Outsourcing of Credentialing and Licensing Functions

Presenters: Charlie Koop, PSI
Foye Longworth, Michigan
Kate Baca, New Mexico
Zachary Urban, Colorado

Promoting Regulatory Excellence

Big Picture

- Revenue decrease
- Deficit increase
- Staff decrease
- Workload increase
- Budget decrease
- Hiring freezes

Regulatory Responsibility

Lifecycle
Need

• Maintain regulatory responsibility
  – Protection of the Public
• Do more work with less staff and money
  – Staff quality, unstable budgets
• Increase in technology services
  – Instant gratification
• Increase in litigation
  – Sue-happy

 outsourc

• Education
• Application
• Examination
• License Issuance
• Database Management
• Auditing
• Enforcement & Complaints
• Renewals

Education

• Course/Instructor Approval
• Course Audits
• Collect Pre-license and CE Credits
  – Automated School Site (100% compliance)
• CE Audits and Notifications
Application

- Receive and process applications
- Eligibility screening (work, education)
- Process fees
- Fingerprinting
- Background checks
- Initial application & renewals

Examination

- Test Development
- Registration & Scheduling
  - Call Center & Internet Services
- Test Administration (test centers & staff)
- Scoring & Reporting
- Integration with Licensee Database

License Issuance

- Photo-bearing licenses
  - Wall license
  - Pocket card
- Issued on site or mailed
- Initial & renewals

- Credentialing program in Michigan
Database Management
- License Processing – Updates & Edits
- Reporting
- Audits
- Enforcement/Compliance
- Payment Processing
- Licensee/Company Lookup
- Complaints
- Status/Notification

Auditing
- Course Audits
- CE Compliance
- Enforcement
- Recordkeeping
- Notifications

Payment
- Applicants for Licensure
- Candidates for Examination
- Education Providers
- Licensees
Outsourcing of Credentialing and Licensing Functions

Presenters: Foye Longworth, Departmental Analyst; MI DLEG; Testing, Education & Program Services

History

• Late 1970’s to mid 1980’s
• Department of Licensing & Regulation (L&R)
  – Umbrella agency established
  – Independent licensing Boards consolidated
• Testing Services Division (TSD)
  – Consolidation
  – Uniformity

• 1980’s
  – Reduction of state employees (12 FTEs in TSD)
  – Contracting for state services
• Large volume pencil & paper administrations
  – national nursing and medical examinations
  – national engineering and architects examinations
• Examination development and administration of the pencil & paper Real Estate Broker and Salespersons examinations.
• Mid 1990’s
  – All larger exam programs contracted
    • Except low volume exams(< 100 candidates a year)
  – National examinations contracting on their own
    • CBT or CAT
  – (6 FTEs in TSD)
• 2001
  – Health Services Bureau transferred to
    Department of Community Health - 2 FTEs
  – Downgraded to an Office from a Division
  – Retired Director, Dr. Kara L. Schmidt, replaced by
    a lower level position of office administrator

Adding, Shifting & Reducing
• New responsibility
  – Approval of prelicensure and CE
• Office of Testing & Education Services
• 3 FTEs and a manager
• Shift in duties
  – Developing Requests for Proposals (RFP)
  – Contracts Administration
  – Amendment negotiation

The Present
• Testing, Education & Program Services Unit
  – IT database interface with our testing vendor
  – State Department of Information Technology
• Contracting with national associations
  – Testing
  – Credentialing
• 3 major contracts for all other exams
• Contract administration
Consolidation & Contracting

- Consolidation of exam programs & Contracts
- 1 vendor for all 3 contracts
- Theory & practical exams
- Test development
- Test administration
- Testing facilities
- Reporting
- Licensing

Technology

- Vendor provided web-based partner site for client access to candidate information, statistical reports, etc.
- Series of 13 job analysis surveys were conducted using e-mail and survey monkey over the web
- Test generation software
  - Unique, equivalent forms

Technology

- Online registration, payment and scheduling
  - Convenience
- Online candidate information
  - Instant updating (better info = fewer complaints)
- Onsite immediate test results
  - Reduced processing and mailing costs
- Onsite Photo Pocket Card Licenses
  - Streamlining, convenience, reduced costs
Future

- Statement of Work (SOW) in 1991 - 12 pages
- SOW in 2007 - 42 pages
- Increase in licensing services
- Credentialing services
  – The Bureau is looking to a future when the “Wall License” is replaced with the Photo Pocket Card License issued by a vendor. This does, however, take legislative change (lots of time!).

Additional Contracting

- License renewals
- Approval of continuing education/continuing competency providers and courses
- Application processing/Eligibility Screening
- Collection and verification of continuing education/continuing competency credits of licensees

Conclusion

- Contracting – savings of $Millions
- Reducing – staff & budgets
- Shifting responsibilities
- Additional responsibilities
- Consolidation – programs & functions
- Technology
- Contract Administration
- In-house expertise
Outsourcing of Credentialing and Licensing Functions

Presenters: Kate Baca, Deputy Director/Counsel
New Mexico Regulation and Licensing Department, Construction Industries Division

Background

- New Mexico Construction Industries Division
  - Largest Division in RLD
  - Generally funded through legislative appropriations from the general fund
- Construction Industries Commission
  - Nine-member body appointed by Governor

Outsourcing

- Goal: Administration of CID’s Licensing
- Issue & Renew Licenses & Certificates
  - Contractors, qualifying parties, journeymen
- 2-year initial term + 2-year renewal
- Agency Resources – consulting support
  - Management, legal, licensing, compliance staff
Scope of Work

- Customer Service
  - Website, public information, Spanish, application materials, surveys, Albuquerque office
- Application/Renewal Processing
  - Process applications, issue licenses, collect & maintain CE, process fees
- Reporting & Records Management
  - Electronic licensing system, record storage, reporting

Workload

- New Contractor Licenses: 1857
- Qualifying Party Certificates: 2265
- Contractor Renewals: 4907
- LP Gas New Dealer Licenses: 46
- LP Gas QP Certificates: 337
- LP Gas Renewals: 583
- New Journeyman Certificates: 729
- Journeyman Renewals: 1562

12,286

Compensation & Terms of Payment

- Fee-share agreement
  - Contractor collects all fees from applicants/licensees and remits portion to CID
- Contractor responsible for all costs
  - No reimbursement from CID
- Contractor costs/fees covered by applicants/licensees
Revenue

- Gross fees >$2.5M
- Contractor <25%
- Savings – 50% over previous vendor

CID Website

- Licensing and Examination Services Provided by PSI
- For exam services or licensing, click here to go to PSI's website.
- Contact PSI for questions about:
  - Becoming licensed in New Mexico
  - Acquiring an additional license or journeyman certification
  - License renewal journeyman certification or renewal of certification
  - Change of licensee address
  - Change of name on a license
  - Change of business entity type
  - Canceling a license
  - Request for a license classification determination (e.g., proper license classification for a particular kind of contracting)

PSI Website
Outsourcing of Credentialing and Licensing Functions

Presenters: Zachary Urban
Director of Communications & Operations
Colorado Department of Regulatory Agencies
Division of Real Estate

Promoting Regulatory Excellence

Background

- Division of Real Estate
  - Department of Regulatory Agencies (DORA)
  - Real Estate Broker, Appraiser and Mortgage Broker Industries
  - Cash funded from fees (97% licensing fees)
    - Fees established annually

Outsourcing

- Goals:
  - Development, registration, administration, scoring and reporting of results of licensing examinations - existing
  - New records management system (RMS) - new
- 3-year initial term + 2, 1-year renewals
Scope of Work

- Vendor administers exam program
- Vendor develops technology for RMS
- DRE staff are users of RMS
  - Public Access
- Additional Services (Fingerprinting)

RMS Business Functions

- Auditing
- Licensing
- Enforcement
- Examination
- Administration
- Education
- Utility Processes
- Additional Requirements

RMS Workload

- License Transactions: 34,000
- Brokers/entities 45,000
- Appraisers 5,300
- Mortgage 8,900
- Examinations
  - 2004 >10,000
  - 2009 <8,000
  - Decrease for brokers & appraisers
  - Mortgage moving to national program
Compensation & Terms of Payment

- Contractor responsible for all costs
  - No reimbursement from DRE
- Contractor costs/fees covered by applicants/licensees
- Consequence of lower testing volumes = less revenue for RMS maintenance

Success

- RMS meets expectations
- Quicker application processing
- Mortgage entirely online
- Real Estate and Appraiser renewal online
- Result = huge savings for staff & resources

Future

- Expand outsourcing efforts
- Additional enhancements to RMS
- Paperless – save time & mailing costs
- License Pocket Cards
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