

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
2001-2003**

The Arkansas State Medical Board wishes to provide a commentary on the requested changes reflected in this 2001-2003 Biennial Budget.

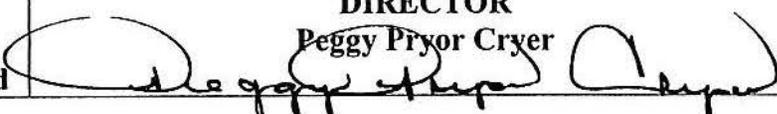
The Arkansas State Medical Board was given, by the General Assembly, the charge of protecting the health, safety, and welfare of the people of the State of Arkansas with the goal that all citizens be provided the highest quality health care. With the changes occurring in the health care field this charge has increased in importance. Increased numbers of health care professionals working in the field of medicine with in hospitals and managed care organizations, require a more thorough licensure, credentialing and investigative process. The Board accomplishes the charge given them in three distinct ways, Licensure, Regulatory and the Centralized Credentials Verification Service (CCVS).

The Board licenses and regulates Medical Doctors, Osteopathic Doctors, Physician Trained Assistants, Occupational Therapist, Respiratory Therapist and Medical Corporations located within the State. The number of licensees has increased over the past two years also reflecting on an increased number of disciplinary hearings voted through the complaint and investigative process. The attached budget and changes reflects the continued growth of the Medical Board and the establishment of the Centralized Credentials Verification Service (CCVS).

The CCVS is a Credentials Verification Service operating from the Medical Board office that is utilized by Hospitals, Clinics, HMO's and Insurance Agencies to access physicians professional data used in the credentialing process within each of those facilities. The passage of Act 1410 of 1999 mandating Physicians, clinics, hospitals and other health care organizations, managed care organizations, and insurers of health maintenance organizations to utilized the Centralized Credentials Verification Service has increased the workload and operating expenses of the Medical Board.

This program was established by Act 1066 of 1995 in an effort to reduce the cost of Health Care in this State and reduce the burden that has been placed on physicians, hospitals and their staff. The goal of this program is to reduce the number of employees necessary in hospitals, MCOs, and other organization who are required to credential health care workers. The result is the relief of the cumbersome workload from each of the participants, which would in turn reduce the cost of health care in the state.

The changes being proposed are in direct relation to the programs currently in operation. No new programs are being proposed at this time.

| | | | |
|---|---|-----------------------------------|-----|
| AGENCY 274 Arkansas State Medical Board | DIRECTOR Peggy Pryor Cryer  | AGENCY PROGRAM COMMENTARY BR21 | 242 |
|---|---|-----------------------------------|-----|

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
2001-2003**

CO 1 Regular Salary and Matching

10 of the 12 supplemental positions, approved for the 1999-2001 biennium is being requested as permanent position within the agency. The 10 positions work directly with the CCVS and are necessary to operate the Centralized Credentials Verification Service mandated by Act 1410 of 1999

CO 2 – Professional Services

To fund existing Professional Services Contracts.

CO 3 – Capitol Outlay

Within the biennium and as approved by Department of Information Services, the Board will upgrade existing servers and computers to maintain the level of efficiency caused by the continued growth of the Medical Board's data systems. We will also replace existing computers that are outdated.

CO 8 – Technology

Due to the increased functionality the Board has upgraded to Microsoft Office 2000 and additional training is needed for staff members to increase productivity throughout the office. Due to the increase demands on the Board to provide services in a timely matter, we will need to outsource the maintenance of mission critical systems to highly skilled Microsoft Certified Systems Engineers (MCSE).

CO 10 – Reclassification

Due to the increased responsibilities of these 3 positions and that they work under minimal supervision and report directly to the Executive Secretary and Board Members.

| | | | |
|--|--|---|--|
| <p style="text-align: center;">AGENCY 274 Arkansas State Medical Board</p> | <p style="text-align: center;">DIRECTOR Peggy Pryor Cryer</p>  | <p style="text-align: center;">AGENCY PROGRAM COMMENTARY BR21</p> | |
|--|--|---|--|

ARKANSAS STATE MEDICAL BOARD
 SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED JUNE 30, 1999

| Assets | | | | Liabilities | | | Total Equity |
|----------------------|------------|-----------|--------------|-------------|-----------|------------|--------------|
| Cash and Investments | Fixed | Other | Total | Current | Long-Term | Total | |
| \$ 1,371,956 | \$ 138,596 | \$ 20,197 | \$ 1,530,749 | \$ 108,013 | \$ 0 | \$ 108,013 | \$ 1,422,736 |

| Revenues | | | | | Expenditures | | | | Other Sources (Uses) | |
|-------------------|---------|-------------------|-----------|------------|-----------------------|----------------|---------|-----------------|----------------------|----------|
| Intergovernmental | Federal | Licenses and Fees | Other | Total | Salaries and Matching | Grants and Aid | Capital | Other Operating | Total | |
| \$ 0 | \$ 0 | \$ 670,023 | \$ 71,558 | \$ 741,581 | \$ 582,865 | \$ 0 | \$ 0 | \$ 645,002 | \$ 1,227,867 | \$ (514) |

Findings

None

Recommendations

None

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 274 - STATE MEDICAL BOARD

| | MALE | FEMALE | TOTAL | PERCENTAGE OF TOTAL |
|--|----------|-----------|-------------------------|------------------------|
| WHITE EMPLOYEES | <u>4</u> | <u>18</u> | <u>22</u> | <u>81%</u> |
| BLACK EMPLOYEES | <u>0</u> | <u>5</u> | <u>5</u> | <u>19%</u> |
| EMPLOYEES OF OTHER RACIAL MINORITIES | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> |
| TOTAL EMPLOYED AS OF 08/05/00 | | | 5 | 19% |
| <u>DATE</u> | | | <u>TOTAL MINORITIES</u> | <u> </u> |
| | | | 27 | 100% |
| | | | <u>TOTAL EMPLOYEES</u> | <u> </u> |



 AGENCY DIRECTOR

CASH FUND BALANCE DESCRIPTION AS OF JUNE 30, 2000

AGENCY: Arkansas State Medical Board

| ACCOUNT INFORMATION | | | | STATUTORY / OTHER RESTRICTIONS ON USE: |
|---------------------|------------|--------------|---------------------------------|---|
| FUND. ACCT. | BALANCE | TYPE | LOCATION | |
| 318 | 96,000.00 | CD | First Star - LR | STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: |
| 318 | 97,000.00 | CD | Pulaski Bank- LR | |
| 318 | 90,000.00 | CD | Portland Bank - Portland | |
| 318 | 98,969.63 | CD | Bank of Ozarks - LR | |
| 318 | 3,075.17 | CD | Union Planters - Jonesboro | |
| 318 | 98,000.00 | CD | Unipoint Federal - Paragould | |
| 318 | 97,992.50 | CD | Eagle Bank - LR | |
| 318 | 62,090.26 | CD | Merchants and Planters - Camden | |
| 318 | 100,000.00 | CD | One National Bank - LR | |
| 318 | 5,926.75 | Checking | Regions - LR | |
| 318 | 208,814.60 | Checking | Metropolitan Bank - LR | |
| 318 | 3,972.83 | Checking | First Star - LR | |
| 318 | 8,657.98 | Money Market | DeWitt Bank and Trust - DeWitt | |
| 318 | 1,589.53 | Checking | Regions - LR | FUND BALANCE UTILIZATION: To pay all expenses of Board and Centralized Credentials Verification Service operations including Board meeting, disciplinary hearing, complaint investigations, and office operations. |
| 318 | 55,587.41 | Payroll | State Treasury | |

| ACCOUNT INFORMATION | | | | STATUTORY / OTHER RESTRICTIONS ON USE: |
|---------------------|---------|------|----------|--|
| FUND. ACCT. | BALANCE | TYPE | LOCATION | |
| | | | | STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: |
| | | | | |
| | | | | |
| | | | | REVENUE RECEIPTS CYCLE: |
| | | | | FUND BALANCE UTILIZATION: |

State Agency Publications
2001-2003 Biennium
Act 1276 of 1999

AGENCY: Arkansas State Medical Board

| NAME OF PUBLICATION | STATUTORY AUTHORIZATION ACT # OR A.C.A. | REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY | NUMBER OF COPIES PUBLISHED & DISTRIBUTED | REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTED |
|--|---|--|--|--|
| Arkansas Medical Practices Act and Regulations | 65 of 1955 298 of 1958 | | 1,000 | Required information for licensure |
| Newsletter | 65 of 1955 298 of 1958 | | 40,000 | Update licensees, other boards, and health related organizations |
| Directory | 65 of 1955 298 of 1958 | | 10,000 | Update licensees, other boards, and health related organizations |
| | | | | |
| | | | | |

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
2001-2003**

The State Medical Board is funded with fees charged by the Agency, as authorized by Arkansas Code §17-88-304. The Medical Board's request includes a Base Level of \$1,701,980 for FY02 and \$1,722,914 for FY03 with Salaries and Personal Services matching for twenty-two positions and supporting Operating Expenses. Base Level includes a payplan increase of 2.6% each year over the 2001 fiscal year salary levels for all incumbents plus appropriate Personal Services Matching costs. Changes totaling \$661,747 in FY02 and \$677,599 in FY03 have been requested. The Medical Board's request is for Base Level plus change requests.

The Board is requesting that 10 of the 12 currently authorized Supplemental Emergency Positions be converted to full time positions in order to comply with the responsibility of providing the Centralized Credentials Verification Service (CCVS) as enacted by Act 1066 of 1995. The cost of converting the 10 positions to full time positions is \$297,510 in FY02 and \$305,240 in FY03 not including matching costs of \$82,788 in FY02 and \$84,150 in FY03. Salary upgrades to three existing positions totaling \$8,925 and \$9,156 in FY02 and FY03 respectively have also been requested bringing the total requested increase to Regular Salaries to \$306,435 in FY02 and \$314,396 in FY03.

Requested changes to Operating Expenses of \$215,936 in FY02 and \$222,415 in FY03 include increases in rent, communications equipment, computer software, postage and office supply costs associated with the expanded role of the Board's new CCVS program. Other factors in the requested increase to operating expenses are growth in the number of applicants for licensure and an anticipated increase in the number of complaints being processed and investigated by the Board.

The Board is also requesting a \$15,000 increase in Professional Fees and Services each year of the biennium to provide for anticipated increases in an existing professional services contract with the Board attorney and to also provide for services associated with review of policies and procedures of the CCVS program.

Capital Outlay increases of \$40,000 each year of the biennium is requested to upgrade existing servers and computers.

The Executive Recommendation provides for the Agency request except for the request for salary upgrades to three existing positions.

| AGENCY | APPROPRIATION | CASH FUND | ANALYSIS OF | PAGE |
|---------------------------|-----------------------|-----------------------------------|----------------|------|
| Name: State Medical Board | Name: Cash Operations | Name: Medical Board Cash (274) | BUDGET REQUEST | |
| Code: 274 | Code: A23 | Code: 318 | BR20 | 248 |

ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

| CHARACTER TITLE | -----EXPENDITURES----- | | | -----01-02 FISCAL YEAR----- | | | -----02-03 FISCAL YEAR----- | | | -----R E C O M M E N D A T I O N S----- | | | |
|-----------------------------|------------------------|------------------|------------------|-----------------------------|----------------|------------------|-----------------------------|----------------|------------------|---|------------------|-------------|-------|
| | 99-00 | 00-01 | 00-01 | BASE | CHANGE | TOTAL | BASE | CHANGE | TOTAL | EXECUTIVE | | LEGISLATIVE | |
| | ACTUAL | BUDGETED | AUTHORIZED | | | | | | | APPRO | LEVEL | REQUEST | LEVEL |
| REGULAR SALARIES | 536,697 | 666,487 | 666,487 | 683,802 | 306,435 | 990,237 | 701,571 | 314,396 | 1,015,967 | 981,312 | 1,006,811 | | |
| NUMBER OF POSITIONS | 22 | 22 | 22 | 22 | 10 | 32 | 22 | 10 | 32 | 32 | 32 | | |
| EXTRA HELP | 1,379 | 7,000 | 7,000 | 7,000 | 0 | 7,000 | 7,000 | 0 | 7,000 | 7,000 | 7,000 | | |
| NUMBER OF POSITIONS | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 1 | | |
| PERSONAL SERV MATCHING | 212,706 | 277,619 | 190,993 | 187,875 | 84,376 | 272,251 | 191,040 | 85,788 | 276,828 | 270,655 | 275,190 | | |
| SUPPLEMENTAL EMERG SALARIES | 80,283 | 331,020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| OPERATING EXPENSES | 605,451 | 1,001,153 | 665,303 | 665,303 | 215,936 | 881,239 | 665,303 | 222,415 | 887,718 | 881,239 | 887,718 | | |
| CONF FEES & TRAVEL | 14,837 | 20,000 | 10,000 | 10,000 | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 | 10,000 | | |
| PROF FEES & SERVICES | 181,265 | 150,500 | 125,500 | 125,500 | 15,000 | 140,500 | 125,500 | 15,000 | 140,500 | 140,500 | 140,500 | | |
| CAPITAL OUTLAY | 145,265 | 75,000 | 35,000 | 0 | 40,000 | 40,000 | 0 | 40,000 | 40,000 | 40,000 | 40,000 | | |
| REFUNDS/REIMBURSEMENTS | 5,125 | 22,500 | 22,500 | 22,500 | 0 | 22,500 | 22,500 | 0 | 22,500 | 22,500 | 22,500 | | |
| TOTAL | 1,783,008 | 2,551,279 | 1,722,783 | 1,701,980 | 661,747 | 2,363,727 | 1,722,914 | 677,599 | 2,400,513 | 2,353,206 | 2,389,719 | | |
| PROPOSED FUNDING SOURCES | | | ***** | | | | | | | | | | |
| FUND BALANCES | 1,343,344 | 874,473 | ***** | 88,194 | | 88,194 | 389,467 | | 389,467 | 88,194 | 399,988 | | |
| GENERAL REVENUES | | | ***** | | | | | | | | | | |
| SPECIAL REVENUES | | | ***** | | | | | | | | | | |
| FEDERAL FUNDS | | | ***** | | | | | | | | | | |
| STATE CENTRAL SERVICES FUND | | | ***** | | | | | | | | | | |
| NON-REVENUE RECEIPTS | | | ***** | | | | | | | | | | |
| CASH FUNDS | 1,313,045 | 1,765,000 | ***** | 2,003,253 | 661,747 | 2,665,000 | 1,987,401 | 677,599 | 2,665,000 | 2,665,000 | 2,665,000 | | |
| OTHER | | | ***** | | | | | | | | | | |
| TOTAL FUNDING | 2,656,389 | 2,639,473 | ***** | 2,091,447 | 661,747 | 2,753,194 | 2,376,868 | 677,599 | 3,054,467 | 2,753,194 | 3,064,988 | | |
| EXCESS APPRO/ (FUNDING) | (873,381) | (88,194) | ***** | (389,467) | | (389,467) | (653,954) | | (653,954) | (399,988) | (675,269) | | |
| TOTAL | 1,783,008 | 2,551,279 | ***** | 1,701,980 | 661,747 | 2,363,727 | 1,722,914 | 677,599 | 2,400,513 | 2,353,206 | 2,389,719 | | |

DEPT 008 BOARDS AND COMMISSIONS - MEDICALLY RELATED
 AGY 274 STATE MEDICAL BOARD
 APPRO A23 CASH OPERATIONS
 FUND 318 MEDICAL BOARD CASH(274)

APPROPRIATION SUMMARY

Appropriation was established through the authority of the DFA Cash Holding Account and the authority of the Supplemental Emergency Provisions.

BR 215

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

| 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|------|---------------------|------|------------------------------------|-------------|------------------------|-----------------|--|----|----|------------------------|----|----|---|-----------------|-----------------------|---------|----|----|
| RANK | PROGRAM DESCRIPTION | FUND | ACCOUNTING INFORMATION | D E S | -----EXPENDITURES----- | | -----2001 - 03 BIENNIIUM REQUESTS----- | | | | | | -----R E C O M M E N D A T I O N S----- | | | | | |
| | | | | | ACTUAL | BUDGETED | -----FY 2001 - 02----- | | | -----FY 2002 - 03----- | | | -----EXECUTIVE----- | | -----LEGISLATIVE----- | | | |
| | | | | | 99-00 | 00-01 | REQUEST | | | REQUEST | | | 2001-02 | 2002-03 | 2001-02 | 2002-03 | | |
| 000 | | 318 | 274 A23 | B | 1,783,088 22 | 2,551,279 22 | 1,701,980 22 | | | 1,722,914 22 | | | 1,701,980 22 | 1,722,914 22 | | | | |
| 001 | | 318 | 274 A23 100 STATE MEDICAL BOARD | C01 | | | 380,298 10 | | | 389,390 10 | | | 380,298 10 | 389,390 10 | | | | |
| | | | | | | | <p>10 of the 12 supplemental positions approved in the 1999-2001 biennium are being requested as permanent positions within the Agency. The 10 positions work directly with Centralized Credentials Verification Service (CCVS) and are necessary to operate the CCVS mandated by Act 1410 of 1999.</p> | | | | | | | | | | | |
| 002 | | 318 | 274 A23 100 STATE MEDICAL BOARD | C02 | | | 207,000 0 | | | 213,210 0 | | | 207,000 | 213,210 | | | | |
| | | | | | | | <p>In order to operate and manage the Centralized Credentials Verification Service mandated by Act 1410 of 1999, the Board will incur increases in certain on-going operating expenses. Anticipated increases are expected in non-state owned office space rent, postage, telephone leases, utilities and other on-going operating expenses.</p> | | | | | | | | | | | |

DEPT 008 BOARDS AND COMMISSIONS - MEDICALLY RELATED
AGY 274 STATE MEDICAL BOARD
APPRO A23 CASH OPERATIONS
FUND 318 MEDICAL BOARD CASH(274)

RANK BY APPROPRIATION
BR 264

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

| 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|--|---------------------|------|------------------------------------|-------|--------------|-------|-------------------------------|---------|--------------|---------|-------------|---------|---------------------------------|--------|--------|----|----|----|
| RANK | PROGRAM DESCRIPTION | FUND | ACCOUNTING INFORMATION | D E S | EXPENDITURES | | -2001 - 03 BIENNIUM REQUESTS- | | | | | | -R E C O M M E N D A T I O N S- | | | | | |
| | | | | | ACTUAL | | FY 2001 - 02 | | FY 2002 - 03 | | EXECUTIVE | | LEGISLATIVE | | | | | |
| | | | | | 99-00 | 00-01 | REQUEST | REQUEST | 2001-02 | 2002-03 | 2001-02 | 2002-03 | | | | | | |
| 003 | | 318 | 274 A23 100 STATE MEDICAL BOARD | C03 | | | 15,000 0 | | | | 15,000 0 | | | 15,000 | 15,000 | | | |
| <p>This request is to provide for increases in existing professional services contract for Board attorney and for fees associated with review of policies and procedures for CCVS program.</p> | | | | | | | | | | | | | | | | | | |
| 004 | | 318 | 274 A23 100 STATE MEDICAL BOARD | C08 | | | 48,936 0 | | | | 49,205 0 | | | 48,936 | 49,205 | | | |
| <p>Within the biennium the Board will upgrade existing servers and computers to maintain the level of efficiency caused by the continued growth of the Medical Board's data system. We will also be replacing computers that are outdated.</p> | | | | | | | | | | | | | | | | | | |
| 005 | | 318 | 274 A23 100 STATE MEDICAL BOARD | C10 | | | 10,521 0 | | | | 10,794 0 | | | | | | | |
| <p>Due to the increased responsibilities of the 3 positions and the fact that they work under minimal supervision and report directly to the Executive Secretary and Board Members, we are requesting salary upgrades for these positions.</p> | | | | | | | | | | | | | | | | | | |

DEPT 008 BOARDS AND COMMISSIONS - MEDICALLY RELATED
AGY 274 STATE MEDICAL BOARD
APPRO A23 CASH OPERATIONS
FUND 318 MEDICAL BOARD CASH(274)

RANK BY APPROPRIATION
BR 264