



**ARIZONA BOARD OF OSTEOPATHIC EXAMINERS
IN MEDICINE AND SURGERY**
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Janice K Brewer

Executive Director
Elaine LeTarte

October 9, 2009

The Honorable Janice K. Brewer
Governor, State of Arizona

Ms. Eileen Klein
Director, Office of Strategic Planning and Budgeting

Mr. Scott Selin
Analyst, Office of Strategic Planning and Budgeting

Dear Governor Brewer, Ms. Klein, and Mr. Slevin:

As directed, I have today submitted a proposal outlining how the AZ Board of Osteopathic Examiners might respond to a 15% reduction of the agency's FY10 appropriation, of \$702,000.

Your letter, Ms. Klein, assumed that the Board had multiple programs and subprograms; that those programs and subprograms had dedicated FTEs and direct expenses. That is not the case with the Board; it has but two programs, the licensure and the regulation of osteopathic physicians and surgeons. The agency has no classified positions with multiple FTEs. Noting this, Mr. Selin provided the further guidance that whatever could be eliminated or reduced, should be, to reach the targeted amount and the "pain be shared." This is what I have done.

But, with all due respect, I ask that you reconsider the size of the reduction requested, on the grounds that it has a disproportionate impact on the Board, given that the Board routinely deposits 10% of all revenues to the General Fund; and has transferred monies to General fund that are almost half the amount the Board has been allowed to spend, given appropriations, freezes and reductions.

Osteopathic Fund transfers to General Fund / Allowed Expenditure Levels				
	10% revenue	Transfers to GF	FY Totals to GF	Allowed Expenditures
FY08	\$ 129,000	\$ 250,000	\$ 379,000	\$ 691, 700
FY09	\$ 47,000	\$ 541,100	\$ 588,100	\$ 592,300
FY10 (proj)	\$ 115,500	\$ 105,300	\$ 220,800	\$ 596,700
TOTAL	\$ 291,500	\$ 896,400	\$1,187,900	\$ 1,880, 700

Thank you for your consideration of my request.

Sincerely yours,

Elaine LeTarte
Executive Director

Copy: Scott Steingard, D.O., President, AZ Board of Osteopathic Examiners

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
AZ BOARD OF OSTEOPATHIC EXAMINERS**

ALL NON-GENERAL FUNDS

FY 2010 All Non-General Funds Budget (less Federal Funds) 702,300

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$105,300

Fund	Reductions Amount	Percent Reductions
Osteopathic Fund	\$105,300	100.0%
Issue Total	\$105,300	

All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target 100%

DRAFT

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
AZ BOARD OF OSTEOPATHIC EXAMINERS**

OSTEOPATHIC FUND

FY 2010 All Non-General Funds Budget (less Federal Funds) 702,000

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$105,300

Priority	Issue Title¹	Reductions Amount
1	Defer Replacement of Aging IT Equipment	\$32,000
2	Reduction in Contracted Legal Services	\$42,300
3	Elimination of Vacany 1.0 Clerical FTE	\$20,000
4	Miscellaneous Reductions in Expenditures	\$11,000
	Issue Total	<u>\$105,300</u>

Fund Total as a Percentage of Non-General Fund Reduction Target 100%

Please complete the attached Description and Impact Statement for each issue.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

Board of Osteopathic Examiners

Issue Title: DEFER REPLACEMENT OF AGING IT EQUIPMENT

Issue Priority: 1

Reduction Amounts:

Osteopathic Fund: \$32,000

Total: \$32,000

Issue Description and Statement of Effects

Function being eliminated / reduced:

This reduction defers the replacement of aging hardware on which the Board's electronic environment depends. Most of the equipment the Board uses is more than 3 years old; the age at which GITA recommends replacement.

Effect of elimination / reduction:

The effect is an increased risk that equipment could fail, critically impacting the Board's ability to conduct its administrative and regulatory responsibilities. Licensing information used for verification and published to the web for public search would be unattainable. The Board's on-line renewal application would not function, requiring a shift to a more labor-intensive paper renewal process. The documentation of regulatory cases is presented to the Board electronically, on disks read on laptop computers; failure of the server that holds the information would delay the Board being able to take regulatory action. Failure of multiple laptops would require the sharing of remaining computers, decreasing the staff's and Board's effectiveness.

Possible Alternative Funding:

The Board's current revenues are sufficient for the Board to operate at the level of the current appropriations, if funds are not transferred from the Osteo Fund to the General Fund. As an alternative to being authorized to spend the revenue collected, the Board could solicit federal monies and private grants, gifts, contributions and devises.

Legal Citations for this function:

A.R.S. § 32-1803 and 1804.

STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

Board of Osteopathic Examiners

Issue Title: REDUCTION IN CONTRACTED LEGAL SERVICES

Issue Priority: 2

Reduction Amounts:

Osteopathic Fund: 42,300

Total: \$42,300

Issue Description and Statement of Effects

Function being eliminated/ reduced:

The Board had, until FY09, contracted for the half-time services of an Asst Attorney General. That Asst Attorney General negotiated consent agreements with doctors appearing before the Board, and litigated the Board's contested cases in formal administrative hearings and appeals.

Effect of Elimination/ reduced:

The reduction in contracted services preserves the services of an assigned Asst. Attorney General to provide counsel to the Board in preparation for and at their meetings. The effect of reduction is that, for litigated cases and appeals, the Board will have to rely on such time as can be made available from the Office of the Attorney General. This may lead to delays in the resolution of cases. The Board staff or Board members may be called upon to negotiate consent agreement, rather than litigate matters at formal hearings. The worst case scenario is that the Board could be delayed in revoking or suspending a license for more than 12 months, because those two actions require a formal administrative hearing.

Possible alternative funding:

The reduction uses an alternative funding; that of having the General Fund finance the services of any Asst Attorney General the Board may require to litigate cases or appeals. The Board's current revenues are sufficient for the Board to operate at the level of the current appropriations, if funds are not transferred from the Osteo Fund to the General Fund. As an alternative to being authorized to spend the revenue collected, the Board could solicit federal monies and private grants, gifts, contributions and devises.

Legal citations for this function:

A.R.S. § 41-192; A.R.S. § 32-1803(A)(4) A.R.S. § 32-1804(B)(8); A.R.S. § 32-1804(B)(16) and (27).

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

Board of Osteopathic Examiners

Issue Title: ELIMINATION OF VACANT 1.0 CLERICAL FTE

Issue Priority: 3

Reduction Amounts:

Osteopathic Fund: \$20,000

Total: \$20,000

Issue Description and Statement of Effects

Function being eliminated / shifted to other staff:

This position is responsible for providing clerical support for the executive director, and to the licensing manager during the renewals of licenses, registrations and permits each winter. This position is also responsible for compiling information and records in response to requests for license verifications and public records request. In addition, this position is responsible for entering data from paper licensing files into the electronic database system that publishes that information to the web site for use of the health care industry and the public.

Effect of Elimination/ shift to other staff:

The effect of eliminating this position is to slow the administrative work of the agency; in particular to slow the issuance of renewal receipts / licenses, and verifications and public records requests. Also, until the backfilling of the data is complete, the physician profiles of the web are not an equivalent substitute for verifications of licensure done manually, which in turn continues a labor-intensive paper process.

Possible alternative funding:

The Board's current revenues are sufficient for the Board to operate at the level of the current appropriations, if funds are not transferred from the Osteo Fund to the General Fund. As an alternative to being authorized to spend the revenue collected, the Board could solicit federal monies and private grants, gifts, contributions and devises.

Legal citations for this function:

A.R.S. § 32-1803(A)(4); A.R.S. § 32-1803(C)(3); A.R.S. § 32-1804(B)(8); A.R.S. § 32-1803(A)(4); A.R.S. § 32-1825; A.R.S. § 32-3206; and A.R.S. § 39-101 et seq.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

Board of Osteopathic Examiners

Issue Title: MISCELLANEOUS REDUCTIONS IN EXPENDITURES

Issue Priority: 4

Reduction Amounts:

Osteopathic Fund: \$11,000

Total: \$11,000

Issue Description

The agency will reduce operational expenditures as need to achieve the required reduction in appropriation. These may include:

1. Reduction of use of paid reviewers of medical records in complaints; rely on volunteer reviews to the extent possible.
2. Obtain transcripts of hearings only if / when needed for appeal; attempt to recover costs from cases as allowed by statute.
3. Require applicants to pay cost of reports from national regulatory groups.
4. Discontinue having a Deputy Sheriff for security at Board meetings
5. Conduct licensing and regulation correspondence electronically, rather than on paper through the U.S. mail.
6. Discontinue membership in State and National professional organizations.
7. Discontinue attendance at continuing professional education programs.
8. Eliminate unused telephone / computer connections; as possible, replace AZNet phones / phone service with pre-paid cell phones.

Statement of Effects

The Board's operations will be slower.

Possible alternative funding:

The Board's current revenues are sufficient for the Board to operate at the level of the current appropriations, if funds are not transferred from the Osteo Fund to the General Fund. As an alternative to being authorized to spend the revenue collected, the Board could solicit federal monies and private grants, gifts, contributions and devises.

Legal citations for this function:

None

October 9, 2009