

BOARD OF MEDICAL & OSTEOPATHIC EXAMINERS



South Dakota Legislative Research Council

Frequently Asked Questions

The purpose of this FAQ sheet is to provide information to the Joint Committee on Appropriations regarding *Informational Budgets* in the South Dakota budgetary system. The information was compiled by the Legislative Research Council with assistance from the Department of Legislative Audit and the Government Operations and Audit Committee.

When and why was this fund created?

The Board of Medical and Osteopathic Examiners was established by the 1949 Legislature. The mission of the Board of Medical and Osteopathic Examiners is to license doctors of medicine, doctors of osteopathy, physical therapists, advanced life support personnel, physician's assistants, athletic trainers, occupational therapists, respiratory therapists, nurse practitioners, nurse midwives, and dietitians. The fund is created in SDCL 36-4B-30 and is continuously appropriated. (SDCL 36-4 and 36-29; 36-10B; 36-31; 36-10; 36-4A; 36-4C)

Where does the revenue come from?

License fees are the major source of revenue for the Board. The Board licenses and regulates the following professions and occupations: advanced life support (EMT); athletic trainer (AT); dietitian/nutritionist (LN); medical corporation or limited liability company; occupational therapist (OT); occupational therapy assistant (OTA); physical therapist (PT); physical therapist assistant (PTA); physician assistant (PA); physician assistant corporation or limited liability company; physician surgeon (MD/DO); respiratory therapist (RCP). The various licensing fees are generally set through the administrative rulemaking process as authorized by codified law.

What spending restrictions exist on the fund?

The fees collected are used to defray the expenses of the Board in carrying out the provisions of the Board of Medical and Osteopathic Examiners including the various professional and occupational programs attached to the Board. The programs are implemented by the Department of Health under the direction of the Board of Medical and Osteopathic Examiners. Many of the programs also have an advisory council or committee to assist the Board of Medical and Osteopathic Examiners. The Board is accounted for as an enterprise fund. An enterprise fund is a proprietary fund type used to account for operations that are financed and operated in a manner similar to private business, where the intent of the governing body is that the cost of providing services to the public on a continuing basis be financed or

recovered primarily through user charges or fees. SDCL 36-4B-30 further states that expenses incurred may not exceed the total money collected by the board.

Has the original purpose of the fund changed?

No, the original purpose has not had any significant changes.

Is the fund on the state accounting system? What is the timing of the Fiscal Year?

At the direction of GOAC, local bank account information is now recorded on the state accounting system as of FY07 and the fiscal year runs the same as the state fiscal year which is from July 1 to June 30.

What oversight exists?

An independent audit was performed by East, Vander Woude & Co., P.C., for the fiscal year ending June 30, 2006. The Government Operations and Audit Committee is currently reviewing the Board of Medical and Osteopathic Examiners Fund. The Appropriations Committee has an annual budget hearing for the Department of Health including the Board of Medical and Osteopathic Examiners. The informational budget of the board is included in the Governor's budget request and the General Appropriations Bill which is acted on by the Legislative Body. Also, the various licensing fees are set through the administrative rulemaking process as authorized by codified law.

Condition Statement prepared by the Bureau of Finance and Management 10/15/2007

**DEPARTMENT OF HEALTH
BOARD OF MEDICAL AND OSTEOPATHIC EXAMINERS - INFORMATIONAL
CONDITION STATEMENT (6503)**

	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008
TOTAL RECEIPTS	\$898,192	\$1,002,987	\$974,400
TOTAL DISBURSEMENTS	\$657,729	\$618,602	\$1,300,008
NET (Receipts less Disbursements)	\$240,463	\$384,385	(\$325,608)
BEGINNING CASH BALANCE	\$319,115	\$559,579	\$943,964
ENDING CASH BALANCE	\$559,579	\$943,964	\$618,357

2007 Government Operations and Audit Committee "Blue Book" Other Fund Information
Prepared by the Department of Legislative Audit

Department of Health
State Accounting System - Other Fund Balances
Company 6503 - Board of Medical and Osteopathic Examiners

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	249,658.86	317,441.09	554,819.18	943,964.11
2 Cash and Cash Equivalents	-	-	-	4,274.45
3 Total Assets	<u>249,658.86</u>	<u>317,441.09</u>	<u>554,819.18</u>	<u>948,238.56</u>
4				
5 Accounts Payable	-	-	-	-
6 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7				
8 Reserve for Encumbrances	-	-	-	-
9 Unreserved Fund Balance	249,658.86	317,441.09	554,819.18	948,238.56
10 Total Fund Equity	<u>249,658.86</u>	<u>317,441.09</u>	<u>554,819.18</u>	<u>948,238.56</u>
11 Total Liabilities and Fund Equity	<u>249,658.86</u>	<u>317,441.09</u>	<u>554,819.18</u>	<u>948,238.56</u>
12				
13				
14 Licenses, Permits and Fees	55,000.00	205,016.00	680,213.00	998,118.60
15 Use of Money and Property	17,724.97	10,049.46	7,233.15	9,143.02
16 Total Operating Revenue	<u>72,724.97</u>	<u>215,065.46</u>	<u>687,446.15</u>	<u>1,007,261.62</u>
17				
18 Personal Services and Benefits	1,743.93	1,420.98	165,197.70	269,262.39
19 Travel	-	-	3.72	34,902.38
20 Contractual Services	1,484.41	2,862.25	18,719.47	280,635.80
21 Supplies and Materials	-	-	280.70	28,822.17
22 Grants and Subsidies	185,000.00	143,000.00	202,000.00	-
23 Capital Outlay	-	-	63,866.47	4,979.09
24 Total Operating Expenditures/Expenses	<u>188,228.34</u>	<u>147,283.23</u>	<u>450,068.06</u>	<u>618,601.83</u>
25				
26 Transfers In	20,797.41	-	317,441.09	-
27 Transfers Out	(20,797.41)	-	(317,441.09)	-
28 Net Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
29				
30 Net Change	(115,503.37)	67,782.23	237,378.09	388,659.79
31				
32 Beginning Fund Equity	-	249,658.86	317,441.09	554,819.18
33 Prior Period Adjustment	365,162.23	-	-	4,759.59
34 Ending Equity	<u>249,658.86</u>	<u>317,441.09</u>	<u>554,819.18</u>	<u>948,238.56</u>

Company: 6503

Company Name: Professional & Licensing Boards

Fund Name: Various - see below

Fund Type: Enterprise

Purpose: This fund accounts for the Board of Medical and Osteopathic Examiners authorized by SDCL 36-4.

Sources: License fees, renewal fees, penalty fees, and any other payments. The board is continuously appropriated for paying the expenses of administration. However, the total expense incurred by the board may not exceed the total money collected.

Budget Information: Included in the General Appropriations Bill as an informational budget.

Additional Information:

Audit comment in FY2006 criticized Board for raising fees without going through administrative rules process. Discussion during GOAC meeting was that board had \$559,000 cash balance and not all accounting data was on the state accounting system. GOAC directed that local checking account should be properly recorded on the state accounting system in the future. Local bank balance was added to accounting system by end of FY2007. GOAC has asked for an update on what impact the fee increase has had and the current cash balance



VIA ELECTRONIC AND REGULAR MAIL

**SOUTH DAKOTA BOARD OF MEDICAL
AND OSTEOPATHIC EXAMINERS**

**125 S. Main Avenue
Sioux Falls, SD 57104**

<http://medicine.sd.gov> SDBMOE@state.sd.us

October 9, 2007

Sue Cichos
Senior Fiscal Analyst
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

Dear Ms. Cichos:

You requested, on behalf of Joint Appropriations Committee, a written response with an explanation as to why it is necessary for the Board to have a cash balance at the current level and what plans there are for the future of the fund.

The South Dakota Board of Medical & Osteopathic Examiners (SDBMOE) was created by the legislature to protect public safety, and to license and regulate the following professions and occupations:

- advanced life support (EMT)
- athletic trainer (AT)
- dietitian/nutritionist (LN)
- medical corporation or limited liability company,
- occupational therapist (OT)
- occupational therapy assistant (OTA)
- physical therapist (PT)
- physical therapist assistant (PTA)
- physician assistant (PA)
- physician assistant corporation or limited liability company
- physician surgeon (MD/DO)
- respiratory therapist (RCP)

The accumulated active resources are not idle funds. They are dedicated to the licensing actions of the SDBMOE. The resources are dedicated to SDBMOE functions which include not only the issuance of licenses, permits and certificates and all that is entailed within that process, but also the renewal and maintenance of these licenses, permits and certificates; as well as the inspection and investigation of complaints regarding licensees.

The SDBMOE is properly using the funds entrusted to it by the licensees it regulates, as it is not supported by tax dollars. The bottom line is that in order to continue to do the job of licensure and discipline of the licensees it has been entrusted to regulate, these funds are absolutely essential to the operations of the SDBMOE.

Sincerely,

Margaret B. Hansen
Executive Director

MBH/jp