40%
Pharmacy	Initial License						40%
Pharmacy	Renewal License						40%
Pharmacy	Investigations						60%
Prof. Counselors/Therapists	Investigations						80%
Social Work	Initial License						40%
Social Work	Investigations						100%

Source: Governor’s Fiscal 2022 Budget Books

As shown, the area that presented the most frequent challenges was meeting the investigation goals outlined, consistent with the results shown in Exhibit 8.

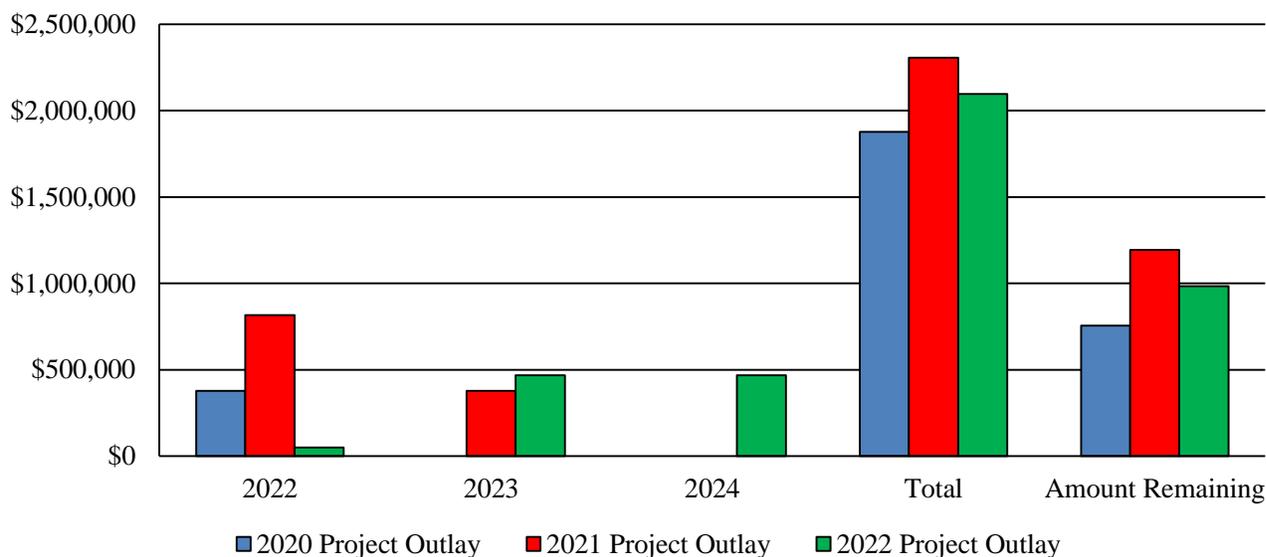
The most recent audit conducted by the Office of Legislative Audits (OLA) spanning September 2015 to September 2019, also highlighted shortfalls in the health occupations boards’ investigations process. Specifically, OLA found that the Board of Nursing and the Board of

Professional Counselors and Therapists did not have sufficient oversight to ensure that complaints were investigated in a timely manner, with several complaints received by both of these boards still under investigation over a year after the receipt of the complaint. For instance, OLA found that the Board of Nursing had 151 complaints open that were received in calendar 2015. This audit is discussed in greater depth in **Appendix 2**.

It is important to note that MMCC is excluded from the analysis in Exhibits 6, 7, and 8, as their goals are constructed differently than other health occupation boards. MMCC has met all goals for providers registered within one business day but has fallen short of their goal of registering 90% of qualifying patients and caregivers in both 2019 and 2020 for both groups.

Since fiscal 2015, there has been some discussion within MDH for a joint, Major IT project for an enterprise license and investigation management system, the Licensing and Regulatory Management System Project. A new system could be used by several boards to assist in meeting shared goals. In the earlier phases for this project, funding was supported by fund balance by either the Board of Physicians or the Board of Nursing. However, after these boards stepped away from spearheading the project, it had stalled, receiving no funding in fiscal 2021 and only \$50,000 in fiscal 2022. These delays have now pushed the project’s completion into fiscal 2024. **Exhibit 9** shows how the expenditures for these projects have been pushed out and increased as a result of these delays, with each of the different spending plans for this project proposed in the last three fiscal years shown separately.

**Exhibit 9**  
**Licensing and Regulatory Management System Project Costs**  
**Fiscal 2021-2024**



Source: Governor’s Fiscal 2020-2022 Budget Books

As shown, the actual amount in the fiscal 2022 budget is \$766,000 lower than that anticipated for fiscal 2022 in the fiscal 2021 project budget plan. The \$50,000 in fiscal 2022 is programmed only for project oversight and with general funds. This funding represents the first general fund support for the project to date. **Given the consecutive delays in this Major IT project and the continued struggles of several boards to meet licensing, renewal, and complaint goals that would be improved with the completion of this project, DLS recommends adopting committee narrative asking MDH to submit a report detailing which boards will participate in this project and how future funding will be distributed across participating board fund balances and/or MDH general funds. This report should also include a project timeline with milestones to meet a completed enterprise license system by fiscal 2024**

The recent OLA audit also addressed shortfalls in the boards' existing IT capacity. One OLA finding was that 21 of 22 boards did not conduct system access reviews of their licensing system. As a result, OLA identified certain users were able to unilaterally approve or renew licenses. In other instances, OLA found that board personnel had access to the system without it being necessary for their job function, and further, that some employees had system access even after their employment was terminated. Yet another OLA finding presented that the Board of Pharmacy and the Board of Nursing, who each operated their own separate license system did not have sufficient controls to protect critical data. A third IT-related finding involved the Board of Dental Examiners awarding sole source contracts for IT assistance with their new licenses system.

Given the findings pertaining to licensing, IT, procurement, and other cash controls in common across many of the health occupation boards, OLA's final recommendation involved consolidation of some of these services across the boards. For instance, procurement being shared across the health boards could result in volume discounts and other cost savings. One such example OLA cites is the Division of Occupational and Professional Licensing in the Maryland Department of Labor, which has consolidated the licensing, collections, and procurement functions of its 25 boards and commissions. Alternatively, the health occupation boards have, by OLA's accounting, procured seven separate licensing systems, and the attempts at a joint project has routinely stalled since its inception in fiscal 2015.

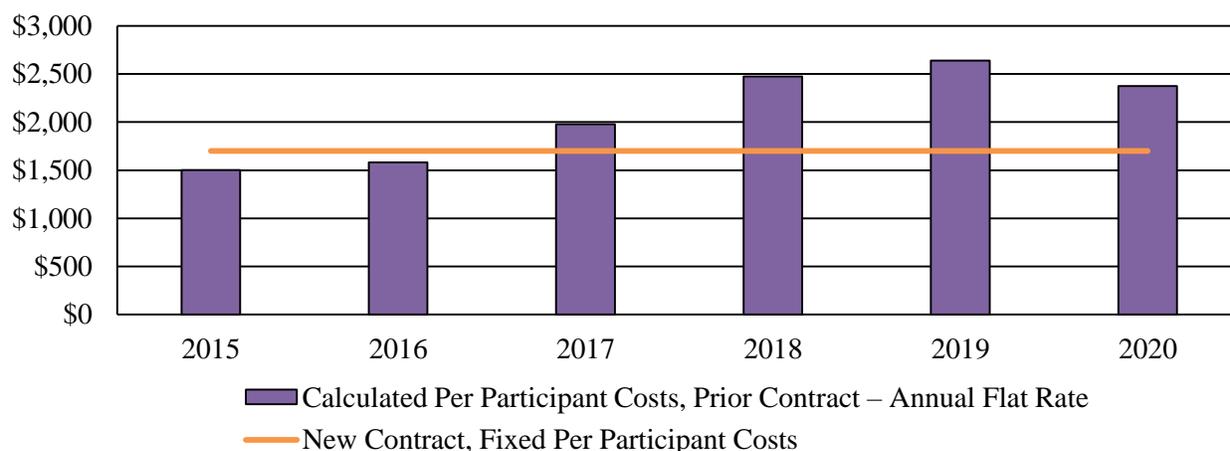
### **3. Physician Rehabilitation Program Expenditures**

From calendar 2015 to 2020, MBP was operating the rehabilitation program under a contract with the Center for a Healthy Maryland (CHM). CHM is a 501(c)3 arm of MedChi, the Maryland State Medical Society. Under this contract, MBP was required to pay the vendor for the full 100 participants, regardless of the actual participation, resulting in MBP paying flat quarterly amounts. These quarterly amounts included a 3% cost-of-living adjustment increase year over year, resulting in the steady growth in program expenditures. In actuality, MBP never had more than 100 participants from calendar 2015 to 2020. In the new contract with CHM, approved by BPW at the December 16, 2020 meeting, MBP was able to remove the 100 participant requirement and is paying the vendor on the number of enrollees in the program.

**Exhibit 10** calculates the actual per participant costs in the prior contract by taking the flat-rate amount outlined from calendar 2015 to 2020 and dividing by the actual program participants. This value is then compared to the per participant costs each year outlined under the new contract. Exhibit 10 adjusts for inflation to compare cost per recipient in the past six years to the proposed new contract price.

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**Exhibit 10**  
**Physician Rehabilitation Program Contract Comparison**  
**Per Participant Cost**  
**Calendar 2015-2020**



Source: Maryland Board of Physicians, Department of Legislative Services

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Given MBP will now be paying for the program on an enrollee basis, the new contract is likely to generate cost savings over the previous fixed contract structure. Fiscal 2022 expenditures for the rehabilitation program and the peer review program are budgeted for \$972,309, a nearly 20% decrease over \$1.2 million appropriated for fiscal 2021. Over half of this savings (\$162,819) is attributed to the new contract.

In the contract material submitted to BPW, MBP noted that the requirement for the rehabilitation program to be run by a nonprofit entity limits the number of responses to the request for proposals. MBP was able to identify only one other potential vendor, the University of Maryland Department of Psychiatry, who was solicited but did not submit a proposal. MBP conducted research on the pricing of similar programs in other states and found that Pennsylvania and Virginia pay \$110 and \$300 per participant per month, respectively. Comparatively, the first year of the new contract in Maryland with a price of \$1,700 per participant per quarter is \$566 per month. MBP believes that the lack of competition within the competitive bidding process for this contract is the cause for higher prices relative to other states and the quickly escalating year-over-year price increase. One way to increase the competition for this vendor would be to remove the nonprofit entity requirement, which could lead to further cost savings by MBP.

## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Report on Funding and Milestones for Licensing and Regulatory Management System Project:** Given the continued delays in a Major Information Technology project to assist the health occupation boards in improvements in the licensure and investigation process, the budget committees request a report on the progress of this project as well as the boards involved. This report should discuss which boards will be included in the funding, which boards will be benefiting from the project, and milestones for meeting project completion.

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report on Enterprise License Major Information Technology Project	Maryland Department of Health Associated Health Occupation Boards	September 1, 2021

## ***Budget Reconciliation and Financing Act Recommended Actions***

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1. Strike the provision transferring \$500,000 from the Board of Pharmacy to the Office of Controlled Substances Administration.
2. Amend the Budget Reconciliation and Financing Act to use \$700,000 in fund balance from the Board of Psychologists to support community mental health services.

**Appendix 1**  
**Licensing and Regulatory Management System Project**  
**Major Information Technology Project**  
**Health Professional Boards and Commissions**

Further Discussed in the second Key Observation of this analysis.

<b>New/Ongoing:</b> Ongoing								
<b>Start Date:</b> Fiscal 2019					<b>Est. Completion Date:</b> Fiscal 2024			
<b>Implementation Strategy:</b> Agile								
(\$ in Millions)	<b>Prior Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$0.000	\$0.000	\$0.050	\$0.000	\$0.000	\$0.000	\$0.000	<b>\$0.050</b>
<b>SF</b>	0.735	0.379	0.000	0.467	0.467	0.000	0.000	<b>2.050</b>
<b>Total</b>	<b>\$0.735</b>	<b>\$0.379</b>	<b>\$0.050</b>	<b>\$0.467</b>	<b>\$0.467</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$2.100</b>

- **Project Summary:** An Enterprise Licensing and Regulatory Management Solution capable of the management of every aspect of licensing and discipline. These capabilities include software licenses and support, systems analysis, development, implementation, and support services for the Health Occupation Boards.
- **Need:** The various Health Occupation Boards use different licensing systems to provide service to their customers. Most of these systems are either outdated, inefficient, or not sufficient to provide the level of service required. Some of these systems are no longer supported by the vendors. However, each board continues to pay their different service providers to maintain these systems. Further, several boards routinely struggle in meeting various regulatory goals. This performance would be improved with an updated system for tracking of licensees.
- **Changes:** Significant funding was planned for fiscal 2022 in the prior budget. At present, the only funding programmed for this project is general funds for oversight of the project. Project completion has been pushed to fiscal 2024.
- **Concerns:** The future of project funding, particularly considering that both large boards have elected to pursue their own solutions for licensing. While a relatively small dollar amount is required to complete the project, buy-in and project leadership at this point remains uncertain.

**Appendix 2  
Audit Findings**

Audit Period for Last Audit:	Sept. 28, 2015 – Sept. 24, 2019
Issue Date:	January 22, 2021
Number of Findings:	7
Number of Repeat Findings:	4
% of Repeat Findings:	57%
Rating: (if applicable)	

**Finding 1:** The Board of Nursing and the Board of Professional Counselors and Therapists did not provide sufficient oversight to ensure that complaints against licensees were timely investigated.

**Finding 2:** *Pertains to the Office of Health Care Quality and discussed in that analysis.*

**Finding 3:** Controls over collections and deposits received by 19 of the health occupations boards were not adequate. These deficiencies found included 14 boards lacking procedures to verify credit card collections were deposited in the State’s account; 7 boards did not properly segregating cash handling and licensing duties, often due to limited personnel resources; and 12 board that did not periodically reconcile collections against licenses issued. The Department of Legislative Audits (OLA) only identified 2 boards that did not have at least one of these deficient internal controls findings: the Board of Physicians and the Board of Dietetic Practice.

**Finding 4:** Twenty-one of the health occupation boards did not perform documented system access reviews of their licensing system to ensure that user access capabilities were adequately restricted. As a result, numerous users could unilaterally issue or renew licenses and current or former employees had unnecessary access to the systems.

**Finding 5:** Password and account controls for the Board of Nursing and the Board of Pharmacy were not sufficient to properly protect critical data.

**Finding 6:** The Board of Dental Examiners did not comply with State procurement regulations when awarding two sole source contracts for a new licensing system. Further, the Board of Dental Examiners did not consult with the Department of Information Technology (IT) as required for larger IT-related procurements.

**Finding 7:** Consolidation of licensing, procurement, and other fiscal operations to enhance internal contracts and maximize efficiencies had not been pursued by the health occupations boards. In a policy consideration, OLA recommended the boards collectively identify shared operations and consider consolidation of those operations to improve internal controls and increase efficiencies.

\*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3**  
**Object/Fund Difference Report**  
**Maryland Department of Health – Health Professional Boards and Commissions**

<u>Object/Fund</u>	<u>FY 20</u> <u>Actual</u>	<u>FY 21</u> <u>Working</u> <u>Appropriation</u>	<u>FY 22</u> <u>Allowance</u>	<u>FY 21 - FY 22</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	286.60	280.50	282.50	2.00	0.7%
02 Contractual	126.19	85.19	84.80	-0.39	-0.5%
<b>Total Positions</b>	<b>412.79</b>	<b>365.69</b>	<b>367.30</b>	<b>1.61</b>	<b>0.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 24,267,274	\$ 25,916,902	\$ 26,734,727	\$ 817,825	3.2%
02 Technical and Spec. Fees	4,534,900	5,666,700	5,231,444	-435,256	-7.7%
03 Communication	515,947	542,550	562,021	19,471	3.6%
04 Travel	218,611	609,481	632,613	23,132	3.8%
07 Motor Vehicles	83,003	43,296	161,278	117,982	272.5%
08 Contractual Services	9,148,737	12,601,113	9,382,381	-3,218,732	-25.5%
09 Supplies and Materials	368,598	359,227	359,757	530	0.1%
10 Equipment – Replacement	78,688	133,353	122,082	-11,271	-8.5%
11 Equipment – Additional	122,656	147,122	92,118	-55,004	-37.4%
12 Grants, Subsidies, and Contributions	0	225,000	225,000	0	0%
13 Fixed Charges	1,669,660	1,818,972	1,831,155	12,183	0.7%
<b>Total Objects</b>	<b>\$ 41,008,074</b>	<b>\$ 48,063,716</b>	<b>\$ 45,334,576</b>	<b>-\$ 2,729,140</b>	<b>-5.7%</b>
<b>Funds</b>					
01 General Fund	\$ 674,510	\$ 815,262	\$ 566,527	-\$ 248,735	-30.5%
03 Special Fund	39,681,428	46,680,382	44,206,469	-2,473,913	-5.3%
09 Reimbursable Fund	652,136	568,072	561,580	-6,492	-1.1%
<b>Total Funds</b>	<b>\$ 41,008,074</b>	<b>\$ 48,063,716</b>	<b>\$ 45,334,576</b>	<b>-\$ 2,729,140</b>	<b>-5.7%</b>

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, general salary increases or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions, annual salary reviews, or annualization of general salary increases.