

SB

21

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

FEB 13 2001

SENATE FINANCE
COMMITTEE

DATE: 1/23/01

FURTHER:

DATE TURNED
IN TO OFFICE: 13 Feb 01

Finance Committee considered **SENATE BILL NO. 21**

"An Act increasing the maximum civil fine that may be imposed by the State Medical Board as a disciplinary sanction."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by Sen. Finance Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FI#
DCED	1/19/01		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>	✓			
<i>Blaine Custard</i>	✓			
<i>Sam Hobbs</i>	4			
<i>Monika C. Olson</i>	X			
<i>Gene Webb</i>	✓			
<i>David D. Luman</i>	✓			
<i>David D. Luman</i>	✓			
COCHAIR: <i>David D. Luman</i>	✓			
COCHAIR: <i>Peter Kelly</i>	✓			

FEB 13 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 21
(S) Publish Date: 1/23/01

Revision Date/Time (Note if correction): 01/19/2001 1:25pm Dept. Affected: DCED
Title: An Act increasing the maximum civil fine.... BRU: Occupational Licensing
by the State Medical Board.... Component: Occupational Licensing
Sponsor: Senator Olson
Requester: Senate Judiciary Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 21 increases the amount of civil fine that may be imposed by the State Medical Board as a disciplinary sanction. New funds are not required to implement this change.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144
Division: Occupational Licensing Date/Time 01/19/2001 1:25pm
Approved by: Commissioner, Deborah B. Sedwick Date 1/19/2001
Agency: Dept. of Community and Economic Development

For distribution information, call the Governor's Legislative Office

REPORTED OUT
FEB 13 2001
SENATE FINANCE
COMMITTEE

By

Greer

Letter of Intent – Senate Bill 21

It is the intent of the Legislature that the size of fines typically imposed for minor, noncompliance infractions remain unaffected by the enactment of SB 21.

It is the intent of the Legislature that the size of fines typically imposed for serious and consequential violations of ethical and professional misconduct be increased.

By _____

J. Miller

Letter of Intent – Senate Bill 21

It is the intent of the Legislature that the size of fines typically imposed for minor, noncompliance infractions remain unaffected by the enactment of SB 21.

It is the intent of the Legislature that the size of fines typically imposed for serious and consequential violations of ethical and professional misconduct be increased.

SENATE FINANCE COMMITTEE
~~2000~~ COMMITTEE ACTION

1/13/01

Bill Number	SB 21		
Amendment	letter of intent / by		
Motion	adpt		
<u>Motion by</u>	Green		
<u>Objection by</u>	none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

Sen.
Green

In the Senate Finance Committee

By Senator Olson

SB 21, Fines by the State Medical Board.

LETTER OF INTENT

It is the intent of the legislature that the State Medical Board apply increased fines for serious and consequential violations of ethical and professional misconduct. The size of fines that are typically imposed for minor, noncompliance infractions should remain unaffected by the enactment of SB 21.

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

1/13/01

Bill Number	SB 21		
Amendment	letter of intent		
Motion	adopt		
<u>Motion by</u>	Olson		
<u>Objection by</u>	Green		
<u>Removed</u>	removed		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Hoffman			
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

State Medical Board Enforcement Expenditures and Fine Revenue

	FY 2001 to 2/2/2001	FY 2000	FY 1999
Expenditures:			
*Division Investigators Personal Services	85,631.76	130,627.00	129,200.00
Expert Witness Fees	5,085.00	40,400.00	38,514.25
Misc. Case Costs	0.00	3,702.00	0.00
Special Legal Costs	0.00	472.00	1,933.08
Deposition Services	0.00	2,449.03	0.00
Legal Services	14,676.05	166,451.29	66,439.65
Other Professional Services (transcription svcs)	5,434.34	3,132.80	1,186.77
Hearing Unit Expenses	2,662.75	18,422.01	not available
	113,489.90	365,656.13	237,273.75

Please note that the enforcement costs are not necessarily attributable to the cases that resulted in fines listed on the second page of this document. They are total enforcement costs for all investigations regardless of action. Furthermore, disciplinary actions frequently take place in later fiscal years than investigations.

FINES Collected:	17,950.00	16,000.00	9,000.00
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*Division investigators Personal Services costs are minimum estimates based on the cost of two full-time investigators.

A review of *State Medical Board Enforcement Expenditures and Fine Revenue* was prepared by the Division of Occupational Licensing in response to a question asked by Gary Wilken. (Document submitted by Gary Wilken)

Fines Assessed by the State Medical Board Against Licensees

Date	Name	Case #	Amount	Status
FY 1999:				
8/30/1998	Jack Graham, MD	2850-98-8	1,000.00	Paid
8/26/1998	Teresa Denney, DO	2852-97-1	500.00	Paid
8/28/1998	Ernest Steinhilber, MD	2850-97-19	1,500.00	Paid
8/29/1998	Elizabeth Cole, MD	2850-98-3	1,000.00	Paid
11/12/1998	Sonia Vent, PA	2806-98-4	500.00	Paid
12/1/1998	Zon Benjamin, MD	2850-98-1	1,000.00	Not Paid
12/24/1998	Francis Whelan	2800-98-35	3,500.00	Paid
1/27/1999	Edwin Lindig, MD	2800-98-37	1,000.00	Paid
2/24/1999	Jennifer Oxford, PA	2807-99-1	2,000.00	Paid
5/3/1999	Joseph Lucero, MD	2850-98-12	3,000.00	Not Paid
6/23/1999	John Morascalco	2800-98-38	5,000.00	Paid
6/28/1999	John Ballard	2800-99-31	3,000.00	Not Paid
FY 2000:				
7/1/1999	Robert Fox	2800-99-30	3,500.00	Paid
8/5/1999	Barry Campbell, PA	2807-99-3	2,000.00	Paid
10/10/1999	James Welker, PA	2807-00-2	2,000.00	Paid
1/20/2000	Steven Craddick, PA	2806-99-6	5,000.00	Paid
4/27/2000	Michael DeVoli, MD	2850-00-2	2,500.00	Not Paid
5/3/2000	Nigel DeSilva	2852-99-1	2,000.00	Paid
5/11/2000	June Thomasson, PA	2807-99-5	2,000.00	Paid
FY 2001:				
7/7/2000	Grace Shimotsu, MD	2800-94-14	6,000.00	Not Paid
9/8/2000	Michael Bleicher, MD	2800-97-55	1,000.00	Paid
4/27/2000	Nancy Mackey, PA	2806-99-3	5,000.00	Paid
10/4/2000	Don Rappoport, MD	2800-99-54	5,000.00	Paid
10/27/2000	Lavern Davidhizer, DO	2802-00-2	5,000.00	Not Paid
10/27/2000	Hugo Rougan, MD	2850-00-13	3,000.00	Not Paid
10/27/2000	Ronald Blockman, DO	2802-00-4	5,000.00	Paid
1/18/2001	Raymond Hopson	2850-00-17	1,000.00	Paid
1/22/2001	Mary Shannon, PA	2806-00-5	1,000.00	Not Paid
1/22/2001	Susan Fenn, DPM	2804-00-2	3,000.00	Not Paid
1/24/2001	Glen Stratsma, MD	2800-00-70	10,000.00	Not Paid/\$5000.00 suspended

NOTE: Some licensees who have not paid are still within the time period granted for the fine to be paid. The time period varies from prior to the license being issued up to 180 days, and sometimes a little longer. In some cases, the fines have been assessed in conjunction with a license application and which must be paid prior to the license being issued. Some fines were not paid because the applicant left the state and/or did not pursue the license any further. Applicants are expected to pay the fine regardless of their situation.

Alaska State Legislature

Senate



Official Business

State Capitol
Juneau, AK. 99801-1182

SENATOR DONALD OLSON

SPONSOR STATEMENT

SB 21, Fines by the State Medical Board.

RECEIVED
JAN 22 2001
Senate Finance
Committee

I introduced SB 21 to increase the monetary sanction that the State Medical Board may impose on a licensee upon a finding of professional or ethical misconduct. The bill increases the maximum penalty from the \$10,000 limit that is currently in statute to \$25,000.

I feel the justification for SB 21 is twofold. First, I believe that the maximum sanction of \$10,000 does not provide a sufficient monetary deterrent, given the economic status of many licensees. Most often, the severity of the penalty is in no manner equivalent to the damage caused in extreme cases of misconduct. Furthermore, the \$10,000 limit has not been changed since it was first enacted 14 years ago.

A second reason for SB 21 is the increasing costs that the board is experiencing in its caseload management of misconduct allegations. It is not unusual for the costs of a misconduct determination to exceed the \$10,000 penalty limit. Since the activities of the board are wholly supported by licensure fees and fines, increased costs of operation usually translate into license fee increases. SB 21 offers a second way to meet increasing caseload costs. It expands the board's cost recovery ability through increased fines. In practice then, the financial burden for this regulatory activity may be shifted more from the general membership to the wrongdoers themselves.

Currently, the board has 188 cases that are open for potential investigation and adjudication by the Division of Occupational Licensing. During calendar year 2000, 130 new cases were opened and 133 closed. This effort resulted in 35 disciplinary actions against medical board licensees. In fiscal year 2000, the costs of pursuing misconduct charges exceeded \$160,000.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/10/01

FURTHER: Finance

Date of 5-Day Notice: 01/16/01
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 01/22/01

Judiciary Committee considered SENATE BILL NO. 21

"An Act increasing the maximum civil fine that may be imposed by the State Medical Board as a disciplinary sanction."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	1/19		✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	X			
<i>[Signature]</i>	L			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

Senate Minute



ALASKA STATE LEGISLATURE
SENATE JUDICIARY COMMITTEE

January 22, 2001

1:30 p.m.

SB 21-FINES BY THE STATE MEDICAL BOARD

SENATOR DONALD OLSON, sponsor of SB 21, read the following statement:

I introduced SB 21 to increase the monetary sanction that the state medical board may impose on a licensee upon a finding of a professional or ethical misconduct. The bill increases the maximum penalty from the \$10,000 limit that is currently in statute to \$25,000.

I feel the justification for SB 21 is twofold. First of all, the maximum sanction of \$10,000 does not provide a sufficient monetary deterrent, given the economic status of many licensees. Most often, the severity of the penalty is in no manner equivalent to the damage caused in extreme cases of misconduct. Furthermore, the \$10,000 limit has not been changed since it was first enacted 14 years ago.

A second reason for SB 21 is the increasing costs that the board is experiencing in its caseload management of misconduct litigation and allegations. It is not unusual for the costs of a misconduct determination to exceed the \$10,000 penalty limit. Since the activities of the board are wholly supported by licensure fees and fines, increased costs of operation usually translate into license fee increases. SB 21 offers a second way to meet increasing caseload costs. It expands the board's cost recovery ability through increased fines. In practice then, the financial burden for this regulatory activity may be shifted from the general membership to the wrongdoers themselves.

Currently, the board has 188 cases that are open for potential investigation and adjudication by the Division of Occupational Licensing. During calendar year 2000, 130 new cases were opened and 133 closed. This effort resulted in 35 disciplinary actions against medical board licensees. In fiscal year 2000, the costs of pursuing misconduct charges exceeded \$160,000.

MS. CATHERINE REARDON, Director for the Division of Occupational Licensing, Department of Community and Economic Development (DCED), said DCED and the medical board support SB 21. SB 21 will give the medical board options for appropriate sanctions and effective deterrents for certain types of misconduct.

SENATOR THERRIALT asked what type of notice was put out to individual licensed physicians that this was being considered.

MS. REARDON answered that a notice was not mailed to licensed holders. The medical board met January 18th and 19th. It would have been generally noticed that the meeting was going to take

place. The meeting was scheduled a month ago and SB 21 was not on the list of topics at that time.

SENATOR THERRIAULT asked for a list of all licensed physicians in the Fairbanks area.

MS. REARDON agreed to furnish the list.

SENATOR THERRIAULT moved to pass SB 21 with individual recommendations. There were no objections and it was so ordered.

Bill Root: Display Bill Root

BASIS HAS BEEN RE-PROGRAMMED THIS YEAR
TO REPORT PROBLEMS WITH BASIS INQUIRY

[Return to Basis Main Menu \(22nd Legislature\)](#)
[Return to Legislature Home Page](#)

Tony Knowles, Governor

Alaska

**Department of Community
and Economic Development**

Division of Occupational Licensing

P.O. Box 110806, Juneau, AK 99811-0806

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Email: license@dced.state.ak.us • Website: www.dced.state.ak.us/occ/

January 19, 2001

RECEIVED
JAN 22 2001
Senate Finance
Committee

*Alaska State Legislature
State Capitol
Juneau AK 99811*

At its meeting of January 18, 2001, the Alaska State Medical Board reviewed Senate Bill 21 which would increase the maximum amount of civil fines that could be imposed by the board from \$10,000 to \$25,000. The board voted unanimously to support this bill.

The board appreciates the consideration of the members of legislature in this matter and hopes the bill will receive speedy and favorable action.

Sarah A. Isto, M.D.

Sarah A. Isto, MD

Chair

Alaska State Medical Board

SENATE FINANCE COMMITTEE

SIGN-IN

SB 21-FINES BY THE STATE MEDICAL BOARD

NAME: Barbara Gabriel Subject/Bill No: 21
Co./Dept./Title: DCED Occupational Licensing Phone: 465-2570
Address: PO Box 110800 Jamaica Zip: 99811
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 21-FINES BY THE STATE MEDICAL BOARD

NAME: Catherine Reardon Subject/Bill No: SB21
 Co./Dept./Title: Director, Division of Occupational Licensure DCEP Phone: 465-2538
 Address: PO 112806 Tulsa 94811 Zip: 94811

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 21-FINES BY THE STATE MEDICAL BOARD

NAME: Catherine Recordon Subject/Bill No: SB 21
Co./Dept./Title: DCEA Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions