

December 30, 2019

Lourdes M. Castro Ramirez, Secretary
California Business, Consumer Services and Housing Agency
915 Capitol Mall, Suite 350-A
Sacramento, CA 95814

Dear Ms. Lourdes M. Castro Ramirez,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Naturopathic Medicine Committee submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2019.

Should you have any questions please contact Rebecca Mitchell, Executive Officer, at (916) 928-5862, Rebecca.Mitchell@dca.ca.gov.

GOVERNANCE

Mission and Strategic Plan

The mission of the Naturopathic Medicine Committee (NMC) is:

To protect California health care consumers and expand access to safe and effective primary care by licensing and regulating Naturopathic Doctors through vigorous enforcement of the Naturopathic Doctors Act.

The NMC's strategic goals include the following:

Licensing

The NMC promotes licensing standards for licensees to protect consumers and allow reasonable access to the profession. The NMC also oversees and approves continuing education standards to promote excellence in practice and public safety.

Enforcement

The NMC protects the safety of consumers through enforcement of the laws and regulations governing the practice of naturopathic medicine.

Legislation and Regulations

NMC statutes, regulations, policies and procedures strengthen and support their mandate and mission.

Administration

Through effective leadership, the NMC efficiently utilizes its resources and personnel to meet its objectives. It provides excellent customer service and consumer protection.

Outreach and Education

The NMC informs consumers, licensees, and stakeholders about the practice and regulation of the profession, while providing responsive customer service.

The NMC's objectives include, but are not limited to the following:

Licensing:

- Clarify and communicate the turnaround time for license applications and renewals to manage expectations.
- Empower applicants to monitor their own licensing application process to improve customer service.
- Update website information regarding Committee-approved continuing education offerings to provide current information to licensees.

Enforcement:

- Strengthen penalties for illegal use of N.D. title to protect consumers from unscrupulous practitioners.
- Improve the efficiency of enforcement reporting/notification through the BreEZe system to aid enforcement timelines.
- Encourage licensees and stakeholders to report unlicensed activities to reduce unlicensed use of the N.D. title.
- Educate licensees in verifying and confirming that any professional practitioner they work with is licensed to protect licensees from being in violation and further protect consumers.

Legislation and Regulation:

- Advance a plan to gain title protection to protect the public and aid in enforcement activities.
- Modernize scope of practice as trained to improve primary care services.
- Advance scope of practice to meet legislative mandates to fulfill mandate of Committee.
- Open communication between the Naturopathic Medicine Committee, appropriate boards, and associations in order to facilitate greater understanding of potential legislative and regulatory changes.
- Add continuing education provider (NANCEAC) to broaden continuing education opportunities.
- Create regulations and guidelines for naturopathic medical assistants to provide clarity and facilitate safe practice.
- Create I.V. and injection therapy regulations and guidelines to provide clarity and facilitate safe practice.
- Review and update statute and regulation for naturopathic childbirth attendance to enact current statute and enable licensing.

Administration:

- Create more email templates and voicemail branches to increase efficiencies in public service.
- Identify and implement a resource for tracking the Committee's work to enable committee members to monitor the progress of the program's work.

Outreach and Education:

- Explore opportunities to educate legislators and educate health related boards and professional associations about naturopathic medicine and the Naturopathic Medicine Committee to inform, foster relationships, reduce confusion, and gain support.
- Develop outreach campaigns to educate the public about naturopathic medicine.
- Communicate the approach of naturopathic medicine to vaccines, homeopathy, and supplementations to clarify misconceptions.
- Communicate the process of appealing consumer insurance denials to ensure parity between healthcare professional services and improve patient access.
- Increase frequency of online communications and website updates to better educate the public and licensees.
- Coordinate with the CNDA (professional association) to facilitate communication with licensees and the public.
- Create HIPPA and telemedicine (MBC) links to clarify law for licensees.

Control Environment

The NMC is a very small program with a total of two (2) staff, the Executive Officer and a program analyst. The members of the Committee oversee and conduct evaluations of the Executive Officer to further assist in maintaining proper controls of the program activities. The NMC has established and maintained a competent workforce who not only strive to keep the program accountable and free of risk, but who also attempt to work proactively to achieve these goals.

In order to achieve proper control environments, the NMC has established the following:

- *Monitoring Activities*
- *Addressing Vulnerabilities*
- *Identifying Risks*
- *Effective Communication*
- *Succession Planning*

Management establishes and demonstrates integrity and high ethical values and ensures appropriate levels of responsibility, authority, and documentation of internal control systems by developing and utilizing procedure manuals for all internal control systems. The NMC makes every attempt to not only modernize these goals and objectives, but to standardize the process in identification, mitigation, and remaining compliant.

Management meets with staff on a biweekly basis to discuss policies and procedures. In addition, management meets annually with staff to review their job performance through regular evaluations and Individual Development Plans. If necessary, the Committee will meet with staff on a more frequent basis. Management encourages staff to utilize resources through the DCA. These resources, include but are not limited to, training programs and employee assistance programs.

Due to budgetary limitations and the small license population of the NMC, there are currently no plans for recruitment of additional staff.

Information and Communication

The process to collect and communicate relevant and reliable information needed for operational,

programmatic and financial decision making is structured in a best practices manner. The NMC relies on the Department of Consumer Affairs (Department) for many of its administrative functions. Some of these include fiscal, legal, and other business services. The NMC relies on documentation that is either created by the Department or communicated with the authority of a control agency. The Committee only relies on communication that is verifiable and from other government agencies and/or stakeholders.

Since the NMC is a small program with a staff of two (2), the Executive Officer uses hands-on, direct communications in managing operations. The Committee does not have an internal auditor, however, undergoes audits by the Department's Office of Internal Audits (2018).

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Naturopathic Medicine Committee monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Rebecca Mitchell, Executive Officer.

Ongoing Monitoring:

As the head of Naturopathic Medicine Committee (NMC), Rebecca M. Mitchell, Executive Officer, is responsible for the overall establishment and maintenance of the internal control and monitoring systems.

Monitoring Activities:

The Executive team is involved in risk assessment processes. The Executive team is made up of the Executive Officer and the program analyst and is consistently reviewed by the members of the Committee. The team oversees specific program areas (i.e. administrative, information technology, fiscal, licensing and enforcement, etc.) The executive team continually evaluates internal control systems to ensure that risks are adequately addressed. Management evaluates each area and discusses concerns in daily, weekly, monthly, quarterly and annual meetings and raises potential issues for consideration. Any critical items identified are evaluated for mitigation. A risk must be documented when it meets both of the following criteria: 1. The ability of the Committee to carry out the mission. 2. There is no known internal control (existing business process) in place to mitigate the risk.

Addressing Vulnerabilities:

Staff works to identify opportunities to minimize impacts where possible, to shift workloads to share regular responsibilities and to identify strategies to reduce disruption caused by additional responsibilities. NMC continually works to improve efficiencies and facilitate completion of non-mission critical functions as they arise. As deficiencies are identified, staff meetings are held to identify what led to the situation and to define strategies to mitigate the deficiencies. Responsibility for implementing corrective measures and providing progress updates are assigned to staff as appropriate.

Ongoing Monitoring Compliance:

The NMC is in the process of implementing and documenting the ongoing monitoring processes as

outlined in the monitoring requirements of California Government Code sections 13400-13407. These processes include reviews, evaluations, and improvements to the Committee's systems of controls and monitoring

RISK ASSESSMENT PROCESS

The following personnel were involved in the Naturopathic Medicine Committee risk assessment process: executive management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, consideration of potential fraud, performance metrics, and other.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, potential impact of remediation efforts, and tolerance level for the type of risk.

Risk Assessment Process:

The following personnel were involved in the Naturopathic Medicine Committee's risk assessment process: Executive Management, and Staff.

Risk Identification:

NMC's risk assessment is performed through a series of informal but comprehensive reviews of issues that could affect staff's ability to perform core functions. These discussions are ongoing as NMC encounters new state requirements and other risks associated with administering and regulating a licensing program. The list of identified risks to NMC's operations and NMC's plans for addressing those risks are discussed below.

Risk Ranking:

Using the Department of Finance's SLAA Risks and Definitions document, staff was able to identify and rank internal and external risks and work to identify controls to mitigate those risks where possible. Risks were ranked on the following bases: likelihood/frequency of occurrence; degree of disruption to fulfillment of agency core mission; degree of uncertainty created by the risk.

RISKS AND CONTROLS

Risk: Fi\$cal Impacts to Operations and Decision Making

Accurate and timely revenue and expenditure reports are not currently available from the Fi\$Cal system and this ultimately results in DCA being unable to produce timely reconciled monthly and year-end financial statements to Boards. Specifically, the NMC is unable to access timely reports and readily validate the accuracy of data postings. This results in information lags as well as in poor, and inaccurate, real-time reporting to the NMC. Further, reports generated from the system often track awkward reconciliation points or contain incomplete or not user-friendly data. Accurate and usable reports are needed to make prudent budget and operational decisions. Special funds often have structural funding concerns, so understanding cash balances and expenditure status is essential. NMC

staff, as a result, have to manually track unresolved Fi\$Cal issues in hopes of providing better real time data to executive level managers. This adds significant staff time, and the manual preparation of reports outside of the system opens the NMC up to a larger opportunity for making unintended errors.

Control: Elevating Issues to DCA

The NMC is in communication with DCA on a regular basis to resolve open items which include posting corrections, programming concerns, and report suggestions within the system.

Control: Independently Tracking Data

The NMC relies on data tracking outside of the Fi\$cal system and regularly works with budget, accounting, and business services staff at DCA to track issues and make forecasting projections. This information is often utilized for meeting materials. Additionally, the NMC requests information as needed from DCA to try to identify and fix errors.

Risk: Title Protection for Added Consumer Safety

The NMC has a large enforcement caseload that is due to the violation of the use of the “naturopathic doctor” or “ND” title by unlicensed individuals. This is in part to unintended consequences of allowing the term “naturopathic practitioner” to be used in the Naturopathic Doctors Act, for those who cannot become licensed due to unaccredited education and certification.

Consumers are unintentionally seeking out individuals who they believe to be licensed and regulated naturopathic doctors, but instead are being treated by individuals who have not met licensing requirements, and who fail to properly inform the consumer of their unlicensed status. This creates a safety issue for consumers and causes a high rate of consumer complaints to be submitted to the NMC.

Control: Supplementary Data Tracking

During the 2017 Oversight (Sunset) Review, the NMC made a request that immediate title protection language be added statutorily to immediately lower the risk to consumers and assist in reducing the Committee’s enforcement resources for unlicensed practice on an ongoing basis.

The Legislature suggested that the NMC track data regarding the unlicensed enforcement complaints for a period of 24 months and request the statutory changes after additional reviews could be completed.

The NMC continues to track this data.

Control: Additional Education and Consumer Outreach

The NMC will continue to provide educational letters to unlicensed practitioners advising them of the laws surrounding naturopathic medicine. In addition, the NMC will continue to provide information on its website to inform consumers, licensees, and unlicensed individuals of the laws to further offer protections against unlicensed practice.

Control: Legislative Efforts for Strengthening Consumer Protection

The NMC will continue seeking statutory changes to protect the "naturopathic" title and further keep in its mission of protecting consumers.

CONCLUSION

The Naturopathic Medicine Committee strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

Rebecca Mitchell, Executive Officer

CC: California Legislature [Senate (2), Assembly (1)]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency