Health Regulatory Agencies - Business Process Review of Select Administrative Functions

Summary: Staff from the Governor's Office of Budget, Planning and Policy, in cooperation with member agencies of the Health Professions Council (HPC), has conducted a business process review of the health professions regulatory agencies to identify options for increasing administrative efficiencies by the sharing of additional services through the HPC.

The report acknowledges that HPC has formed several partnerships designed to improve efficiencies, but suggests that there are additional opportunities. The report makes recommendations in the areas of finance, human resources, and information technology. Specifically the recommendations are:

- Additional efficiencies could be gained by sharing financial service functions through HPC. Similar to the work it has already accomplished in coordinating shared administrative services, HPC should form a Financial Services Committee that can develop incremental changes to the agencies' financial processes that, among other things, will establish a shared process for purchasing and voucher processing, coordinate the initial processes of in-house cash procedures, and examine the feasibility of providing annual financial reporting through HPC to agencies which currently contract this function out to an external accounting firm.
- HPC should expand its efforts through its Human Resources Committee to share human resource functions.
- Additional coordination on information technology, particularly system development and maintenance, could benefit the majority of HPC-member agencies. HPC should charge its Technology Committee with developing a consolidated information technology road map for the HPC-member agencies. The road map should be considered as each agency develops its strategic plan and legislative appropriation request.

Pros and Cons: These recommendations are reasonable. They do not prescribe that every agency participate in every process at the same level and provide that HPC committees develop the plan to achieve efficiencies.

Staff Recommendation: Move to approve the Business Process Review and if adopted by HPC, direct staff to work with the HPC to implement the recommendations.

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Business Process Review of Administrative Functions

-- Summary of Findings, Conclusions and Recommendations --

Texas State Board of Chiropractic Examiners

Texas State Board of Dental Examiners
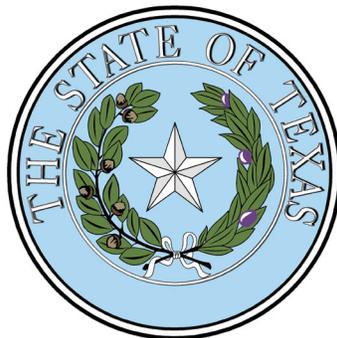
Texas Optometry Board

Texas State Board of Pharmacy

Texas State Board of Podiatric Medical Examiners

Texas Medical Board

Texas Board of Nursing

Texas State Board of Examiners of Psychologists

Executive Council of Physical Therapy and Occupational Therapy Examiners

February 2008

Office of Governor Rick Perry

Budget, Planning and Policy Division

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EXECUTIVE SUMMARY

Staff from the Governor's Office of Budget, Planning, and Policy (BPP), in cooperation with member agencies of the Health Professions Council (HPC), have undertaken a business process review of the health professions regulatory agencies to identify options for increasing administrative efficiencies through the sharing of additional services through the HPC.

HPC was established in 1993 as an alternative to consolidation of the health professions regulatory agencies. The primary purpose of the HPC is to coordinate the administrative and regulatory functions of the health professions regulatory agencies.

This report provides information on the findings and overall conclusions drawn from the business process review.

PROJECT DESCRIPTION AND OVERVIEW

Beginning in June 2007, BPP staff began working with both management and administrative staff from the Texas Medical Board, the Texas Board of Nursing, and the Texas State Board of Pharmacy to conduct a business process review. In collaboration with each of these agencies, process maps were developed for a set of administrative tasks, including financial services, human resources, and information technology (See Table 1.1). Each process map provided a cross-functional illustration of how an agency completes each task. The process maps were reviewed multiple times for accuracy by each respective agency and the Office of the Governor.

In August 2007, member agencies of the HPC (See Table 1.2) were asked to:

- Compare the process maps and descriptions to their respective agency business processes;

- Record differences between the process maps and their agency business processes; and

- Complete a survey that collected information on the similarities and differences in personnel required in each agency to complete each process.

> **TABLE 1.1: BUSINESS PROCESSES REVIEW OF SELECT ADMINISTRATIVE FUNCTIONS**
>
> **FINANCIAL**
> Payroll Processing
> Asset Management
> Electronic Deposit Processing
> In-House Cash Processing
> Reconciliation of Fines
> Purchasing
> Purchase Voucher Processing
> Travel Vouchers
> Binding Encumbrances
> Annual Financial Reporting
>
> **HUMAN RESOURCES**
> Recruiting
> Hiring
> Performance Appraisal & Management
>   Training
> Employee Grievance Process
> Risk Management
>
> **INFORMATION TECHNOLOGY**
> IT Support Services
> IT Preparation for Board Meetings
> Changes to IT systems (e.g., databases)

HPC member agencies surveyed submitted responses to the Office of the Governor in September 2007. The Governor's BPP staff prepared and submitted this report for review and comment in October 2007.

In addition to conducting the business process review, BPP staff also reviewed the budgets and structures of the HPC and health regulatory agencies surveyed, contacted health regulatory departments from other states, and discussed issues relating to organizational change and administrative consolidation with other Texas regulatory agency directors.

Summary of Findings and Overall Conclusions

- Although the health professions regulatory agencies in Texas perform similar functions, most administrative processes are provided separately by each agency, suggesting that possible efficiencies may be gained through economies of scale.

- Other state agencies, such as the Texas Department of Licensing and Regulation, currently utilize a core administrative department to process the financial, human resources, and information technology functions of the agency.

- Health regulatory agencies from other states, such as the Virginia Department of Health Professions, provide administrative services for member agencies through a central office.

- Although the HPC has formed several partnerships designed to take advantage of economies of scale and the unique skills of professionals across the HPC member agencies, there is an opportunity to achieve additional administrative efficiencies.

- By sharing certain administrative functions across the agencies through the HPC, the professional knowledge and unique expertise of staff members may be utilized to a greater degree, allowing the agencies to allocate more resources to fulfilling their respective regulatory missions.

TABLE 1.2: HEALTH PROFESSIONS REGULATORY AGENCIES SURVEYED

* Texas Board of Chiropractic Examiners
* Texas State Board of Dental Examiners
* Texas Optometry Board
* Texas State Board of Pharmacy
* Texas State Board of Podiatric Medical Examiners
* Texas Medical Board
* Texas Board of Nursing
* Texas State Board of Examiners of Psychologists
* Executive Council of Physical Therapy and Occupational Therapy Examiners

TABLE 1.3: FTE COUNT AND 08-09 AGENCY BUDGETS

Agency	FTEs	08 Budget	09 Budget
Texas State Board of Podiatric Medical Examiners	4	$231,665	$230,912
Texas Optometry Board	7	$429,339	$429,338
Texas Board of Chiropractic Examiners	8.5	$451,776	$461,576
Texas State Board of Examiners of Psychologists	12.5	$770,359	$770,760
Executive Council of Physical Therapy & Occupational Therapy Examiners	18	$1,040,768	$1,062,229
Texas State Board of Dental Examiners	37	$1,821,475	$1,850,913
Texas State Board of Pharmacy	62	$4,070,806	$4,154,153
Texas Board of Nursing	84.7	$6,995,168	$6,995,168
Texas Medical Board	140	$9,170,827	$9,260,177

1. FINANCE

Recommendation:
Additional efficiencies could be gained by sharing financial service functions through HPC. Similar to the work it has already accomplished in coordinating shared administrative services, HPC should form a Financial Services Committee that can develop incremental changes to the agencies' financial processes that, among other things, will establish a shared process for purchasing and voucher processing, coordinate the initial processes of in-house cash procedures, and examine the feasibility of providing annual financial reporting through HPC to agencies which currently contract this function out to an external accounting firm.

Findings:

- More than 80% of the responses back from the agencies indicated that the financial processes of the agency were identical or very similar to a standard process described by the agencies of the Texas Medical Board or the Texas State Board of Pharmacy.

- While the financial workloads differ across the agencies because of licensing requirements and total licensees, data from the business process review suggest that economies of scale can be achieved across multiple financial processes.

- Even though the percentage of licensees registering for and renewing their licenses electronically differs across the agencies, overall the ratio of staff commitment required to complete the In-House Cash Process as opposed to the Electronic Cash Process is approximately ten to one.

2. HUMAN RESOURCES

Recommendation:
HPC should expand its efforts through its Human Resources Committee to share human resource functions.

Findings:

- Excluding the three largest HPC-member agencies (Texas Medical Board, Texas Board of Nursing, and the Texas State Board of Pharmacy), the average total staff time spent on the human resource functions identified in the business process review is approximately 14 hours per month. The Texas Medical Board, the Texas Board of Nursing, and the Texas State Board of Pharmacy allocate approximately 129 hours, 15 hours, and 3 hours respectively per month.

- Total staff time committed to all of the human resource functions for the agencies is approximately 235 hours per month (1.36 FTEs). Additionally, the Texas Medical Board utilizes over fifty percent of this staff time.

3. INFORMATION TECHNOLOGY

Recommendation:
Additional coordination on information technology, particularly system development and maintenance, could benefit the majority of HPC-member agencies. HPC should charge its Technology Committee with developing a consolidated information technology road map for the HPC-member agencies. The road map should be considered as each agency develops its strategic plan and legislative appropriation request.

Findings:

• Two-thirds of the agencies utilize internal staff, either exclusively or in cooperation with HPC, to provide information technology support services to staff.

• Currently, five of the agencies require, to some extent, external support for their application software.

FINANCE PROCESS

The Health Professions Council (HPC) was created by the Legislature to organize, align, and share administrative activities across the health professions licensing boards.

- The Health Professions Council has already made incremental steps to facilitate the sharing of administrative services across the agencies. For example, HPC provides training for board members, serves as a liaison between the agencies and the Office of the Attorney General, and coordinates peer-to-peer sharing of some administrative services, such as information technology support services across some of the agencies.[1] Processes are now in place to allow the smaller agencies to receive purchasing services from the larger agencies that staff certified purchasers through a "purchasing pool."

Many of the financial processes are dictated by the Comptroller's Office or are standard business processes. A business process review of the Health Professions Council member agencies revealed that most of the financial processes (purchasing, voucher processing, etc.) were either identical or similar to a standard process. The major differences among all of the processes were the number and type of staff required to complete the process.

- More than 80% of the responses back from the agencies indicated that the financial processes of the agency were identical or very similar to a standard process described by the agencies of the Texas Medical Board or the Texas State Board of Pharmacy. Nearly half of the processes that were not similar related to annual financial reporting. In these cases, the agencies contracted with an external accounting firm to complete the process. The remaining dissimilar processes related to monthly or quarterly reconciliation. Agencies that reported to have dissimilar reconciliation processes either included reconciliation processes in other financial duties or did not perform reconciliation on a monthly basis.

- Even though the vast majority of the financial processes are very similar, the number of staff members assigned to these tasks across the agencies is different. These differences can be attributed to a variety of factors including agency size, vacancies within the agency that require the shifting of duties, and director discretion. An analysis of the number of individuals assigned to complete the financial duties[2] compared to the total amount of time required to complete these duties revealed that 34 full-time non-director staff members are assigned to complete the work of approximately 18 FTEs (see Table 1.4). Of these 34 full-time staff members, one-third are accountants and another one-third are staff whose primary duties are unrelated to the financial functions of the agency. The remaining third are an accounting clerk, finance managers, purchasers, and staff service officers.
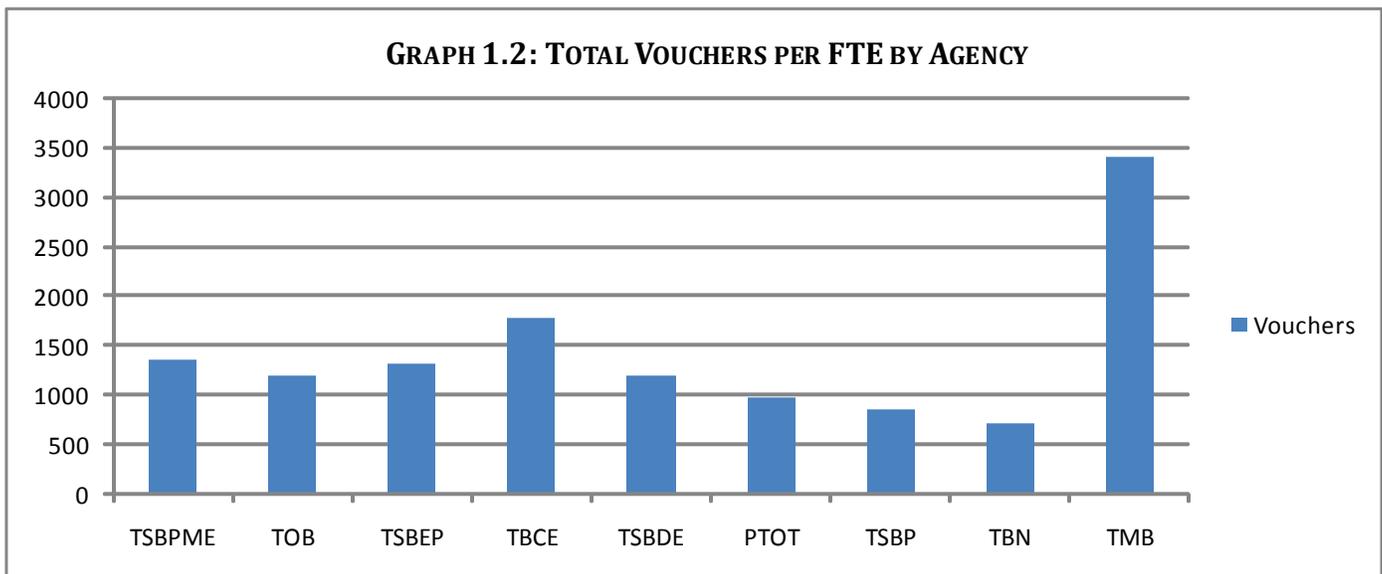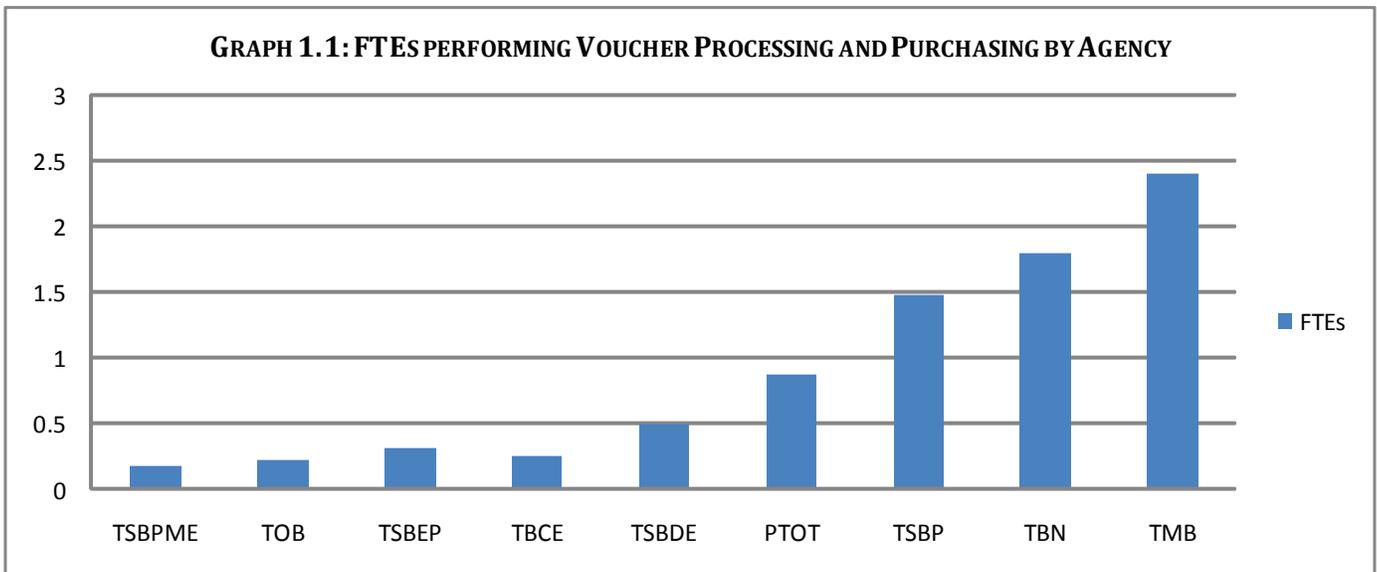
TABLE 1.4: NON-DIRECTOR STAFF ASSIGNED TO COMPLETE FINANCIAL FUNCTIONS OF HPC MEMBER AGENCIES

Accountant (10)
Senior Accountant
Chief Accountant
Staff Services Officer (4)
Purchaser (3)
Finance Manager (2)
Accounting Clerk
Administrative Assistant for Licensing
Administrative Assistant (2)
Administrative Assistant for Enforcement
Licensing Coordinator
Licensing Clerk
Program Specialist
Investigator
IT Manager
Facilities Coordinator
Executive Assistant (2)

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1 Health Professions Council Annual Report. February 2007. Texas Health Professions Council. August 14, 2007. <http://www.hpc.state.tx.us/HPCAnnualRecordFY06.pdf> For a complete list of duties, please see the annual report.
2 See Table 1.4 for a complete list of the financial processes mapped in the business process review.

Even though financial workloads differ across the agencies because of licensing requirements and total licensees, data from the business process review suggest that economies of scale can be achieved across multiple financial processes.

- Within the business process review, agency officials were asked to provide information regarding voucher processing workload as well as the agency staff and resources assigned to purchasing and voucher processing. As would be expected, the number of vouchers processed by each agency differed significantly based on the agency size. However, when the number of purchase vouchers from each agency is matched with the respective number of staff each agency assigned to these tasks, economies of scale were being achieved by the largest HPC member agency, the Texas Medical Board. The Texas Medical Board processes a significantly larger volume of vouchers (8,194 in FY 07) than the other HPC-member agencies (Texas Board of Nursing: 1,300; Texas State Board of Pharmacy: 1,266). In addition, the percent of time per month dedicated to the purchasing and voucher processing by the agency of the Texas Medical Board was only 33% more than the Texas Board of Nursing and 63% more than that of the Texas State Board of Pharmacy (See Graph 1.1 and 1.2).

GRAPH 1.1: FTES PERFORMING VOUCHER PROCESSING AND PURCHASING BY AGENCY

GRAPH 1.2: TOTAL VOUCHERS PER FTE BY AGENCY

- In addition to differences in the type and number of staff required to complete each financial function across the agencies, many of the agencies allocate a different degree of resources to each financial function. Many of these differences do not correlate with changes in agency size. For example, the Texas State Board of Podiatric Medical Examiners maintains a staff of 4 FTEs and spends about 47 hours per month completing asset management functions.[3]   In contrast, the Texas Board of Nursing maintains a staff of approximately 82 FTEs and spends a little over 12 hours per month on asset management.

- While there are significant differences in some of the financial functions across the agencies, certain financial functions require substantial resources from all of the HPC-member agencies (See Graph 1.3). The In-House Cash Process, with exception to the Texas Medical Board, requires a major resource commitment to all of the HPC-member agencies surveyed. The In-House Cash Process refers to the reception, batching, processing, review, and deposit of cash mail received by the agency. Additionally, voucher processing (travel vouchers, purchase vouchers, etc.) is a major financial function across most of the agencies.

- Even though the percentage of licensees registering for and renewing their licenses electronically differs across the agencies, the ratio of staff commitment required to complete the In-House Cash Process as opposed to the Electronic Cash Process is about ten to one (See Graph 1.3).

- Other Findings:

    - Currently, four of the nine HPC-member agencies surveyed contract with another firm to complete annual financial reporting.

    - Five agencies have a certified purchaser on staff.

GRAPH 1.3: NUMBER OF FTES DEVOTED TO FINANCE PROCESSES FOR ALL HPC-MEMBER AGENCIES

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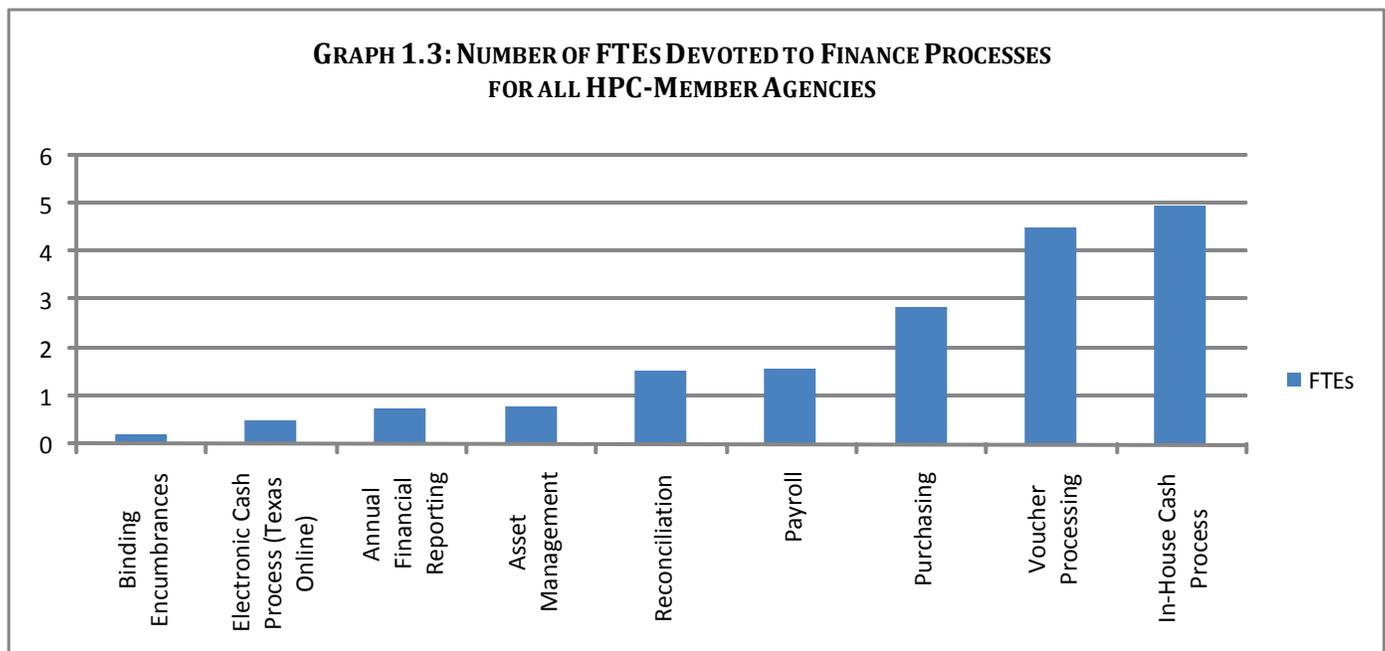
3   Asset Management functions include acquisition, transfer, deletion, and sales of assets. Additionally, physical inventory is included within Asset Management.

HUMAN RESOURCES

The human resources portion of the business process review focused on five areas: recruiting, hiring, coordinating training for employees, developing risk management policies, and conducting performance management reviews. All of the HPC-member agencies surveyed reported that a relatively small amount of staff time is committed to these functions.

- Excluding the three largest HPC-member agencies (Texas Medical Board, Texas Board of Nursing, and the Texas State Board of Pharmacy), the average total staff time spent on the listed human resource functions is approximately 14 hours per month with the Texas State Board of Podiatric Medical Examiners spending the most time (35 hours per month) and the Executive Council of Physical Therapy and Occupational Therapy Examiners spending the least amount of time (2 hours per month).

- The recruiting and hiring processes across the agencies are all identical or very similar to the standard processes described by the Texas Board of Nursing. Differences in the other human resource processes related to the simplification of the described processes. In regards to performance management, for example, one executive director indicated that he simply works with each staff member on a monthly basis to assess and improve performance.

- Total staff time committed to all of the human resource functions for the agencies is approximately 235 hours per month (1.36 FTEs). Moreover, the agency of the Texas Medical Board utilizes over fifty percent of this staff time.

In FY 2007, the HPC began providing a select number of human resource functions to the member agencies. Specifically, HPC has developed a system for posting job announcements, developing scoring matrices, screening applications, scheduling interviews, and providing post hiring assistance for employee benefits. To date, over half of the HPC-member agencies collocated in the Hobby Building utilizes this service. Additionally, the Council is serving as a clearinghouse for other human resource functions.

INFORMATION TECHNOLOGY

There are few similarities between the Information Technology licensing application and database systems across the agencies. The diversity of licensing applications across the agencies is a result of separate agency personnel resources, independent agency IT initiatives, and agency budget constraints. Two-thirds of the agencies utilize internal staff, either exclusively or in cooperation with HPC, to provide information technology support services to staff.

- Within each agency's information technology infrastructure there are different licensing application software, database operations, and operating systems (See Table 1.5). The Texas State Board of Pharmacy, for example, uses an Oracle database to interact with its externally-developed licensing software, "VAX Licensing", while operating another application, "RxInvestigate" with Microsoft Access. In contrast, the Texas Board of Nursing developed internally its licensing application, NURSE, which interacts with Microsoft SQL Server. Some of the smaller agencies utilize a version of FileMaker which allows the user to integrate the application interface and the database. Five of the agencies operate application software based on Microsoft Access. However, the differences in the development of the business logic encoded in independent software applications represent a formidable challenge to merging the database information while maintaining the software's operability.

- Of the nine HPC-member agencies involved in the business process review, only three of them internally developed their application software. The other agencies either purchased the application software and customized it as necessary or contracted for consulting services for their software development. Currently, five of the agencies require to some extent external support for their application software. Any discussion, then, of consolidating current application systems would require the participation of external consultants as well as agency staff.

- The level of IT integration within board meetings is different across the agencies. While the Texas Medical Board's information technology staff have an extensive preparation schedule which includes technology training for board meeting attendees and technical assistance, executive directors of some of the smaller agencies prepare most of the board meeting materials and request HPC staff support when needed. Additionally, the degree of information that is transferred to board members electronically for board meetings also varies across the agencies. The Texas Board of Nursing converts all documents to PDF files prior to meetings. The files are uploaded onto jump drives and sent to board members. Many of the smaller agencies, however, continue to provide hard copy notebooks to board members during board meetings for various reasons. [4]

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4   One agency examined the possibility of moving to a room with internet connectivity, but concluded that the convenience of the current smaller room outweighed the costs of moving to another room or establishing connectivity to the current room.

Table 1.5: Summary of IT Applications for HPC-Member Agencies

	TBCE	TSBDE	TBNE	TSBP	ECPTOTE	TSBPME	TSBEP	TOB	TMB
IT Applications	FileMaker 5 (MS SQL Server & Visual Studio under development)	VAX, FileMaker	NURSE	VAX Licensing, Abacus Law, RxInvestigate	Crystal Reports	FileMaker	RAES	VAX, Access	SQL Tracer, Laserfiche
Were applications developed or purchased?	Purchased	Developed	Developed	VAX, Developed; Abacus Law, purchased; RxInvestigate, developed	Developed	Purchased	Purchased	Developed	SQL Tracer, developed; Laserfiche, purchased
If developed, were applications developed internally or via consulting?	N/A	Consulting	Internal	Consulting	Consulting	N/A	N/A	VAX, via DIR; Access, internal	Internal
Is application supported by internal staff or contracted to another firm?	Yes, HPC IT Staff	Contracted	YES	RxInvestigate, internal; other applications are contracted	Contracted	YES, HPC IT Staff	Contracted	Contracted w/ some internal support	YES
When was application purchased or developed?	FileMaker 5, 1999	VAX, 1970s; FileMaker, 2004	2000	VAX, 1980s; RxInvestigate, 1999; Abacus Law, 1999	1999	1990	1996	VAX, 1990; Access, 1998	SQL Tracer, 2003; Laserfiche 2005
With what database(s) does the application interact?	FileMaker, Access	FileMaker, Access	MS SQL	VAX, Oracle; RxInvestigate, Access; Abacus Law: Proprietary	Crystal Reports & Access	FileMaker, Claris, Visicalc, dBase III, and dBase IV	Informix	Access	SQL Server 2000 & 2005

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