



## **OHIO SUNSET REVIEW COMMITTEE REPORT & QUESTIONNAIRE RESPONSES**

**Submitted by the Ohio Medical Quality Foundation**

The following report is submitted to the Ohio Sunset Review Committee in accordance with Ohio Revised Code Section 101.86 on behalf of the Ohio Medical Quality Foundation (OMQF).

### **I. Agency's History, Primary Purpose, Goals, and Objectives**

#### **A. History of the OMQF**

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. The 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.

B. OMQF's Purposes, Goals, and Objectives

Ohio Revised Code §3701.89 created 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 approved under criteria established under section 3727.01 of the Revised Code, (i.e. 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, as defined in section 3727.01 of the Revised Code, and in outpatient settings including physician offices; [and]
- (4) other programs, meetings, and educational seminars that are designed to improve the quality of medical care in Ohio and are determined to be consistent with this section.

R.C. §3701.89.

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 nonprofit corporation under Chapter 1702, which also applied for and was granted federal income tax exemption under section 501(c)(3) of the Internal Revenue Code as a supporting organization of the Ohio Department of Health. A copy of the OMQF Purpose Statement, which was adopted by the OMQF Board of Trustees at its February 29, 1996 meeting, is attached as Exhibit A.

Since its inception, OMQF has distributed over \$13.5 million in grants targeted at programs that will have the largest impact in the present or future to improve the quality of medical care in Ohio. OMQF identifies such programs for the maximum impact for their monies granted since our funds are limited. Thus, have been awarded to the Ohio Professionals Health Program ("OhioPHP") totaling \$11.8 million, Ohio University totaling \$395,493, and the Research & Educational Foundation of the Ohio Hospital Association totaling \$770,896. OMQF has turned down organizations that do not demonstrate the largest statewide impact. OMQF distributes funds according to its grant policies. For the calendar year 2024, OMQF has committed to distribute \$510,000 in grant funds with a reserve of \$60,000 in case of innovative smaller grant requests. A copy of the OMQF Program Committee Policy adopted May 27, 2004 is attached as Exhibit B.

For the 29 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 programs designed to improve medical care in this State. The purpose for which the agency was created remains unfulfilled, and indeed, is the reason the Foundation was created with the goal of operating in perpetuity. This purpose has not changed, and remains an important mission as healthcare is always evolving and changing.

## **II. Workload and Staffing**

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.

While R.C. 3701.89(E)(2) gives the OMQF the authority to employ a staff, there are no staff members of the OMQF. All Board Trustees serve as volunteers and are not compensated for their work. 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. We pay them a below-market annual administrative fee of 0.5% of our assets, which in 2023 was approximately \$65,000. By contracting with TCF, OMQF is able to engage the professional services of one of the ten largest community foundations in the country. For example, OMQF benefits from TCF's economies of scale, such as reduced audit costs. Instead of hiring its own staff, through TCF OMQF has access to professional staff specializing in the areas of grant-making, accounting, finance, nonprofit and tax laws, nonprofit administration, and marketing and avoids the overhead associated with creation of an office, including the related expenses for employee benefits. Thus, our administrative overhead is very efficient and effective, and we cost the state nothing.

R.C. 3701.89(D) requires all money received by the foundation to be held in trust by a corporate trustee selected by the foundation trustees, required to invest, manage, and account for the money held in trust. By enacting this section, the legislature intended for the funds to be held and managed outside of state government. Our current trustee is WesBanco.

## **III. Budget and Sources of Funding**

OMQF's expenses have averaged approximately \$105,000 per year over the last three years excluding investment fees. Expenses include fees for TCF, auditing fees, state filing fees, directors' and officers' insurance, and legal expenses as needed.

OMQF's spending policy to guide awarding annual grants is 4.25% of the average market value concluding 12/31 of the prior year. It excludes administrative expenses and allows for the carryover of unallocated funds from prior years. For example, funds available 2024 equaled \$570,000. This is close to our average amount available for grant making. We do not elicit funds or request funds from any source, including the state.

As described above, OMQF was initially funded by excess physician and hospital payments from the malpractice crisis with approximately \$9.5 million. OMQF's prudent fiscal management and positive stewardship has allowed disbursement of over \$13 million in grants over 29 years with a current asset position of approximately \$13 million. Therefore, from the initial \$9.5 million we have managed and distributed a total of \$26 million. This stewardship has resulted in significant investment income to allow grants, cover all organizational expenses internally, and request no funding from the state or outside parities. All monies come from market investments and prudent fiscal management.

## **IV. Board Members and Compensation**

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 the Ohio Department 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 roster of Trustees, as of August 2024, is as follows:

Trustee	Degree or Affiliation
Richard A. Fankhauser, M.D.	Doctor of Medicine
Todd M. Fowler, MBA, FACMPE	Hospital Representative
Suresh D. Mendpara, M.D.	Doctor of Medicine
Charles E. Sanders, Jr., M.D.	Doctor of Medicine
Melody L. Siska, MBA, LSS MBB	Hospital Representative
Thomas A. Tallman, D.O.	Doctor of Osteopathic Medicine
Larry D. Towing, DDS, MD	Hospital Representative
Shannon C. Trotter, D. O.	Doctor of Osteopathic Medicine
Bruce T. Vanderhoff, M.D.	Director, Ohio Department of Health

The OMQF board is composed of rural and urban individuals, small and large healthcare providers, healthcare administrators and board members from across Ohio. All have a say in how the funds are distributed, offering a voice for all constituencies of the state. OMQF truly demonstrates the axiom “We The People” in an effective way that Ohioans can say “we make a difference.” The board’s partnership with the state Legislative and Executive branch works and is a good example of “For the People By the People” at no cost to “The People.”

## **V. Conclusion**

In conclusion, OMQF has a stellar 29-year existence aimed at improving the quality of medical care in the State via grant making consistent with its original charter. OMQF respectfully requests the opportunity for a continued positive collaborative and fruitful partnership with the state to improve the quality of medical care in Ohio given the ever-changing healthcare landscape.

# EXHIBIT A

## OMQF Purpose Statement\*

The purpose for which the Foundation is formed is exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). (This reference and all future references herein to any Section of the Code shall be deemed to include all regulations promulgated thereunder and any corresponding provision of any future United States internal revenue laws and the regulations thereunder.) The purpose is further limited to the purposes permitted by Chapter 1702 of the Ohio Revised Code. To the extent not inconsistent with the foregoing, the Foundation's purposes, which are specifically set forth by the Ohio General Assembly in R.C. §3701.89, include the following:

- A. To fund programs approved under criteria established by the Ohio State Medical Board for treatment of impaired practitioners.
- B. To fund programs designed to improve the quality of graduate medical education.
- C. To fund programs designed to improve risk management and quality assurance in hospitals and in outpatient settings including physicians' offices.
- D. To fund other programs, meetings, and educational seminars that are designed to improve the quality of medical care in Ohio and are determined by the Trustees to be consistent with the Authority of the Foundation.
- E. To fulfill any other purposes permitted by Chapter 1702 of the Ohio Revised Code (the "Act") as may be deemed appropriate by the Trustees of the Foundation, and to exercise any powers or rights now or hereafter conferred on non-profit corporations under the laws of the State of Ohio which are in furtherance of the charitable purposes for which the Foundation is formed.
- F. The above enumerated purposes shall be interpreted in connection with the limitation that the Corporation is organized exclusively for charitable, educational, and scientific purposes.

\* as stated in the OMQF Code of Regulations

*Note: This purpose statement was adopted by the OMQF Board of Trustees at its February 29, 1996 meeting.*

## EXHIBIT B

### Ohio Medical Quality Foundation (OMQF) Program Committee Policy Adopted May 27, 2004

**Eligible Organizations:** Potential grant recipients are restricted to Ohio nonprofit organizations that have 501(c)(3) status.

**Eligible Applications:** Eligible applications must address one or more of the Purposes of the Foundation as set forth by the Ohio General Assembly in R.C. §3701.89, which are serving impaired physicians; improving the quality of graduate medical education; improving risk management and quality assurance in hospitals and in outpatient settings including physicians' offices; and improving the quality of medical care in Ohio in other ways determined by the Trustees to be consistent with the authority of the Foundation.

**Trustee Sponsorship:** All proposals considered shall be Board-sponsored in order to focus grantmaking on high-impact, major grants. Evidence of Trustee sponsorship will be based upon the application containing a signed statement from the "sponsoring" OMQF Trustee endorsing the application.

**Un-sponsored Applications:** Any un-sponsored application for funding received will be contacted by staff and asked if they have an OMQF Trustee serving as sponsor. Applicants indicating that they have an OMQF Trustee sponsor will be asked to submit written and signed verification of sponsorship. For those applicants without a sponsor, staff will circulate a summary of the application to the Program Committee members asking if any member of the Program Committee would like to sponsor the application. Those applications that remain without a sponsor will be returned to the applicant organization, and the organization will be invited to reapply in the future if and when they have secured an OMQF Trustee sponsor and have such sponsorship verified in writing and signed by the Trustee.

**Application Deadlines:** The OMQF Trustees meet twice yearly, once in the spring and once in the fall. Deadline dates will be established, which will be approximately three to four months in advance of the meeting date. Deadline dates are available by contacting OMQF staff at The Columbus Foundation at 614/251-4000.

**Application Review Process:** All sponsored applications will be subject to a three-step review process. The first step will be a staff review and will include a face-to-face meeting to discuss the application. The second step is a review by the OMQF Program Committee. The third step is a review by the OMQF Trustees.

**Application Narrative and Budget Detail:** All applications submitted must include the following information:

- History of the organization;
- Description of the problem being addressed;
- Detailed description of the project;
- Names and qualifications of people responsible for the project;
- Detailed project budget and narrative, including income sources and expenditures;

- Plans for continuing the project beyond the requested grant period; and
- Project evaluation criteria.

**Application Attachments:** Additionally, the following forms and letters must be included in the application:

- Copy of organization's Federal IRS 501(c)(3) letter;
- Statement of the organization's board authorizing the request;
- Statement from the "sponsoring" OMQF Trustee endorsing the application (because OMQF Trustees have determined that all grantmaking will be board directed, this is extremely important, and applications without a sponsor will not be considered);
- Organization's annual operating budget;
- Organization's most recent annual audit; and
- Organization's most recent Form 990.