Ohio Sunset Review Committee
Agency Questionnaire

Agency Name Ohio Medical Quality Foundation

Point of Contact Douglas F. Kridler

Agency's primary purpose and its various goals and objectives

Ohio Revised Code §3701.89 created the Ohio Medical Quality Foundation ("OMQF") and, in part, defined its purposes, goals, and objectives. The statutory goal of OMQF is to fund activities to improve the quality of medical care rendered to the public. In seeking to accomplish that goal, OMQF is permitted to invest in the following programs: 1) programs relating to the treatment of impaired physicians; 2) programs designed to improve the quality of graduate medical education; 3) programs designed to improve risk management and quality assurance in hospitals and in outpatient settings including physician offices; 4) other programs, meetings, and educational seminars that are designed to improve the quality of medical care in Ohio.

Ohio Revised Code §3701.89 also empowers the Trustees of the OMQF to: (a) adopt rules and bylaws consistent with subsection 501(c)(3) of the Internal Revenue Code for the regulations of its affairs and the conduct of its business; (b) employ a staff and retain or contract with attorneys, financial consultants, and accounting experts as are necessary in its judgment to carry out the purposes of OMQF; and (c) seek and accept funding from any public or private source for the conduct of its business. Acting pursuant to this grant of authority, OMQF was organized as an Ohio not-for-profit corporation which also qualified as a 501(c)(3) tax exempt organization under federal law.

Since its inception in 1995, OMQF has distributed $8.6 million in grants targeted at improving the quality of medical care in the State of Ohio. For the calendar year 2016, OMQF has committed to distribute an additional $509,500 in grant funds.

Consistent with the purposes of OMQF, the primary recipient of OMQF funding has been the Ohio Physicians Health Program ("OPHP") (formerly named the Ohio Physicians Effectiveness Program). OPHP was created to serve the physician community through interventions with practicing physicians when their practices have been affected by the use of alcohol or drugs, and other emotional issues. In addition, OMQF has funded other programs designed to improve the quality of medical care in Ohio. Other grant recipients include Ohio University which received grants totaling $395,493 to fund an E-Prescribing Study aimed at enhancing safety and efficiency of prescriptions, and the Research & Educational Foundation of the Ohio Hospital Association which received grants totaling $800,150 to support the Ohio Patient Safety Institute and Patient Safety Discussion Forum.

For the twenty years of its active existence, OMQF has met its goal of improving the quality of medical care in the State of Ohio through the funding of OPHP and other programs designed to improve medical care in this State. OMQF intends to continue to fulfill this goal in the years to come.

Agency's past and anticipated workload, number of staff required to complete workload, and total number of staff

The OMQF Board meets twice each year to consider grant decisions, monitor grant progress, and oversee the investment of OMQF funds. The Finance Committee and Program Committee meet between Board meetings as needs dictate. It is anticipated that the workload will remain consistent for the foreseeable future.

There are no staff members of the OMQF. All Board Trustees serve as volunteers. Since 1995, OMQF has contracted with The Columbus Foundation ("TCF") to handle all of the administrative functions of OMQF. TCF staff members provide all administrative, financial, research and grant-making services to assist the Trustees in accomplishing the purposes of the OMQF as established under Ohio Revised Code §3701.89. TCF currently charges OMQF a yearly administrative fee in the amount of 0.5% of the market value of OMQF assets. The annual fee paid to TCF is comparable to fees paid by TCF's 28 supporting organizations for the same type of services rendered. By contracting with TCF, OMQF is able to engage the professional services of the seventh largest community foundation in the country. Instead of hiring its own staff, OMQF has access to professional staff specializing in the areas of grant-making, financial, administrative, and marketing and avoids the overhead associated with creation of an office, including the related expenses for employee benefits.

Agency's past and anticipated budgets and its sources of funding

In carrying out its purposes and goals, OMQF has adopted a spending rule which permits it to award annual grants up to 4.5% of the previous year-end market value of the funds held by OMQF. The spending rule adopted by OMQF excludes administrative expenses and also allows for the carry-over of unallocated funds from prior years. OMQF's administrative expense budget has averaged approximately $62,000 per year over the last three years. Because of the comprehensive nature of services provided by TCF to OMQF, approximately 90% of the annual expense budget is paid to TCF. The remaining 10% of the expense budget is used to pay for investment auditing services, state filing requirements, insurance, and legal expenses. The source of all of the OMQF's funding was the transfer of "non-refunded moneys" from the Stabilization Reserve Fund, as described below. OMQF receives no funding from the State of Ohio.[1]

History of the Ohio Medical Quality Foundation

In the mid-1970s across the United States, insurance companies stopped selling medical malpractice insurance. To address this issue, the Ohio General Assembly, in 1975, enacted Am.Sub.H.B. No. 682 (Revised Code §§3929.71 to 3929.85) which was designed to assist physicians and hospitals in obtaining medical malpractice insurance. The legislation created two entities, the Joint Underwriting Association ("JUA") and the Stabilization Reserve Fund ("SRF"), to implement the provisions of Am.Sub.H.B.No. 682. Under the legislation, hospitals and physicians could purchase medical malpractice insurance from the JUA. The SRF was set up to reinsure the JUA in the event premiums collected were not sufficient to pay claims made against JUA policyholders. The SRF was funded by an assessment on all hospitals and physicians even if they did not purchase insurance coverage from the JUA. The clear intent of the SRF was a reinsurance mechanism and, if not needed, the funds paid into the SRF would be returned to those entities that paid the assessment.

In the four to five-year period that the JUA and the SRF were active, no claims were made against the moneys held in the SRF. Accordingly, in 1979, the Ohio General Assembly enacted Am.S.B.No. 271 which provided for the return of all moneys held in the SRF in excess of $10 million. In 1980, pursuant to Am.S.B.No. 271, approximately $25.5 million was returned to Ohio physicians and hospitals that had paid into the SRF. After the 1980 refund, no further action was taken concerning the moneys held in the SRF until 1991.

In 1991, the Ohio General Assembly enacted Am.S.B.No. 206 (the "Refund Legislation") which provided for the refund of all moneys held in the SRF to the Ohio physicians and hospitals who had contributed to the SRF. The Refund Legislation set forth the process for filing proofs of claim, accepting claims, paying claims, and paying administrative expenses. It was anticipated that the SRF would be unable to refund all of the moneys held in the SRF to the Ohio physicians and hospitals which had contributed to the SRF. The associations representing hospitals and physicians looked for a way to put this reserve to work to benefit hospitals, physicians, and the citizens of Ohio. Thus, it was agreed that any SRF funds that could not be returned after "best efforts" would be transferred to a charitable foundation to benefit hospitals, physicians, and the communities they served. OMQF was the charitable foundation created by the Refund Legislation (Ohio Revised Code §3701.89) to receive the SRF funds that could not be returned to Ohio physicians and hospitals.

[1] Because it operates as an autonomous entity which does not use any public moneys to carry out its statutory purpose, OMQF questions whether it is an "agency" for purposes of Ohio Revised Code §101.82. OMQF submits this report without waiving its right to contest whether it constitutes an "agency" under Ohio Revised Code §101.82.

Number of members of its governing board or other governing entity and their compensation, if any

The composition of the OMQF thirteen-member governing Board of Trustees is established by Ohio Revised Code §3701.89. One of the thirteen Trustees is the director of health and the remaining twelve Trustees are appointed by the Governor for three-year terms. Of the twelve appointed Trustees, five must hold the degree of doctor of medicine, four must be representatives of hospitals, two must hold the degree of doctor of osteopathic medicine, and one must hold the degree of doctor of podiatric medicine. The Trustees are not compensated for their service nor reimbursed for travel expenses.

The current roster of Trustees is as follows:

Trustee	Degree or Affiliation
Richard Hodges	Director, Ohio Department of Health
Craig W. Anderson, M.D.	Doctor of Medicine
Simrit K. Bhullar, D.O.	Doctor of Osteopathic Medicine
Richard A. Fankhauser, M.D.	Doctor of Medicine
William W. Harding	Hospital Representative
Brian Kaminski, D.O.	Doctor of Osteopathic Medicine
Molly A. Katz, M.D.	Doctor of Medicine
Costas H. Kefalas, M.D.	Doctor of Medicine
Kevin W. Lutz, D.P.M.	Doctor of Podiatric Medicine
Hagop S. Mekhjian, M.D.	Hospital Representative
Marian K. Schuda, M.D.	Doctor of Medicine

Additional notes