

## 2025-27 Budget Review

### Oregon Medical Board

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	15,055,077	19,272,417	20,085,410	20,668,969
<b>Total Funds</b>	<b>15,055,077</b>	<b>19,272,417</b>	<b>20,085,410</b>	<b>20,668,969</b>
Positions	42	42	42	43
FTE	42.00	42.00	42.00	42.50

\* Includes legislative and administrative actions through December 2024.

#### PROGRAM DESCRIPTION

Established in 1889, the mission of the Oregon Medical Board (OMB) is to protect the health, safety, and well-being of Oregon’s citizens by regulating the practice of medicine in a manner that promotes access to quality care. The Board is responsible for licensing, regulating, and disciplining the professions of medical doctor, doctor of osteopathic medicine, doctor of podiatric medicine, physician associate, and acupuncturist to ensure that only qualified and competent individuals are licensed to practice. The 14-member board, appointed by the Governor, is composed of six medical doctors, two doctors of osteopathy medicine, one podiatric physician, two physician’s associates, and three public members not employed in the medical field. The Board sets requirements for licensure, establishes board policies, reviews investigative cases, and takes disciplinary action where appropriate. It also appoints and reviews the work of the executive director.

The Board is solely funded by Other Funds revenues. The Board receives approximately 98% of its revenue from fees for licensure and registration. Licensure and renewal of medical doctors and osteopathic physicians’ make-up 83% of the Board's revenue and have increased approximately 2% per year. In addition to licensure revenue, the Board collects several pass-through fees from its licensees for the Oregon Health Authority and the Oregon Health and Sciences University.

#### BUDGET ENVIRONMENT

The OMB increased its license registration and renewal fees by 25% for all license types, effective July 1, 2024. Typically, the agency has increased fees on a ten-year cycle, with the last fee increase in 2013. However, due to increasing personal services costs, services and supplies inflation, and rising state government service charges, projected expenses for the 2025-27 biennium would put the agency’s ending fund balance below its minimum of six months of operating costs. Without additional revenue the agency may not have sufficient reserves to cover unanticipated costs often associated with

disciplinary activities such as legal time and expense, and the costs for Administrative Law Judge services. OMB is proposing the following fee adjustments be approved as part of the 2025-27 budget:

- Health Professionals' Services Program Fee: Introduce a \$25 per year passthrough fee per licensee, effective 7/1/2025, increasing 2025-27 revenue by \$1,250,876.
- Late Registration Fee: Raise late fees for physician associates and acupuncturists by 20%, effective 7/1/2026, generating \$1,070 in additional 2025-27 revenue.
- License Registration Fee: Increase full and limited license registration fees by 20%, effective 7/1/2026, contributing \$302,078 to 2025-27 revenue.

These proposed fee increases aim to help the agency bring the agency's ending fund balance in line with historical levels as well as fund proposed increases for inflationary costs and in-house medical expertise.

OMB along with the Oregon State Board of Nursing, the Oregon Board of Pharmacy, and the Oregon Board of Dentistry have jointly participated the Health Professionals' Services Program as a consolidated statewide program to assist health care providers with substance use or mental health disorders so they may continue to safely serve the people of Oregon. The costs are shared among the four boards based on the number of professionals licensed by each board and the number of licensees participating in the program. In 2023, the Oregon State Board of Nursing ceased ongoing participation in the Health Professionals' Services Program. The result is that the program costs were then split among three boards rather than four, resulting in an increased cost to the remaining participating boards. In 2024, the Oregon Board of Dentistry announced it would also withdraw from the program due to increasing costs. This leaves only the OMB and Oregon Board of Pharmacy splitting the cost for the program, which is driving its share of the costs higher to cover the minimum cost to maintain the program.

The Board received approval to begin an IT replacement and modernization project of their core business suite software in 2021. The system captures all data relevant to an applicant or licensee, including varying levels of sensitive data included on each record or potential investigation. Total budget for this project is \$3.8 million with actual costs to date at \$2.3 million. The project is currently in the stage gate four approval process (execution phase); however, due to the amount and complexity of the remaining work, the vendor paused work to reassess the project plan. The alternative paths the vendor provided to date for project continuation are not acceptable to the agency. As a result, the Department of Administrative Services (DAS) issued a Notice of Contract Default on November 7, 2024. Resolution of this will determine next steps and timeline for competition of the project. Project carryover funding into the 2025 budget is likely, although the timeline is not known at this time.

## CURRENT SERVICE LEVEL

The 2025-27 current service level budget (CSL) of \$20.1 million is \$812,993, or 4.2%, more than the 2023-25 legislatively approved budget of \$19.3 million. The increase is attributable to standard personal services growth and inflation for services and supplies expenditures net of the phase-out of one-time costs of \$600,000 for its Core Business Suite Software implementation. Personal services expenditures comprise 61% of the Board's budget. At CSL, the Board has a projected ending fund balance of \$4.9 million Other Funds, which is an equivalent of 5.8 months of operating expenses.

## GOVERNOR’S BUDGET SUMMARY

The 2025-27 Governor’s budget is \$20.7 million Other Funds and 43 positions (42.50 FTE). The budget is \$583,559, or 2.9% more than the current service level of \$20.1 million. The increases totaling \$657,741 and one position (0.50 FTE) include the following investments:

- One permanent part-time Associate Medical Director (0.50 FTE) to provide the agency with in-house medical expertise, distribute workload, and maintain timely investigations and licensing processes totaling.
- Continued participation in the Health Professionals’ Program, which monitors and supports healthcare providers with substance use or mental health conditions.
- Additional limitation to address rising costs associated with criminal background checks and credit card merchant fees.

The Governor’s budget also supports fee increases on all professions to fund operational expenses and includes a \$25 surcharge to recover expenses related to the Health Professionals’ Services Program.

## OTHER SIGNIFICANT ISSUES

A January 2024 audit by the Oregon Secretary of State revealed that the OMB lacks standardized procedures for disciplining healthcare professionals, leading to inconsistent and potentially inequitable outcomes. The audit recommended that the board implement comprehensive sanctioning guidelines and improve data systems to ensure fair and uniform disciplinary actions. In response, the OMB agreed with the findings and expressed commitment to implement changes over the coming years, including updating their sanctioning guidelines and data systems to support fairer and more transparent disciplinary outcomes.

## KEY PERFORMANCE MEASURES

A copy of the Oregon Medical Board Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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