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## Arizona Medical Board

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October 8, 2009

Ms. Eileen Klein  
Deputy Chief of Staff, Finance and Budget  
Office of the Governor  
State of Arizona  
1700 West Washington  
Phoenix, AZ 85007

**RE: Arizona Medical Board Expenditure Reduction Plan for FY 10**

Dear Ms. Klein:

As requested, the Arizona Medical Board (AMB) has submitted a budget management plan that reflects a 15% reduction in expenditures of the agency's FY 10 appropriation.

While the AMB will certainly adhere to all required reduction requirements, it is critical to note that the combination of the proposed expenditure decrease, in conjunction with the fund transfers that occurred in FY 08 and FY 09, may jeopardize the ability of the agency to meet its regulatory responsibilities.

As you are likely aware, the AMB licenses and regulates approximately 20,000 allopathic physicians and over 1,700 physician assistants throughout the state, operating without the support of the General Fund. Despite two fund transfers and increased rent costs totaling over \$1.4 million, the agency has is projecting expenditures below our appropriation for FY 2010. The agency continues to meet mandated licensing timeframes as well as conducting timely investigations in response to complaints. It is important to recognize, however, as the agency has previously expressed, with further reductions, the agency will likely experience an increase in licensing and investigation timeframes. In particular, increases in investigatory timeframes may, ultimately, serve as a threat to public health and safety.

The proposed expenditure reductions reflect decreases in professional and administrative employees, delays in information technology initiatives that would have provided efficiencies for both licensees and the agency and a returning excess leased space back to the Arizona Department of Administration.

Recognizing that the AMB appropriation for FY 10 does not reflect the expenses relating to unforeseen major litigation, large hearings or intricate investigations, additional fund transfers will continue to create vulnerabilities in the agency's ability to effectively regulate licensees. As no licensing board has the ability to determine when such unpredictable circumstances will arise, we cannot predict the impact on public health or the erosion of public confidence that a reduction in available regulatory resources will have.

As a result, the AMB remains concerned with the potential for unintended consequences that may result from the financial inability to properly regulate allopathic physicians and physician assistants. Regrettably, resource limitations can have an impact on the regulatory decision making process. While the AMB will certainly not risk the public health and welfare on obvious critical and serious violations of the Practice Act, the challenge will continue to be with those violations that are serious, but do not, necessarily, present an obvious clear and present danger to patients. These licensees will likely be disciplined however, due to resource limitations, the negotiated consent agreements may not be as restrictive as such would be under normal fiscal circumstances.

Without question, the AMB appreciates the significant challenges that the state is experiencing in balancing the FY 10 budget. Likewise, we understand that difficult decisions will continue to be required in order to address the ongoing fiscal issues impacting state government. However, we would respectfully like to acknowledge that the proposed 15% reduction in AMB expenditures is not without potential adverse consequences.

Thank you in advance for your understanding.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa S. Wynn", written in a cursive style.

Lisa S. Wynn  
Executive Director

Attachments

cc: Illya Riske, Budget Analyst, OSPB

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
ARIZONA MEDICAL BOARD**

**ALL NON-GENERAL FUNDS**

FY 2010 All Non-General Funds Budget (less Federal Funds)      5,853,400

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds)      \$878,000

Fund	Reductions Amount	Percent Reductions
Medical Board Fund	\$878,100	100.0%
<b>Issue Total</b>	<b>\$878,100</b>	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

DRAFT

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
ARIZONA MEDICAL BOARD**

**ARIZONA MEDICAL BOARD FUND**

<b>FY 2010 All Non-General Funds Budget (less Federal Funds)</b>	<b>5,853,400</b>
<b>AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds)</b>	<b>\$878,000</b>

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
1	Continue Current Vacancies in Investigations, Internal Medical Consultant and Support Staff	\$690,900
2	Reduce Staff	\$61,000
3	Postponement of Information Technologies Projects	\$126,100
4	Reduce Space Requirements - In FY 2010 to affect FY 2011 - \$81,700	\$0
	<b>Issue Total</b>	<b><u>\$878,000</u></b>
	<b>Fund Total as a Percentage of Non-General Fund Reduction Target</b>	<b>100%</b>

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

Arizona Medical Board

**Issue Title: Continue Current Vacancies in Investigator, Internal Medical Consultant, and Support positions**

**Issue Priority: 1**

**Reduction Amounts:**

Medical Board Fund 2038: \$690,000

**Total: \$690,000**

**Issue Description and Statement of Effects**

Currently, the Board is holding vacant 8.25 FTE positions that have all been vacated within the last 18 months. These include three investigator positions, two administrative support positions, and two part-time medical consultant positions. Despite the significantly higher workloads for remaining employees, staff has strived to ensure that we can continue to meet time frames on complaint investigations and the processing of licenses. Should the volume or complexity of our complaints increase, we will need to re-evaluate our staffing levels. The agency could be subject to vulnerabilities if we sustain a 20 percent reduction in workforce.

STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

Arizona Medical Board

**Issue Title: Reduce Staff**

**Issue Priority: 2**

**Reduction Amounts:**

Medical Board Fund 2038: \$61,000

FTE Elimination: 1.25

**Total: \$61,000**

**Issue Description and Statement of Effects**

With 8.25 FTE positions remaining vacant and the loss of 1.25 additional FTEs, Board operations will begin to be significantly impacted. Service to the public and customer satisfaction will drop significantly.

The time required to complete investigations will rise. This will result in dissatisfaction of complainants. Although board staff will always make the protection of the public its main priority, reduced staff and resources will cause a backlog in uninvestigated complaints and decreased morale.

STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

Arizona Medical Board

**Issue Title:** Postponement of IT Projects

**Issue Priority:** 3

**Reduction Amounts:**

Medical Board Fund 2038: \$126,100

**Total:** \$126,100

**Issue Description and Statement of Effects**

The Agency has been striving for the last 18 months to enhance our overall security, specifically electronic and Web security. Our goal is to attain PCI compliance, complete our Website redesign to conform with State of Arizona standards, comply with legislation from three years ago allowing us to do on-line training at the time of renewal, and continue to comply with GITA guidelines. If AMB's appropriation is reduced, the Agency will be forced to slow its efforts in these areas. IT staff will be forced to work on and complete only those projects that enhance efficiency to allow our reduced workforce to meet the Agency's mission of protecting the public.

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

**Arizona Medical Board**

**Issue Title: Reduce Space Requirements**

**Issue Priority: 4**

**Reduction Amounts:**

Medical Board Fund 2038: \$0

**Total: \$0**

**Amount: \$0**

**Issue Description and Statement of Effects**

Currently the Board leases space from the Arizona Department of Administration in the 9545 E. Doubletree Ranch Road building, where 29 of our employees are located, and in the 9535 E. Doubletree Ranch Road building, where we lease 6,368 square feet where 12 employees are currently located.

By January 1, 2010 all employees will be located in the 9545 building. The Board has already paid ADOA through FY 2010 for the 3,890 square feet that we will vacate, but it will be available for lease to any other state agency. We will adjust our lease agreement so that our annual rent will be \$81,768 less. We will continue to pay 100 percent of the rent for the board room, adjacent break room, lobby and restrooms, and we will continue to share them with the DO Board and any future tenants.

This reduction is long term, in that it will actually cost the Board money this fiscal year as we execute the move but will save money in all future years and create space for an additional tenant for the Arizona Department of Administration.