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Sandra Reed, MPA  
*Executive Director*

April 24, 2020

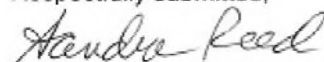
Dear Madam Chair and Members of the Sunset Subcommittee of the Legislative Commission:

The Nevada State Board of Osteopathic Medicine (Board) is pleased to submit this follow-up Report as requested by the Sunset Subcommittee of the Legislative Commission.

The Report contains responses to the Subcommittee's concerns indicated in the October 1, 2018 letter to the Board. Attached with the Report are three exhibits which are referenced in the report. Most of the documents are in Word format, except for the regulation, LCB R011-19, which is in PDF format; and this letter, which is in JPEG format to allow for my signature.

Our Board members and I look forward to working closely with the committee and its staff during the review process.

Respectfully submitted,

  
Sandra Reed  
Executive Director

**Nevada State Board of Osteopathic Medicine**  
**Report to the Nevada Legislative Counsel Bureau**  
**Sunset Subcommittee**

Response to Letter by State of Nevada Assembly Sunset Subcommittee of the Legislative Commission

The Nevada State Board of Osteopathic Medicine (Board) received a letter dated October 1, 2018, from the Sunset Subcommittee of the Legislative Commission, requesting updated information from the Board regarding certain matters, which will be addressed below.

*Reserve Policy*

On June 12, 2018, the Board approved a Reserve Policy. (See Exhibit A – Reserve Policy)

The Reserve Policy addresses the following:

- 1) Allows for an Operating Reserve Fund of 18 months (cash operating reserve);
- 2) The Executive Director will notify the Board annually, particularly at the first meeting of each new fiscal year (the Board reviews the financial status of the Board at each monthly meeting), and any revisions that may be needed, including,
  - a. licensing numbers, medical populations, program or regulatory changes;
  - b. fee structure review;
  - c. current and future sources of funds, and if reserve amount is met, whether fees and/or other adjustments should be made.

The Reserve Policy covers the following:

- 1) Risk Management;
- 2) Disaster Recovery and Planning;
- 3) Leasehold Maintenance and Improvement;
- 4) Technology Maintenance Upgrades; and,
- 5) Liability, Lawsuits and Legal Counsel Costs.

*Fee Schedule Revisions*

Beginning in the Fiscal Year 2019-2020, the Board reviewed the Reserve Policy and license and renewal fees for related Boards in Nevada and neighboring states. After review, it was determined that fee reductions were justified. Several fee reduction scenarios were sampled, and a reduction of \$100 for most license and renewal fees was determined, based on Reserve Policy requirements and comparative fees charged by similar Boards. (See Exhibit B – Fee Adjustment Table)

In October 2019, the Legislative Commission approved R011-19, which reduced most license-related fees. The Board implemented the fees beginning on January 1, 2020. (See Exhibit C- LCB R011-19)

### *Fingerprint Processing Fees*

After a review in the spring of 2018, of the total actual charges to process fingerprint cards--including purchasing and mailing the cards to the State Department of Public Safety-- and comparing charges with other related Boards in Nevada, it was determined the Board had been charging more than the actual costs (\$70) to process fingerprint cards. Typical total costs were approximately \$50-which is what most other Boards were charging.

As of July 1, 2018, the Board reduced its fingerprint processing fees to \$50, to be in line with actual costs. The current cost to process fingerprints is as follows: \$40.25 for the fingerprint card and about \$8 to mail via Fed Ex.

### *Hearing Officer Hiring Criteria*

Although the Board does not retain a formal policy to hire hearing officers for disciplinary matters, the following criteria have been previously invoked when seeking a hearing officer:

- 1) Number of years of hearing officer experience;
- 2) Number and type of hearings conducted;
- 3) Relevance to particular board-related disciplinary matters;
- 4) Licensed attorney with civil and administrative law experience; and,
- 5) References and education background.

Please note since my employment with the Board nearly three and one half years ago, we have never used a hearing officer for complaint/disciplinary matters. Disciplinary matters have been typically resolved with all parties participating and agreeing to Settlement Agreements.

I hope the Board has responded appropriately to your concerns. Please let me know if you need further information.

Respectfully,

NEVADA STATE BOARD OF  
OSTEOPATHIC MEDICINE

Sandra Reed  
Executive Director

**Nevada State Board of Osteopathic Medicine**Policy Title: **Operating Reserve Fund**

Date Originated: 06/12/2018

**I. PURPOSE:** It is the fiduciary responsibility of the Nevada State Board of Osteopathic Medicine (BOM) to safeguard the administration of the funds collected and expended in providing licensure and regulatory activities of the osteopathic physician and physician assistant professions in the State of Nevada. Maintaining an adequate cash reserves is an important tool in mitigating the risks of significant and unexpected decreases in sources of funds and/or increases in the uses of funds. The benefits include stable funding for services provided by the Board. This policy is written to ensure the ongoing financial integrity of the BOM.

**II. POLICY STATEMENT:** Reserves provide a gauge of the financial strength of an agency. Reserves, or undesignated fund balances, are those unrestricted assets which are reasonably liquid and not otherwise budgeted for expenditures. The undesignated fund balance will include an Operating Reserve Fund to protect the organization when revenues fall short of expenses. **Most experts agree that if at least one year's operating expenses are "in reserve," the organization is in a strong financial position. To ensure continued and future reliability, this policy proposes to identify a target balance or threshold for the Operating Reserve Fund of about 18 months - in cash holdings and CDs.**

The Executive Director shall notify the Board of the status of reserves at least annually, preferably during the first Board meeting of the fiscal year, i.e. in July, and more often as significant changes occur.

**III. PROCEDURE:** The Board will establish an operating reserve fund out of the undesignated fund balance in an amount equal to approximately **18 months' operating expenses** of the preceding year's budget or the total amount available, the operating reserve fund shall be used as follows:

**Expenses.** For the past few years the annual expenses are within the reasonable level of growth. Most of the expenses are predictable and can be budgeted accordingly.

**Cash Operating Reserve.** It is recommended that Board should have adequate reserves to fund approximately 18 months of operating and maintenance expenses. This will help insulate the Board and its customers from volatility, if any, in operating revenues and expenses, as well as from other unpredictable variables that could interrupt cash flow or impose unforeseen costs.

**Debt Service Reserve.** Currently the Board does not carry any short or long term debt; hence there is no need to have a debt service reserve. However, if the Board decides to take on any new debt, the reserve policy should be revisited and the sufficient funds should be allocated for the debt service reserve.

**Capital Reserve.** There is no need to have any capital reserve as there are no significant capital assets on the books. However, if the Board acquires significant capital assets, the reserve policy should be revisited and the funds should be allocated to maintain capital reserves to replace the aging assets.

**Risk Management.** Cost recovery for events such as employee maliciousness, embezzlement, burglary, robbery, vandalism, insurance deductibles and non-insured events.

**Disaster Recovery/Planning.** Cost of planning for and implementing a plan to return to at least minimal operations in the event of a natural disaster or an act of terrorism.

**Leasehold Improvements.** Includes office renovation, relocation expenses, and improvements, to accommodate reorganization or improve customer service.

**Legal Contingency.** In the ordinary course of its processing and proceedings related to consumer complaints and discipline, the Board occasionally is subjected to litigation. Predicting when such litigation may arise and its potential effect upon the Board's finances is difficult; but, when appropriate, the Board must engage in a

vigorous defense. Determining such litigation expenses are a challenge to budget for in advance; therefore, the maintenance of a reserve will allow the Board to pursue legally mandated investigations and discipline as needed.

Technology Maintenance/Upgrades. Includes existing database system software and hardware to more efficiently carry out the licensure, renewal and discipline functions of the Board; and, to comply with state or federal reporting requirements.

Liability/Law Suits/Legal Counsel. Costs will ensure the Board retains funds to cover the unexpected legal and liability costs that may be encountered.

#### **IV. REVIEWED BY THE BOARD:**

1. The balance in the Operating Reserve Fund will be reviewed annually. The evaluation will determine the appropriate measures to ensure the continued financial efficacy of the Board. The findings of the evaluation will be submitted at the next regularly scheduled Board meeting.

2. The evaluation will include:

- a. An examination of the forces affecting funding including a decrease in the number of licensees, the medical related population, and increased services and programs or changes in the regulatory environment.
- b. A review of expenses to identify if fees/costs should be increased or reduced.
- c. An evaluation of existing and future potential sources of funds.
- d. If the reserve amount has been attained, whether any adjustment to the Board's fees should be made to avoid future accumulation of reserves.

## EXHIBIT B

### NEVADA STATE BOARD OF OSTEOPATHIC MEDICINE

#### FEE ADJUSTMENTS APPROVED VIA LCB R011-19

##### License Fees for Osteopathic Physicians (DO)

<i>As of January 1, 2020</i>	<i>Previous</i>
New License: \$500	\$600
After July 1: \$250	\$300
Military: \$250 (1/2 of fee)	\$300
Renewal: \$350	\$450
Renewal Late Fee: \$200	\$300

##### License Fees for Physician Assistants (PA)

<i>As of January 1, 2020</i>	<i>Previous</i>
New License: \$300	\$400
After July 1: \$150	\$200
Military: \$150 (1/2 of fee)	\$200
Renewal: \$150	\$250
Renewal Late Fee: \$200	\$300

##### Unchanged Fees

License fees: Special Licenses (Residents)/Inactive DOs and PAs = \$200.

Late fee renewals: Inactive DOs and PAs = \$150.

Fingerprint fees = \$50.

# EXHIBIT C

## APPROVED REGULATION OF THE STATE BOARD OF OSTEOPATHIC MEDICINE

LCB File No. R011-19

Filed October 30, 2019

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §1, NRS 633.291 and 633.305; §2, NRS 633.291 and 633.501; §3, NRS 633.291.

A REGULATION relating to osteopathic medicine; revising the requirements for an application for a license to practice osteopathic medicine; reducing certain fees; repealing provisions governing licensing examinations administered by the State Board of Osteopathic Medicine; and providing other matters properly relating thereto.

### **Legislative Counsel's Digest:**

Existing regulations require an application for a license to practice osteopathic medicine to be accompanied by a physician information profile prepared by the Federation Credentials Verification Service of the Federation of State Medical Boards of the United States. (NAC 633.160) **Section 1** of this regulation provides that, alternatively, an applicant may provide to the State Board of Osteopathic Medicine other documents and information which are the equivalent of a physician information profile.

**Section 2** of this regulation reduces certain fees which may be imposed by the Board.

**Section 3** of this regulation repeals certain provisions governing licensing examinations administered by the Board.

**Section 1.** NAC 633.160 is hereby amended to read as follows:

633.160 1. Each applicant for a license to practice osteopathic medicine must apply on forms prepared and furnished by the Board.

2. On or after January 1, 2003, each application must be accompanied by:

(a) A physician information profile prepared by the Federation Credentials Verification Service of the Federation of State Medical Boards of the United States ~~and~~ *or documents and information provided by the applicant which are the equivalent of a physician information profile;* and

(b) An affidavit affirming that:

(1) The applicant is the person named in the application and accompanying material; and

(2) To the best knowledge or belief of the applicant, the application and all accompanying material is complete, correct and consistent, and was obtained without fraud, misrepresentation or mistake.

3. No application will be accepted unless it is accompanied by the appropriate fee prescribed in NAC 633.335. All fees are nonrefundable.

4. An application for a license to practice osteopathic medicine shall not be deemed complete until all supporting documents and information required to complete the application have been provided by the applicant to or otherwise obtained by the Board.

**Sec. 2.** NAC 633.335 is hereby amended to read as follows:

633.335 1. Except as otherwise provided in subsection 3, the Board will charge and collect the following fees:

Application and initial license fee for an osteopathic physician.....	<del>[\$600]</del> <b>\$500</b>
Annual license renewal fee for an osteopathic physician .....	<del>[450]</del> <b>350</b>
Temporary license fee.....	200



Special or authorized facility license fee .....	200
Special or authorized facility license renewal fee.....	200
<del>[Reexamination fee .....</del>	<del>200]</del>
Late payment fee for <del>[a person]</del> <i>an osteopathic physician or physician</i>	
<i>assistant</i> whose license is currently on active status .....	<del>[300]</del> 200
Application and initial license fee for a physician assistant .....	<del>[400]</del> 300
Annual license renewal fee for a physician assistant.....	<del>[250]</del> 150
Inactive license fee.....	200
Late payment fee for <del>[a person]</del> <i>an osteopathic physician or physician</i>	
<i>assistant</i> whose license is currently on inactive status .....	150

2. The Board will charge and collect a fee for fingerprints submitted to the Board pursuant to NRS 633.309 that is equal to the total amount of the fees charged by any local agencies of law enforcement, the Central Repository for Nevada Records of Criminal History and the Federal Bureau of Investigation for the handling of the fingerprints of an applicant and issuance of the reports of criminal histories.

3. The Board will reduce by one-half the appropriate application and initial license fee prescribed in subsection 1 for an applicant who applies for an initial license as an osteopathic physician or a physician assistant that will expire less than 6 months after the date of issuance of the license.

**Sec. 3.** NAC 633.190, 633.200 and 633.210 are hereby repealed.

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## TEXT OF REPEALED SECTIONS

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**633.190 Examinations: Form; notice of time and place; use of typewriters. (NRS 633.291, 633.331)**

1. An examination may be written, oral, demonstrative or any combination thereof which the Board determines.
2. The Board will, at least 15 days before the date set for an examination, notify each applicant in writing of the time and place of his or her examination.
3. The Board may, upon request, give permission to applicants to use typewriters in writing examinations.

**633.200 Examinations: General rules. (NRS 633.291, 633.331)**

1. The questions for an examination may be prepared by the National Board of Osteopathic Examiners, a professional testing service selected by the Board, or by the Board itself, in its sole discretion.
2. Each applicant must furnish his or her own pen and ink or typewriter. The Board will furnish all other materials for the examination except texts or other reference materials.
3. Each applicant will be assigned a number before the examination.

4. The applicant must use the number assigned to him or her on all the papers used in the examination and must not use his or her name.

5. During the examination an applicant may not have on the table on which he or she is writing any paper or object other than the examination questions and tablet, a blotter, pen and ink, typewriter, eraser, watch and any testing materials supplied by the Board.

6. Immediately after correcting all written examinations or upon completion of an oral or demonstrative examination, each examiner shall forward his or her report to the Secretary-Treasurer of the Board.

7. After completing all returns of the examination, the Secretary-Treasurer will notify applicants of the results of the examination and issue licenses to successful applicants.

8. An applicant will not be licensed if he or she fails two or more subjects on the examination, even though he or she has received a passing grade on the examination as a whole.

9. Any applicant who is reexamined and receives a passing grade on all subjects except one is deemed to have passed the examination.

**633.210 License without examination: Interview; oral examination; failure to appear.**  
**(NRS 633.291, 633.361)**

1. The Board may require an applicant to:

(a) Appear before the Board for a personal interview at the time his or her application is considered; and

(b) Pass an oral examination.

2. If the Board requires an applicant for a license without examination to appear before the Board for a personal interview pursuant to subsection 1:

(a) The application for the license without examination is ineffective if the applicant fails to appear at the time and place scheduled for the personal interview by the Board; and

(b) The applicant must refile the application before the Board will schedule another interview.

3. The Board will reschedule a personal interview within 1 year after it receives a request for rescheduling which sets forth sufficient reasons for the applicant's prior inability to attend.