



CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

FACT SHEET

Date: October 16, 2007

Report: 2007-038

The California State Auditor released the following report today:

Medical Board of California:

*It Needs to Consider Cutting Its Fees or Issuing a Refund
to Reduce the Fund Balance of Its Contingent Fund*

BACKGROUND

Responsible for protecting the public through proper licensing and regulation of California's health care professionals, the Medical Board of California (medical board) licenses physicians and surgeons (physicians), investigates complaints against its licensees, and disciplines those found guilty of violating the law. To fund such activities, the medical board assesses fees to physicians as established by the California Business and Professions Code (code).

KEY FINDINGS

We reviewed the medical board's financial status and its projections related to expenses, revenues, and reserves and the amount of refunds or licensure fee adjustments needed to maintain the mandated reserve balance. Our review revealed that the medical board:

- Has reserves well above the mandated levels. In fiscal year 2006–07, its fund balance increased to \$18.5 million, which is nearly 4.3 months of reserves—more than twice what is allowed by the code.
- Has overestimated expenditures by at least \$2 million in each of the last four years.
- Is unlikely to reduce its reserves significantly over the next five years if no action is taken.

RECOMMENDATIONS

We recommended that the medical board consider taking the following actions:

- Seek amendments to the code to allow it to adjust fees when necessary to maintain proper reserves.
- Refund or decrease fees for physicians to reduce the reserve balances to the level legally mandated.

