

2014-16 Executive Progress Report

Commonwealth of Virginia
Secretary of Health and Human Resources
Department of Health Professions

At A Glance

The mission of the Department of Health Professions is to protect the public by licensing healthcare providers, enforcing standards governing their practice, and providing information to healthcare providers and the public.

Staffing 210 Salaried Employees, 20 Contracted Employees, 219 Authorized, and 31 Wage Employees.

Financials Budget FY 2015, \$27.62 million, 0.00% from the General Fund.

Trends ↑ Number of Licensees

Key Perf Areas → % < or = 250

↑ Disciplinary Case Clearance

→ % < 30 business days

Legend ↑ Increase, ↓ Decrease, → Steady

↑ % of queries to prescriptions added

Productivity

Legend

↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The Department of Health Professions licenses individuals and entities seeking to practice in professions regulated by Virginia's health regulatory boards. The Department of Health Professions also conducts inspections, investigates, and adjudicates allegations of practitioner misconduct, monitors impaired practitioners, maintains prescription drug data to deter diversion and abuse, conducts relevant policy and workforce research, and provides pertinent information to consumers, policymakers, practitioners, researchers, and the general public. Statutory authority is based in *Code of Virginia* §§ 54.1-100 through 117 and respective portions of §§54.1-2400 through 3813.

Major Products and Services

The Department of Health Professions issues nearly 150 types of licenses, certificates, and registrations to over 100 kinds of health professions and facilities. At the end of FY14, there were 374,626 regulants, up 6.2% over the previous year and up 8.4% over the last biennium.

The number of disciplinary cases received rose 5.6%, (5,189 in FY13 to 5,483 in FY14), but remained steady with the last biennium. The average days to close cases increased by 7.7% from FY13 (165 in FY13 to 180 days in FY14). This rise reflects the increase in the number and complexity of the cases, as well as temporary staffing issues during the biennium. The average days to close patient care cases still remains significantly lower than the benchmark of 250 days.

The Prescription Monitoring Program collects prescription data for Schedule II-IV drugs and drugs of concern into a central database which can then be used by authorized users to assist in deterring the illegitimate use of prescription drugs. The information collected in this program is maintained by the Department of Health Professions, and strict security and confidentiality measures are enforced. At the end of FY14, there were 1,576,742 Prescription Monitoring Program requests.

The Department of Health Professions also provides administrative, communications, policy, IT, and research support for the boards, the Health Practitioner Monitoring Program and the Healthcare Workforce Data Center. Information on practitioners, licensure requirements, practice standards, health workforce, emerging professions, agency operations, and more is made available to a variety of audiences. Additionally, Department of Health Professions funds student financial assistance to support healthcare practice in underserved areas of the state and approves nursing and pharmacy technician education programs.

The Department of Health Professions' services are affected by several forces. Chief among these are:

- Legislative federal and state mandates largely arising from health reform that increase practitioner regulation requirements
- Number of new professions the General Assembly designates as requiring licensure
- Number of individuals who apply for licensure, certification, or registration, and the number who renew
- Number and nature of reports alleging licensee misconduct
- Demand for information from the general public, employers, insurers, and others
- Board regulations which affect licensee practice
- Demand and associated costs for technology

Virginia's demand for safe and effective healthcare services and attendant information will continue to increase along with its growing and aging population and health reform measures anticipated increasing access to care.

Customers

Customer Summary

As with virtually all states, demand for healthcare services is expected to increase for the foreseeable future as the population increases and access expands with the implementation of the Affordable Care Act. Although shortages are already experienced in some areas of the state, by 2020 estimates indicate that the number and geographical distribution of physicians, nurses, dentists, pharmacists, and other health professions will be insufficient to cope with the increasing demand for healthcare services, especially in a growing and aging population. In addition, the systems of healthcare delivery are expected to develop new and innovative treatments that will also increase demand. It is likewise expected that this increased demand will result in increased numbers of applicants, licensees, and disciplinary cases as well as more emerging healthcare professions.

Customer Table

| Predefined Group | User Defined Group | Number Served Annually | Potential Number of Annual Customers | Projected Customer Trend |
|--------------------|---|------------------------|--------------------------------------|--------------------------|
| Applicants | Applicants for licensure, certification, registration, or permitting | 41,569 | 44,936 | Increase |
| Consumer | Parties seeking practitioner information | 4,031,836 | 4,418,892 | Increase |
| Health Professions | Licensees required to abide by laws or rules governing their practice | 374,626 | 408,353 | Increase |
| Consumer | Registered users of the Prescription Monitoring Program | 20,818 | 60,818 | Increase |
| Student | Recipients of scholarships | 66 | 66 | Stable |

Finance and Performance Management

Finance

Financial Summary

The Department of Health Professions is a self-supporting, fee-based agency. No support is provided from the state's General Fund. For fiscal year 2014, total revenues were approximately \$30.8 million. Of that, approximately 96.89% was from fees associated with the licensure, certification, or registration of the various healthcare professions. All fees are set by regulations adopted by the health regulatory boards through the state's rulemaking procedures consistent with the Administrative Process Act. Of the remaining amount, approximately 2.45% represented the combined Medicare and Medicaid share of the Certified Nurse Aide program, funded through reimbursements from the Department of Health and the Department of Medical Assistance Services. Miscellaneous revenue from non-revenue producing departments accounted for 0.27% of total revenue.

Approximately 0.39% of the agency's FY2014 revenue came from interest earned on the Prescription Drug Monitoring Trust Fund. Investment of the Trust Fund is managed by the Department of the Treasury, and all interest earned is credited to the Department of Health Professions for the support of the Prescription Monitoring Program.

Approximately 65% of the agency's operational budget is devoted to the investigation and adjudication of complaints against healthcare providers. Approximately 20% is devoted to initial licensing and subsequent renewals. The remaining 15% is divided between the Agency's administrative, support, financial, information technology, and rulemaking activities. The Agency's largest operational expenditure is personal services cost.

Fund Sources

| Fund Code | Fund Name | FY 2015 | FY 2016 |
|-----------|---------------------------|--------------|--------------|
| 0204 | Nurse Scholarship Fund | \$65,000 | \$65,000 |
| 0725 | Prescription Monitoring | \$837,264 | \$788,798 |
| 0900 | Dedicated Special Revenue | \$28,330,080 | \$27,207,038 |
| 1000 | Federal Trust | \$45,248 | \$45,248 |

Revenue Summary

For FY14, The Department of Health Professions collected a total of \$30.8 million in revenue. Approximately 98.04% of that total came from fees associated with licensing activities. The remainder came from several sources, primarily the Prescription Monitoring Program Trust Fund interest (0.39%), Medicare and Medicaid funding to help support the Certified Nurse Aide program (2.45%), and penalties and fees assessed by health regulatory boards as part of the disciplinary process (0.20%). Disciplinary penalty funds are forwarded to the Commonwealth's Literary Fund.

Performance

Performance Highlights

The Department of Health Professions' two Key Performance Measures relate directly to its mission. The safety, health, and well-being of the general public and patients are promoted by the prompt processing of qualified applications for initial licensure. DHP also provides information to health care practitioners and prescribers through the Prescription Monitoring Program (PMP). This technology assists prescribers in deterring the illegitimate use of prescription drugs.

Licensure efficiency is assessed through the Key Performance Measure of percent of initial licenses processed within 30 days of receipt of a complete application. The perceived value of the PMP information to prescribers is measured by the Key Performance Measure of the number of prescriber queries to the PMP as a percent of prescriptions added. Prescriptions are added to the PMP database at the time of dispensing. An increase in prescriber queries to this database would indicate that prescribers see the system as a useful tool for providing good patient care.

The percent of initial licenses processed in 30 days of receipt of a complete application has remained consistently high, maintaining well above the goal of 97%. The PMP Key Performance Measure is relatively new, but is expected to increase as healthcare providers see the value in the ability to identify those seeking medications for illegitimate purposes.

These key measures are utilized to gauge and monitor performance. This information is available on a quarterly basis and provides a ready means to educate others on the Department of Health Professions actions.

Selected Measures

| Measure ID | Measure | Alternative Name | Estimated Trend |
|------------------|--|-------------------------------------|-----------------|
| 22356044.002.002 | Percent of patient care cases resolved within 250 business days | % < or = 250 | Maintaining |
| 223.0001 | Percent of patient care cases pending over one year | % > 250 business days | Maintaining |
| 22356044.001.001 | Percent of initial licensure applications processed within 30 days of receipt of a completed application | % < 30 business days | Maintaining |
| 223.0002 | The number of queries to the Prescription Monitoring Program as a percent of prescriptions added | % of queries to prescriptions added | Improving |
| M223SA13001 | The cost to issue a new registered nurse license. | \$ to issue RN | Maintaining |

Key Risk Factors

Increasing Costs:

The Department of Health Professions receives no support from the General Fund; cost increases are absorbed entirely from licensure and renewal fees. The biggest cost-drivers are complaints against licensees, IT services from the VITA/NG Partnership, and employee-related expenses. Complaints have increased 7.4% between FY13 and FY14. The trend is likely to continue as demand for healthcare services increases, particularly as the population ages and the full effects of healthcare reform legislation begin to manifest. As costs increase so may the necessity to seek fee increases.

To keep pace with societal changes and to minimize the need for additional program staff, additional resources may need to be devoted to Information Technology. There will also need to be a fundamental change in approach and underlying assumptions of how business is done.

Occupations with Few Licensees:

Some regulated occupations lack sufficient numbers to cover their regulatory costs. This is placing a strain on individual boards' cash resources.

Changing Face of Healthcare:

Healthcare reform is expected to bring significant changes to the nation's healthcare system. Some of this will involve new professions, scopes of practice, and alternative approaches to patient care. These could have significant impacts on the licensure and regulation of health professionals which could be felt by the end of the next biennium; others not for many years. In any event, the agency will have to adapt to the changing face of healthcare.

Agency Statistics

Statistics Summary

The primary work of the Department of Health Professions is to ensure a competent healthcare provider workforce through licensure application and addressing cases of licensee misconduct. The following key statistics provide insight into the scope of that work:

Statistics Table

| Description | Value |
|---|---------|
| Total number of licensees end of FY14 | 374,626 |
| Total new licenses issued in FY14 | 35,476 |
| Number of complaints against licensees received during FY14 | 6,185 |
| Percent of patient-care related complaints against licensees received during FY14 | 67 |

Management Discussion

General Information About Ongoing Status of Agency

Virginia's demand for safe and effective healthcare services continues to rise with its growing and aging population and health reform measures aimed at increasing access. Healthcare is rapidly responding with efforts to avoid shortages resulting from the inevitable retirement of baby boom practitioners and younger practitioners desire for work and home balance. In response, innovative team delivery approaches, new occupations, and practitioner employment status changes are emerging.

Patient and public health and well-being remains primary and will continue to be promoted through efficient licensing and regulating of competent healthcare professionals and facilities, taking timely and appropriate disciplinary action in cases of misconduct, and providing relevant information to the public.

The Department of Health Professions intends to continue to provide exemplary performance on its four Key Measures related to licensing and discipline and to continue the Sanctions Reference Point Program. The agency will complete implementation of dynamic online licensing applications for all boards, expand the use of online license renewal notifications through e-mail, and assess other communication improvements. The Department of Health Professions is also expanding Board of Health Professions and Healthcare Workforce Data efforts that provide objective research to inform key, relevant health practice and workforce policies.

The Department of Health Professions also endeavors to improve quality healthcare education through ensuring that 100% of nursing scholarship payments are processed, assuring quality nursing education program oversight through site visits, consultations, and investigation of complaints.

Finally, the Department of Health Professions intends to increase coordination with other agencies on health workforce issues and to promote enhanced communications with licensees, the public, and the media. These efforts are designed to raise awareness statewide of the importance of the healthcare sector and the future needs for an expanded healthcare workforce.

Information Technology

Proposed IT initiatives include migrating the agency's mission critical licensing system to a web-based system and expanding dynamic on-line licensure applications to all professions. All proposed initiatives can be funded within the agency's operating budget. Increases in IT funding may be necessary if VITA/NG related costs continue to increase. It is anticipated that data storage costs will increase as we are required to retain large amounts of historical data as part of our mission. There may also be additional costs related to information security and ensuring successful continuity of operations.

Workforce Development

The Department of Health Professions continues to attract and retain employees who possess considerable health care experience and have earned related advanced degrees. Many employees are older than average state employees and are second career professionals. The number of official/administrators and professional occupation positions is 67%, well above the 38% state average.

The current turnover rate is relatively low, at 6.9%. But, approximately 8.3% of our current employees including over 90% of executive leadership staff could retire immediately with reduced or unreduced benefits.

The agency routinely monitors pay, hiring, disciplinary and grievance information to ensure that our practices support federal, state and agency goals and objectives related to sound workforce management. Given significant retirement projections, the Department of Health Professions Salary Administration Plan includes exceptional recruitment and retention options. Average Department of Health Professions salary is above \$62,000, exceeding average state salaries by about 35%. The Agency efforts continue to diversify the overall employee population. Opportunities for females in professional and administrative management occupations are statistically recognized, and the Department of Health Professions has a track record of successfully recruiting and retaining veterans. Approximately 54% of the Department of Health Professions employees participate in an alternative work schedules and almost 64% are eligible to telecommute.

In addition to the need to assess agency resources based upon retirement risks, the Department of Health Professions management continues to review its organizational structure to ensure that appropriate resources are assigned to core activities.

Physical Plant

The agency leases non-state space at an annual cost of approximately \$1.32 million. It also requires that some of its employees establish home offices. Currently 64% of the Department of Health Professions' employees participate in telecommuting. Teleconferencing systems have been put into place to optimize existing infrastructure use. Due to these strategies no expansion of office space is anticipated.
