

FY 2016-2017 Budget Testimony
Before the General Government Subcommittee of the
Senate Finance Committee



Presented by
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General Government Subcommittee of the
Senate Finance Committee
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Chairman Jordan and members of the General Government Subcommittee, my name is Jeffrey M. Rosa, and I am the Executive Director of the Ohio Occupational Therapy, Physical Therapy, and Athletic Trainers Board (OTPTAT). I am pleased to be here this evening to present testimony on the Board's fiscal year 2016 and 2017 Executive Budget recommendations of \$925,897 in fiscal year 2016 and \$944,865 in fiscal year 2017 and to answer any questions the committee may have about the continuing operations of the OTPTAT Board and the Board's funding requirements for the upcoming biennium.

Introduction and Overview

The mission of the OTPTAT Board is to actively promote and protect the health of the citizens of Ohio through the effective regulation of the professions of occupational therapy, physical therapy, and athletic training. In total, the Board currently licenses just over 28,000 professionals and aims to provide timely service in a professional and cost-efficient manner that is representative of quality state government.

Unlike the majority of other regulatory boards in Ohio, the OTPTAT Board is essentially three (3) independent regulatory boards that meet collectively solely to govern administrative, fiscal, and personnel matters of the state agency. The Ohio Revised Code, however, states that only the members of the specific section of the board regulate that profession. As a result, the staff of the Board provides assistance to its twenty (20) members for three independent section meetings, three separate investigative committees, and three separate renewal periods.

In addition to reviewing initial licensure applications and issuing new licenses, Board staff process on average 13,300 renewal applications each fiscal year. As the total number of individuals licensed by the Board increases, the number of renewals processed will also increase to an average of 14,900 per fiscal year in the upcoming biennium.

The Board also employs 3 investigative staff who conducted 95 investigations in FY 2014 of alleged violations of the three practice acts. As has occurred with many other healthcare regulatory boards, the OTPTAT Board estimates that the number of investigations will increase in the upcoming biennium. The investigative staff also conducts the audit for compliance with the continuing education requirements. In FY 2014, about 20% of those renewing were randomly selected for the audit. Of those 2,600 audited licensees, 36 received non-disciplinary warning letters (1.4%) and 20 were formally disciplined by the Board (0.8%). The remaining 97.8% were found to be in compliance with the continuing education requirements.

In total, the Board meets its core job functions of licensing, enforcing, and regulating the three professions with a dedicated staff of nine (9) employees. Each of these individuals is able to provide effective and efficient services to the Board's licensees and members of the general public due to their extensive knowledge of the issues and requirements that are specific to licensure applications and the practice acts for the professions of occupational therapy, physical therapy, and athletic

training. As a sign of the efficient work of this Board, total staffing has remained constant as the workload of the staff has increased in recent years.

Accomplishments

The Executive Budget recommendations will allow the Board to continue to provide current service levels in fiscal years 2016 and 2017.

1. In Fiscal Year 2014, Board staff processed just over 2,400 licensure applications and issued new licenses to over 2,000 individuals. As a result of operational efficiencies, **the Board is able to issue a new license within one week of receipt of a completed application.**
2. In Fiscal Year 2014, Board staff processed just under 1,300 licensure verifications to other state licensing boards. When an individual licensed in Ohio applies for a license in another state, the individual is required to have the Ohio license verified to the other state. Upon receipt of the request and the appropriate fee, **the Board processes all licensure verifications within two business days.**
3. In Fiscal Years 2013 and 2014, the Board renewed the licenses of approximately 12,740 and 11,800 individuals, respectively, and audited the continuing education activities of about 20 percent of those renewing. **The total number of individuals audited in Fiscal Years 2013 and 2014 was approximately 2,500 per year.**
4. In calendar year 2014, **the staff with Board input, answered over 200 letters clarifying issues related to the three practice acts.** This figure does not include questions answered via telephone or other routine questions related to licensure procedures.
5. In Fiscal Year 2014, the **Executive Director and other members of the Board presented to various groups on licensure, regulation, and the role of the Board.** Of the 19 presentations given in FY 2014, 10 were to students and 9 were to licensees. In Fiscal Year 2015 to date, 11 student presentations and 6 presentations to licensees has already occurred.

Table 1. Number of Licensees as of June 30

| License | 2009 | 2010 | 2011 | 2012 | 2012 | 2013 | 2014 | As of 4/22/15 |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OT | 4,424 | 4,525 | 4,550 | 4,849 | 4,849 | 4,871 | 5,233 | 5,537 |
| OTA | 2,894 | 3,043 | 3,191 | 3,474 | 3,474 | 3,771 | 4,102 | 4,240 |
| PT | 7,115 | 7,304 | 7,764 | 7,824 | 7,824 | 8,459 | 8,604 | 8,930 |
| PTA | 5,233 | 5,628 | 5,855 | 6,299 | 6,299 | 6,597 | 7,122 | 7,201 |
| AT | 1,822 | 2,012 | 2,008 | 2,250 | 2,250 | 2,235 | 2,509 | 2,385 |
| TOTAL | 21,488 | 22,512 | 23,368 | 24,696 | 24,696 | 25,933 | 27,570 | 28,293 |
| % Increase | N/A | 4.8% | 3.8% | 5.7% | 5.7% | 5.0% | 6.3% | 2.6% |

Revenues

The OTPTAT Board is a non-GRF funded agency. Similar to all professional licensing boards, the OTPTAT Board is required to generate sufficient revenue to meet its expenditures. Fees generated by this Board and the majority of other regulatory boards are deposited into Fund 4K90, the occupational licensing and regulatory fund. The Office of Budget and Management ensures that each board collects enough revenue to support all budgetary needs.

Table 2. Historical Revenues

| Section | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Through April 22, 2015 |
|--------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|------------------------|
| OT | \$415,630 | \$275,535 | \$440,055 | \$319,500 | \$454,890 | \$346,722 | \$156,140 |
| PT | \$634,600 | \$677,900 | \$565,070 | \$768,870 | \$663,895 | \$733,902 | \$610,365 |
| AT | \$56,640 | \$24,640 | \$171,180 | \$31,180 | \$189,730 | \$32,221 | \$173,920 |
| TOTAL | \$1,120,500 | \$995,431 | \$1,192,677 | \$1,123,402 | \$1,318,031 | \$1,119,460 | \$949,775 |

Based on historic trends, the Board’s estimated revenue for FYs 2016 and 2017 will be approximately \$1.17 million and \$1.37 million, respectively.

Due to sufficient revenues and careful spending, most fees charged by the Board have not increased in over five years and some fees have actually been decreased to reflect the recent trends in expenditures versus revenues collected. A \$10 decrease in the renewal fee is the reason that projected revenues for FYs 2016 and 2017 are lower than the total revenues for FYs 2012-2014.

Board Efficiencies

Since the fourth quarter of calendar year 2010, the Board has been tracking information related to its timeliness in processing licensure applications. The first column in Table 3 reflects the length of time it takes for the Board to send an applicant an email/letter indicating that the Board received the licensure application. The second column details how long it takes an applicant to complete a licensure application. The length of time varies due to various factors. The Board does not have an ability to impact the data for this metric. The final column indicates the length of time it takes for the Board to approve a completed application.

As illustrated in Table 3, the Board is very efficient in its ability to process applications for licensure. This efficiency helps ensure that applicants for licensure in Ohio are able to be licensed and start working soon after their application is complete.

Table 3. License Review Metrics

| | | # of Days to Send Application Receipt Letter | # of Days from Application Receipt to Completed Application | # of Days to Approve Completed Application |
|--|--------|--|---|--|
| December 2014 120 applications | Median | 1 | 39.5 | 1 |
| | Mean | 4.12 | 51.83 | 1.66 |
| | Range | 0 to 305 days | 0 to 348 days | 0 to 13 days |
| January 2015 97 applications | Median | 1 | 49 | 0 |
| | Mean | 2.81 | 53.35 | 1.26 |
| | Range | 0 to 157 days | 0 to 277 days | 0 to 15 days |
| February 2015 168 applications | Median | 1 | 42 | 0 |
| | Mean | 1.01 | 56.14 | 0.63 |
| | Range | 0 to 5 days | 0 to 230 days | 0 to 8 days |
| March 2015 126 applications | Median | 1 | 44.5 | 1 |
| | Mean | 0.85 | 54.62 | 2.33 |
| | Range | 0 to 5 days | 0 to 338 days | 0 to 22 days |

The median is the middle number in a given sequence of numbers (e.g.: 4 is the median of 1, 3, 4, 8, 9). The mean is the arithmetic average (e.g.: 4 is the mean of 1, 5, 2, 8). The range is the smallest and largest number of days recorded in each category.

To ensure transparency for our customers, this information is posted on the Board's website and is updated monthly.

Executive Budget Recommendations

Careful analysis of the Board's needs in the upcoming biennium led to the agency's initial request. Although lower than the amount requested by the Board, the recommended budget amount should cover projected staff payroll, administrative hearing expenses, and most maintenance expenses and allow the Board to continue to meet its legislative mandates, which include licensing qualified applicants; investigating complaints of violations of the practice act; adopting administrative rules; and maintaining ongoing continuing education.

Uncertainties tied to potential rate increases by the Department of Administrative Services (DAS) and the actual cost associated with the new licensing system are potential reasons why the recommended budget levels would not be sufficient to meet all operating costs. For the upcoming biennium, the Board budgeted \$10,000 per fiscal year for costs associated with the licensing system.

Continuation Funding for Office Staff and Board Member Payroll

The Executive Recommendations will support payroll costs for the Board's nine full-time employees, as well as the payroll for the 20 Board members (budgeted at 96 hours annually). Including Board members, 3.31 FTEs are allocated to the occupational therapy program, 5.57 FTE's are allocated to the physical therapy program, and 1.04 FTEs are allocated to the athletic trainers program.

Administrative Hearing Expenses

The Board requested funding of \$15,000 per fiscal year for costs associated with administrative hearings. These costs include hearing officers and court reporters. The Board's goals are to reach a negotiated settlement in lieu of hearings whenever possible. In years with few formal hearings, the amount spent in this area is relatively small. Unfortunately, it is impossible to determine the number and magnitude of hearings that might occur in a given fiscal year. Unless there is a significant increase in the number and/or length of hearings, the Board should have appropriate funding to cover these costs in the upcoming biennium.

Continuation Funding for Maintenance Expenses

In addition to Board member salary, the Executive Budget recommendations include funding for Board member travel expenses. Under Chapter 4755. of the Revised Code, Board members are entitled to actual and necessary expenses incurred in the performance of official duties. Of the total maintenance expenses funded in this request, about \$15,700 per fiscal year will cover Board member travel expenses.

The recommended funding for maintenance expenses should allow the Board to pay for most other anticipated costs of doing business. Many of these expenses cover services provided by other state agencies (e.g.: telephone, rent, computer services). Other standard maintenance expenses covered by this funding level include general office supplies (e.g.: paper, file folders, labels).

As noted above, if the rates charged by other state agencies increases significantly, the recommended funding level will likely not be sufficient to cover these anticipated costs of doing business.

The Board's request also includes funding of \$10,000 per fiscal year to cover the Board's share of the new e-Licensing system. As of mid-February, DAS has not yet informed the Board's what the actual per agency costs for FYs 2016 and 2017 will be. Any costs in excess of the \$10,000 per year will cause concerns associated with the recommended funding levels.

The other key maintenance component funded by this request is credit card processing fees. The Executive recommendations provide funding of \$30,300 in FY 2016 and \$35,200 in FY 2017 to pay the credit card processing fees incurred by the Board. Since the implementation of online renewals in FY 2007, over 98% of individuals renewing utilized the on-line system. In addition, the Board implemented on-line initial applications for licensure in the fall of 2008. The growth in the number of online initial applications will lead to increases in credit card processing fees incurred by the Board.

The Board believes that on-line renewals and applications make it easier for licensees to do business with the state and streamline the process. For this reason, the Board has determined that it is more important to absorb the costs for credit card processing versus levying a surcharge on licensees' who wish to have the convenience of the on-line system. The budget recommendations will allow the Board to continue to absorb these costs.

Maintenance Costs Not Potentially Funded

At the recommended amounts of \$207,000 in FY 2016 and \$211,000 in FY 2017 for supplies and maintenance, the following items are the costs the Board projects might not be covered. In FY 2016, funding for the biennial audit and publishing legal notices in newspapers could be at risk. In FY 2017, funding for publishing legal notices and postage could be at risk.

Scanning Project

The Board's FY 2015 appropriation authority included funding of almost \$60,000 to cover the costs associated with a project to scan all of the Board's licensure files. Since the establishment of regulation of physical therapy in the early 1960's, the Board has issued licenses to over 45,000 individuals. Since the Board still maintains the paper file for any license ever issued, we are quickly running out of space in our file room for 45,000+ files. If we do not start scanning files, the Board will be required to incur the cost of off-site record storage at some point in the near future. In addition, if there were ever a disaster that occurred in the Riffe Center, there could be permanent damage to these irreplaceable licensure records. Due to a delay in the implementation of the new licensing system, the scanning project was delayed. As a result, the Board will likely not be able to spend the FY 2015 funds for the scanning project. This fact was identified after the submission of the Board's budget request. As a result, the Executive Budget recommendations for FY 2016 do not contain sufficient appropriation authority to complete the scanning project in the upcoming biennium. The Board would ask that you consider increasing our FY 2016 appropriation authority to allow for the completion of this delayed project.

Conclusion

In summary, the Executive Budget recommendations of \$925,897 in Fiscal Year 2016 and \$944,865 in Fiscal Year 2017 for the Ohio Occupational Therapy, Physical Therapy, and Athletic Trainers Board should permit the continuance of the Board's current operations, provided that the actual rates established by DAS for its services in the upcoming biennium are in line with the Board's estimates. As has occurred in previous years, the Board always seeks to identify operational efficiencies to help control costs. Technological improvements will continue to allow the Board to provide better and more efficient services to its customers. The Board and its staff will continue to meet the challenges that lay ahead.

Thank you for your consideration of the Board's budget. I would be pleased to address any questions the committee may have or provide any information you may need.