

What It Costs to Run a Health Regulatory College

Intro

Running a health regulatory college is no different than any other not-for-profit organization. It has a purpose, often a mission, vision and values, requires a location with a mailing address, that location requires electricity, insurance, office furniture and equipment, people to staff it, values good management, and so on. That said, there is a complexity to regulation that is difficult to easily observe unless you actually *work* in regulation. So, using the College of Respiratory Therapists of Ontario as a case study, we'll briefly walk through some of the key aspects of a health regulatory college – the structure required, the functions that come with that structure, the costs associated with those functions, and reflections on how we've been able to avoid a fee increase for 22 years. I imagine that it will lead you other questions but should serve as a primer for anyone interested in learning what it costs to run a health regulatory college.

The Structure

In Ontario, it's common knowledge in the regulatory community that it takes a million dollars to open a regulatory college. The role of each college is defined in the *Regulated Health Professions Act, 1991* and the structure flows from that. That is, we need to structure the College to carry out those legislated functions. Can it be scaled down to reduce the cost, you might ask? Not really. You have to think of this from the government's perspective. They award the right to self-regulate only sparingly and when they do, they need to have assurances that the college will function properly – no shortcuts. In essence, the public has a right to safe, high quality, ethical care and the government has the responsibility to provide that to them as citizens. If they "delegate" that assurance to a regulatory body, they need to have complete confidence that the regulator will carry out its role as prescribed, with the interests of the public at the forefront. If you don't have the money to do this properly, you really have no business opening a college – it would be akin to false advertising for the public and is definitely NOT in the public interest. So....in Ontario....to do it properly....you need a million bucks.

So how does the structure roll out? Again, in Ontario each college needs to carry out the following:

- Registration – Involves setting the entry to practice requirements, reviewing applications, managing registration of members (initial registration, renewals, changes in status, resignations, etc.).
- Quality Assurance – Establish and maintain a quality assurance program that contains elements defined in the legislation.
- Patient Relations – Carry out a role educating the public and maintaining a therapy fund for victims of abuse by our members.
- Investigations, Complaints and Reports – Each regulatory body must be able to receive complaints and reports, investigate them adequately (we use a mix of in house and external investigators), and either require remediation or, for the more serious issues, refer to either

Fitness to Practice (for matters of incapacity, for example) or to Discipline (for professional misconduct).

- Fitness To Practice – This process is for individuals suspected of incapacity (eg. Substance abuse, mental illness, etc.) and proceeds with an assumption of illness, rather than simply bad behavior. Tends to be very long in process, simply due to the nature of the topic, the sensitivity of the matter and the need for both privacy and a negotiated arrangement (wherever possible) with the member.
- Discipline – Conducted like a court proceeding, a discipline hearing can range from a single day (in the case of an agreed statement of facts and penalty) to several weeks (in the case of a contested hearing) and is open to the public.

Each of the above statutory functions is generally guided by a committee constituted by Council members and supplemented by additional elected committee members. There is also a staff member who provides direct support to each committee and carries out the work of each function day-to-day, sometimes covering more than one portfolio to balance out the workload.

So, those are the statutory functions.

Not All the Same

Each College must carry out the same statutory functions but the relative weight of various functions depends somewhat on the nature of the profession itself. Investigations are a great example of this. Simply being a larger profession translates to increased numbers of complaints and reports, so if you're Nursing with 150,000 members, you'll receive significantly more than we do, with only 3400 members. The nature of the practice also affects the type and complexity of complaints. That is, if you have a profession that works mainly in a proprietor-type role involving commerce (opticians or retail pharmacy owners, for example), you tend to see more business-related complaints. If you touch patients, you'll receive more misconduct complaints and sexual abuse cases (i.e. Massage therapy receives many more sexual abuse complaints than denturists). For professions like ours, where most of the members work as employees, the employers tend to deal with many of the more easily remediable issues, resulting in our complaints being more complex than other colleges may receive. Bottom line is that size of the membership alone is not enough of a basis to judge whether a fee is adequate or fair. You really need to analyze the work of the college itself.

Oversight and Accountability

Of course, it doesn't stop there. Each statutory function has processes associated with it and processes undergo continuous improvement. We're constantly updating policies and procedures, improving the work that we do, and benchmarking against the practices of other regulators. We have a strategic plan that we need to implement and that typically involves project work and the use of consultants. We're accountable to the province for the work that we do so there are a number of agencies that we need to interface with and generate reports for, including the Office of the Fairness Commissioner, the Privacy Commissioner, the regulatory branch of the Ministry of Health and Long Term Care, joint insurance

claim reporting with the Financial Services Commission of Ontario (FSCO), review by the Health Professions Review and Appeal Board, the Human Rights Commission of Ontario, and the courts and the media (I often receive inquiries from mainstream media outlets) in general.

The Money

Here's essentially what it costs:

We have a single source of revenue - member dues and any associated fees & penalties (i.e. application fees, late fees, etc.). We have ~3400 members (most in the general class @\$500 annually, some Inactive @\$50 annually, some prorated for joining partway through the year, some resigning partway through and getting a refund) amounting to roughly \$1.6 million. We make a tiny bit off investment income but \$1.6M is a good number to illustrate with.

There's no extra money from government or anyone else – the expectation with self-regulation is that you're self-funded. We also have not-for-profit tax status so we can't engage in any "for profit" activities (for ex, we just launched an app for our members but we can't start selling it to other RTs or regulators across the country. That would be a for-profit activity) or keep our reserves too extensive.

Cost Centre	2016-2017 Budget	% of Budget
Salaries & wages (including benefits, CPP/EI contributions, Employer Health tax, Employer RSP contributions)	780,000	49%
Rent & Occupancy (includes equipment leases, insurance)	166,000	10%
Office services (telephone, internet, printing, postage, supplies, furniture, etc.)	47,600	2.9%
Financial charges (incl. credit card merchant fees, PayPal, bank charges, audit fees)	45,000	2.8%
Database, Website and online professional portfolio (incl. software, hardware, developer costs, hosting, storage, backup)	131,000	8.2%
Communications (newsletters, social media, etc.)	11,500	0.7%
Investigations	45,000	2.8%
Legal (general, hearings)	35,000	2.1%
Council & Committee Meetings	85,280	5.3%
Consulting Services	95,000	5.9%

There are a few other general costs:

- We send staff and Council members to regulatory conferences, learning days, workshops, etc.
- We ran \$25,000 in translation costs last year, French language services being a right.
- National Alliance of Respiratory Therapy Regulatory Bodies – in this era of labour mobility, activity on the national level has become essential. Whether working on issues of labour mobility, accreditation, credentialing exams, etc., I spend ~10-15% of my time annually on a national focus.
- We contributed to the development of a new National Competency Framework over the last 2 years, involving not only development costs but several meetings across Canada for myself and 1-2 additional staff
- We developed a leading edge competency assessment program for international applicants that cost us \$125,000 over the last 2 years
- Enhancing the quality of our governance is a strategic priority and we have a staff member with 50% of her role dedicated to this focus
- We have several reserves on the balance sheet:
 - General Contingency Reserve (needs to cover ~6 months of operations) = \$500,000
 - Fee Stabilization Reserve (to push a fee increase off a bit) = \$150,000
 - Reserve for Funding of Therapy = \$20,000
 - Reserve for Investigations & Hearings = \$150,000
 - Special Projects Reserve (for funding additional projects outside of normal operations) = \$400,000
- Note: Most of the above reserves sit in financial investments which are laddered for liquidity and selected for low risk returns (there not to make money, simply not to lose money).

How Do We Make It Work With Only a \$500 Annual Fee?

A few key factors:

- Staff continuity and commitment – we have experienced and dedicated staff, where they know the work inside and out and are incredibly efficient. We hire for “fit”, making collaboration our secret sauce, and I’ve adjusted 25% of our staff in the last 5 years to make that happen. As chief executive, I actively maintain the organizational culture so that collaboration allows us to punch above our weight. I estimate that I would have to hire 1.2-1.5 staff to replace any one of our existing staff. Still, maintaining that culture has a cost, both in time and resources, and we see that cost as a smart investment.
- Expense management – we’ve got everything running efficiently and have minimized costs wherever possible. This takes time and has been achieved over years...and there’s always more to do. Continuous quality improvement is the name of the game.
- Expanding Membership Base – We have consistently registered a net increase of 100-120 new members each year. At \$500 each, that means our annual revenue has grown year over year by

roughly \$50,000, allowing us to outpace inflation. As long as we stay within our current funding envelope, we can manage inflation and avoid a fee increase. If you do the math, though, inflation increases every year (as a % of annual expenses) and sooner or later, inflation will exceed that annual growth. That'll mean a fee increase will be inevitable, plain and simple.

- Time and Patience - It's also worth noting that we didn't accumulate this overnight. We've been in business since 1994 and to accumulate reserves, etc., you need to run a surplus budget year over year for a substantial period. \$500 was a large fee in 1994 (an inflation calculator equates that to \$740 today) and was more than we needed for expenses...but was essential for other things. As a result, we've been able to run for 22 years now without a fee increase because of that higher starting point.

Appendix

Ontario Regulatory Colleges Comparison Chart (2014 Data):

Organization	# of Members (2014 Data)	Annual Registration Fee (General Class)	Annual Revenues
College of Naturopaths of Ontario (CONO)	Not yet available	1,495.00	Not yet available
College of Kinesiologists of Ontario (CKO)	Not yet available	650.00	Not yet available
College of Registered Psychotherapists of Ontario (CRPO)	Not yet available	550.00	Not yet available
College of Dental Hygienists of Ontario (CDHO)	13,426	250.00	3,516,924.00
College of Massage Therapists of Ontario (CMTO)	12,660	578.00	8,539,961.00
College of Physiotherapists of Ontario	8,135	595.00	5,325,040.00
College of Medical Laboratory Technologists of Ontario (CMLTO)	7,485	340.00	2,571,424.00
College of Medical Radiation Technologists of Ontario (CMRTO)	6,835	470.00	3,438,310.00
College of Psychologists of Ontario	6,047	795.00	3,336,865.00
College of Occupational Therapists of Ontario (COTO)	5,379	657.55	3,825,972.00
College of Chiropractors of Ontario (CCO)	4,523	1,070.00	4,689,929.00
College of Audiologists and Speech-Language Pathologists of Ontario (CASLPO)	3,783	714.00	2,296,270.00
College of Dietitians of Ontario (CDO)	3,695	590.00	2,120,058.00
College of Respiratory Therapists of Ontario (CRTO)	3,269	500.00	1,578,418.00

College of Opticians of Ontario (COO)	2,647	745.00	2,399,823.00
College of Optometrists of Ontario	2,187	945.00	2,412,784.00
College of Traditional Chinese Practitioners and Acupuncturists of Ontario (CTCMPAO)	2,178	1,055.48	3,184,270.00
College of Midwives of Ontario (CMO)	701	1,950.00	1,923,183.00
College of Chiropodists of Ontario (COCOO)	667	1,700.00	973,473.00
College of Denturists of Ontario (CDO)	660	1,900.00	1,542,835.00
College of Dental Technologists of Ontario	564	1,495.00	897,706.00
College of Homeopaths of Ontario (CHO)	500	850.00	Not yet available

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