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RECEIVED

FEB 18 2003

NEVADA STATE BOARD OF
MEDICAL EXAMINERS

February 14, 2003

Sheryl Hug-English
Nevada State Board of Medical Examiners
P.O. Box 7238
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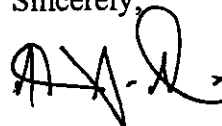
Dear Sheryl:

As you are well aware the Nevada State Board of Medical Examiners (the Board), collects licensing fees bi-annually. Consequently, in the year the licensing fees are collected a reserve is created. The reserve is needed in order to sustain the board's administrative and operating expenses for the following two consecutive years. In addition, a reserve is also required to cover any unexpected contingencies that may develop.

The Nevada State Board of Medical Examiners elected to reduce the licensing fees for physicians and eliminate the fee charged to physicians for physician assistants in order to reduce the financial burden on physicians due to growing liability insurance costs. This reduction in fees will have a direct impact on future funds available for the administration and operation of the Board and any contingencies that may arise. The Board is also implementing a new postgraduate competency-testing program for physicians. This program will require the use of reserve funds in order to implement and administer.

The Board approved budget projects the decrease in fees collected and an increase in expenses based on inflation and the implementation of new programs. Based on this budget the reserve will be reduced to approximately \$1,000,000 by the next biennial. This reserve needs to be maintained to ensure the ongoing financial integrity of the Nevada State Board of Medical Examiners and to protect the board from future legal or other contingencies that may arise in the course of the licensing and regulatory administration of physicians.

Sincerely,



John A. Solari

JAS/srf

EXHIBIT G Committee on Commerce/Labor

Date: 4/11/03 Page 1 of 1