

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1999-2001**

The Arkansas State Medical Board wishes to provide a commentary on the requested changes reflected in this 1999-01 Biennial Budget.

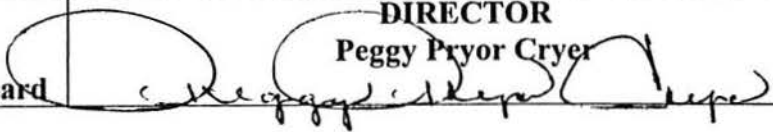
The Arkansas State Medical Board was given, by the General Assembly, the charge of protecting the health, safety, and welfare of the people of the State of Arkansas with the goal that all citizens be provided the highest quality health care. With the changes occurring in the health care field this charge 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 number of physicians participating in the CCVS has tripled reflecting an increase in expenses to CCVS.

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	PAGE 244
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**ARKANSAS BUDGET SYSTEM
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1999-2001**

CO 1 Regular Salary and Matching

Four supplemental positions, approved for the 1997-99 biennium are being requested as permanent position within the agency. The four positions work directly with the CCVS and are necessary to maintain the current workload.

The fifth position recently approved as a supplemental position is being requested to reflecting the customer demands in programming necessary to connect the customer's system in using the CCVS. This work had been performed by an outside agency in the past, however due to the increased need for timely changes and customer assistance, it was imperative that a programmer be obtained on site. Low cost, timeliness and accuracy of the data being supplies are the selling feature of this unique program and restore character 2 to original base.

CO 2 – Restoration of Budget Cut

The increased number of licensees in each of the health professionals licensed by the Medical Board, Medical Doctors, Doctors of Osteopathic medicine, Physician Trained Assistants, Occupational Therapist and Respiratory Therapist and the operation of the CCVS within the Medical Board office has increased the workload of the Board office. The number of licensees and the number of participants in the CCVS program are in direct correlation to the operating expenses of the agency. It is necessary to restore the five- percent budget reduction as mandated by Act 494 of 1993 for the biennium.

Increased number of licensee reflects increase operating cost as well as investigative and disciplinary hearing cost for 2000-01.

CO 3 – Conference Fees and Travel

Additional training for supervisory staff with regard to the programs being implements make is necessary to keep the remaining staff up-to-date. Local and out-of-state training is required.

CO 4 – Capitol Outlay

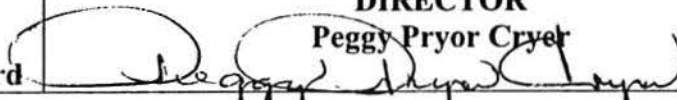
Within the biennium and as approved by Department of Information Services, the Board will replace the current telephone system due to the growth of the staff and need for additional features. The Board will also need to replace the server being used for the Centralized Credentials Verification Service.

CO 8 – Technology

Due to the upgrade to Windows 95 and Microsoft Office additional training is needed for staff members to increase productivity throughout the office. Due to the learning curve a new programmer/analysts will encounter, the increase demands on the Board office to provide services in a timely matter, we will need to outsource some projects that are time sensitive and one-time only. To become Y2000 Compliant the Medical Board will need to upgrade software and hardware in the next year.

CO 10 – Reclassification

Due to the increased licensee in the Allied Health Care (LRCP, OT, OTA, PA, MC), it is necessary to staff an Administrative Assistant to handle the demands of licensees in the Allied Health Care.

<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>	<p style="text-align: center;">PAGE 245</p>
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ARKANSAS STATE MEDICAL BOARD
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1997

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 1,842,227	\$ 68,077	\$ 15,142	\$ 1,925,446	\$ 83,560	\$ 22,690	\$ 106,250	\$ 1,819,196		

Revenues				Expenditures				Other Sources (Uses)		
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 858,837	\$ 150,151	\$ 1,008,988	\$ 421,698	\$ 0	\$ 0	\$ 510,156	\$ 931,854	\$ 0

Findings	Recommendations
None	None

Audited by Ferguson, Cobb & Associates
Certified Public Accountants
SA0827497

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>0</u>	<u>14</u>	<u>14</u>	<u>88%</u>
BLACK EMPLOYEES	<u>0</u>	<u>2</u>	<u>2</u>	<u>13%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF 08/08/98			<u>2</u>	<u>13%</u>
DATE			TOTAL MINORITIES	
			<u>16</u>	<u>100%</u>
			TOTAL EMPLOYEES	



 AGENCY DIRECTOR

* PERCENTAGE TOTALS MAY NOT ADD DUE TO ROUNDING

**CASH FUND BALANCE DESCRIPTION
AS OF JUNE 30, 1998**

AGENCY: Arkansas State Medical Board #274

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
318	46,188.72	Money Market	First Nat'l Bank of Wynne	STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:
	46,834.80	Money Market	Union PlantersBank-NE AR	
	81,799.01	Money Market	Nations Bank-Jonesboro	
	66,144.41	Money Market	Mid South Bank-Jonesboro	
	99,089.47	Money Market	DeWitt Bank & Trust-DeWitt	
	8,335.67	Money Market	Nations Bank-LR	
	287,265.21	Money Market	Mercantile-LR	
	27,568.54	Payroll	State Treasury	
	3,237.53	Checking	First Commercial-LR	
	3,075.16	CD	Union Planters-Jonesboro	
	50,000.00	CD	Union Planters-Jonesboro	
	98,000.00	CD	Unipoint Federal-Paragould	
	34,477.20	CD	Bank of Camden-Camden	
	90,000.00	CD	Nations Bank-LR	
	97,992.50	CD	Eagle Bank-LR	
	100,000.00	CD	One National Bank-LR	
	95,000.00	CD	Bank of Lake Village-LV	
	96,000.00	CD	Mercantile-LR	
	98,778.10	CD	Simmons-Pine Bluff	
	97,000.00	CD	Pulaski Bank-LR	
	98,969.63	CD	Bank of the Ozarks-LR	REVENUE RECEIPTS CYCLE: Birth month of licensees: Renewal of licenses Throughout year: Endorsements, temporary permits, collect late fees, publications, interest on investments, certifications, CCVS contract fees, modem user fees, verifications, & board fines.
	62,090.26	CD	Merchants & Planters-Camden	
	98,000.00	CD	Citizens First-LR	
	109,229.51	Checking	First Commercial-LR	FUND BALANCE UTILIZATION: To pay all expenses of Board and Centralized Credentials Verification Service operations including Board meetings, disciplinary hearings, complaint investigations, and office operations.

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

The State Medical Board is funded with fees charged by the Agency, as authorized by Arkansas Code §17-88-304. Base Level of \$1,176,691 for FY00 and \$1,193,244 for FY01 includes Salaries and Personal Services matching for seventeen positions and supporting Operating Expenses. Base Level includes a cost of living increase of 2.8% each year over the FY99 salary levels, and related Personnel Services Matching costs. The Board is requesting five positions associated with implementation of the CCVS. The Board requests that these five positions, currently authorized as Supplemental Emergency positions, be recommended in the new biennium. Changes totaling \$499,830 in FY00 and \$535,438 in FY01 have been requested due to the continued rise in the cost of regulating health care and the additional responsibility of providing the Centralized Credentials Verification Service (CCVS) as enacted by Act 1066 of 1995 along with restoration of Operating Expenses used to offset the Supplemental Emergency positions in FY99.

Changes of \$225,740 in FY00 and \$251,329 in FY01 year have been requested in the Operating Expense line item to pay more costs associated with the expanded role of the Board's new CCVS in addition to the increased number of complaints being processed and investigated by the Board and costs associated with an increase in the number of applicants applying for licensure. Also included in the Operating Expense increase is the restoration of the \$155,500 each year used to offset the five Supplemental Emergency positions in FY99. An increase of \$5,000 each year is requested for the Conference Fees and Travel line item to attend conferences and conventions primarily relating to the CCVS.

An additional \$20,000 in FY00 and \$25,000 in FY01 is requested for the Professional Fees and Services line item for an outside contract for data processing services. Capital Outlay of \$35,000 each year is requested to update the current data processing equipment and replace the current telephone system due to the growth of the staff and need for additional features.

The Executive Recommendation provides for the Base Level request, as well as the additional five Supplemental Emergency positions and the Capital Outlay request of \$35,000 each year. The Board's request for position classification changes was addressed by the Career Ladder Incentive Program.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF	PAGE
Name: State Medical Board Code: 274	Name: Cash Operations Code: A23	Name: Medical Board Cash (274) Code: 318	BUDGET REQUEST BR20	249

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED							99-00	00-01	99-00	00-01
REGULAR SALARIES	385,598	464,608	462,803	485,345	167,868	653,213	499,367	172,122	671,489	648,348	666,487		
NUMBER OF POSITIONS	17	17	17	17	5	22	17	5	22	22	22		
EXTRA HELP	1,084	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	119,010	142,288	144,352	142,372	46,222	188,594	144,903	46,987	191,890	187,723	190,993		
SUPPLEMENTAL EMERG SALARIES	43,250	155,500	0	0	0	0	0	0	0	0	0		
OPERATING EXPENSES	496,195	413,974	637,650	413,974	225,740	639,714	413,974	251,329	665,303	413,974	413,974		
CONF FEES & TRAVEL	6,177	5,000	5,000	5,000	5,000	10,000	5,000	5,000	10,000	5,000	5,000		
PROF FEES & SERVICES	94,399	100,500	100,500	100,500	20,000	120,500	100,500	25,000	125,500	100,500	100,500		
CAPITAL OUTLAY	49,671	25,000	25,000	0	35,000	35,000	0	35,000	35,000	35,000	35,000		
REFUNDS/REIMBURSEMENTS	11,377	22,500	22,500	22,500	0	22,500	22,500	0	22,500	22,500	22,500		
TOTAL	1,206,761	1,336,370	1,404,805	1,176,691	499,830	1,676,521	1,193,244	535,438	1,728,682	1,420,045	1,441,454		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	1,882,099	1,935,659	*****	1,599,289		1,599,289	1,322,768		1,322,768	1,599,289	1,579,244		
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	1,260,321	1,000,000	*****	900,170	499,830	1,400,000	1,039,562	535,438	1,575,000	1,400,000	1,575,000		
OTHER			*****										
TOTAL FUNDING	3,142,420	2,935,659	*****	2,499,459	499,830	2,999,289	2,362,330	535,438	2,897,768	2,999,289	3,154,244		
EXCESS APPRO/ (FUNDING)	(1,935,659)	(1,599,289)	*****	(1,322,768)		(1,322,768)	(1,169,086)		(1,169,086)	(1,579,244)	(1,712,790)		
TOTAL	1,206,761	1,336,370	*****	1,176,691	499,830	1,676,521	1,193,244	535,438	1,728,682	1,420,045	1,441,454		

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

APPROPRIATION SUMMARY

The FY99 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1997-99 biennium.

BR 215

Appropriation was established through the authority of the Supplemental Emergency Provisions

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-----		-----1999 - 01 BIENNIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----							
					---ACTUAL--- --BUDGETED---		-----FY 1999 - 00-----		-----FY 2000 - 01-----		-----EXECUTIVE-----		-----LEGISLATIVE-----					
					97-98	98-99	REQUEST	REQUEST	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01				
000		318	274 A23	B	1,206,761 17	1,336,370 17	1,176,691 17			1,193,244 17				1,333,962 17	1,350,042 17			
001		318	274 A23	C01			362,083 5			367,412 5				206,583 5	211,912 5			
<p>Four supplemental positions, approved for the 1997-99 biennium are being requested as permanent positions within the agency. The four positions work directly with the CCVS and are necessary to maintain the current workload. The fifth position recently approved as a supplemental position is being requested to reflecting the customer demands in programming necessary to connect the customer's system in using the CCVS. This work has been performed by an outside agency in the past, however, due to the increased need for timely changes and customer assistance, it was imperative that a programmer be retained on site. Low cost, timeliness and accuracy of the data being supplied are the selling feature of this unique program and restore character 2 to original base.</p>																		
002		318	274 A23	C02			66,000 0			91,589 0								
<p>The increased number of licensees in each of the health professionals licensed by the Medical Board, Medical Doctors, Doctors of Osteopathic medicine, Physician Trained Assistants, Occupational Therapist and Respiratory Therapist and the operation of the CCVS within the Medical Board office has increased the workload of the Board office. The number of licensees and the number of participants in the CCVS program are in direct correlation to the operating expenses of the agency. It is necessary to restore the five-percent budget reduction as mandated by Act 494 of 1993 for the biennium. Increased numbers of licensees reflect increased operating cost as well as investigative and disciplinary hearing cost for 2000-01.</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-----		-----1999 - 01 BIENNIUM REQUESTS-----						-----R E C O M M E N D A T I O N S-----					
					ACTUAL	BUDGETED	-----FY 1999 - 00-----		-----FY 2000 - 01-----				-----EXECUTIVE-----		-----LEGISLATIVE-----			
					97-98	98-99	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01						
003		318	274 A23	C08			64,240 0			69,240 0				35,000	35,000			
<p>Within the biennium and as approved by Department of Information Services, the Board will replace the current telephone system due to the growth of the staff and need for additional features. The server being used for the Centralized Credentials Verification Service will need to be replaced as well as several in house computers.</p>																		
004		318	274 A23	C10			7,507 0			7,197 0								
<p>Due to the increased licensees in the Allied Health Care (LRCP, OT, OTA, PA, MC), it is necessary to staff an Administrative Assistant to handle the demands of licensees in the Allied Health Care.</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