

REPORT OF THE BOARD OF TRUSTEES

B of T Report 7-I-22

Subject: Transparency of Resolution Fiscal Notes
(Resolution 608-A-22)

Presented by: Sandra Adamson Fryhofer, MD, Chair

Referred to: Reference Committee F

1 Resolution 608 from the 2022 Annual Meeting, “Transparency of Resolution Fiscal Notes,” was
2 introduced by Resident and Fellow Section and referred. The resolution proposed amendments to
3 Policy G-600.061, “Guidelines for Drafting a Resolution or Report,” as follows:

4
5 RESOLVED, That our American Medical Association amend current Policy G-600.061,
6 “Guidelines for Drafting a Resolution or Report,” by addition and deletion to read as follows:
7

8 (d) A fiscal note setting forth the estimated resource implications (expense increase,
9 expense reduction, or change in revenue) of ~~the any proposed policy, program, study or~~
10 ~~directive to take action shall be generated and published~~ by AMA staff in consultation with
11 the sponsor. ~~prior to its acceptance as business of the AMA House of Delegates~~. Estimated
12 changes in expenses will include direct outlays by the AMA as well as the value of the
13 time of AMA’s elected leaders and staff. A succinct description of the assumptions used to
14 estimate the resource implications must be included in ~~the AMA House of Delegates~~
15 ~~Handbook to justify each fiscal note. When the resolution or report is estimated to have a~~
16 ~~resource implication of \$50,000 or more, the AMA shall publish and distribute a document~~
17 ~~explaining the major financial components or cost centers~~ (such as travel, consulting fees,
18 meeting costs, or mailing). No resolution or report that proposes ~~polices, programs, studies~~
19 or actions that require financial support by the AMA shall be considered without a fiscal
20 note that meets the criteria set forth in this policy.

21
22 In its report, the reference committee, stated:
23

24 Your Reference Committee heard mixed testimony on Resolution 608. Testimony noted that
25 standardizing the fiscal note process will be beneficial for both the resolution author and the
26 House of Delegates. It was stated that a process for developing fiscal notes was previously
27 established through current AMA policy. Additionally, a concern was raised the proposed
28 process could hinder the timely generation of fiscal notes for emergency resolutions. Due to
29 issues raised during testimony, your Reference Committee believes that an exploration of all
30 concerns related to fiscal note development is merited and recommends referral.

31
32 The resolution was not discussed in the House, as the reference committee recommendation was
33 adopted on the consent calendar. The full text of the policy in its current form is below in
34 Appendix A. Appendix B provides the text of Resolution 608.

1 BACKGROUND

2

3 Fiscal notes have been attached to items of business, particularly resolutions for decades. In 1999,
4 (then) Policy H-545.935, “Expanded Fiscal Notes on Resolutions,” stated:

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6 Fiscal notes estimated to be more than \$5,000 shall specify whether it is a “loss of revenue,”
7 “additional operating expense,” or “savings to the AMA.” The AMA publishes and distributes
8 a document containing explanations and/or assumptions for fiscal notes on each resolution
9 estimated to have a fiscal impact of \$50,000 or more, containing greater detail and supporting
10 documentation, including major components or cost centers (such as travel, consulting fees,
11 meeting costs, mailing).

12

13 At the 1999 Annual Meeting, Council on Long Range Planning and Development (CLRPD)
14 Report 4 altered the policy somewhat and incorporated it into (then new) Policy H-545.933,
15 “Guidelines for Drafting a Resolution,” with the new language as follows:

16

17 A fiscal note setting forth the estimated cost of the proposed policy, program, or action shall be
18 generated by AMA staff in consultation with the sponsor. Fiscal notes estimated to be more
19 than \$5,000 shall specify whether it is a “loss of revenue,” “additional operating expense,” or
20 “savings to the AMA.” When the resolution is estimated to have a fiscal impact of \$50,000 or
21 more, the AMA shall publish and distribute a document explaining the major financial
22 components or cost centers (such as travel, consulting fees, meeting costs, or mailing). No
23 resolution requiring finances shall be considered without attachment of such fiscal note.

24

25 The same report created (then) Policy H-545.934, “Guidelines for Drafting a Report,” under which
26 “all reports to the HOD for action shall include a fiscal note and a designation whether or not it is
27 within the current budget.”

28

29 At the 2003 Annual Meeting, CLRPD Report 6-A-03 made the two guideline drafting policies
30 parallel, calling for a fiscal note for any “proposed policy, program, or action” whether in a
31 resolution or report. Similarly, the requirement to publish and distribute a document on the
32 financial components was extended to reports, and consideration of either a resolution or action
33 report without the requisite fiscal note was to be precluded. The fiscal note focus was changed from
34 cost to “resource implications (expense increase, expense reduction, or change in revenue).”

35

36 Except for consolidating the two policies into a single policy, other changes to the policy since
37 2003 did not address the portion on fiscal notes. The policy as it appears in the Appendix has been
38 in place since 2018.

39

40 CURRENT PRACTICE WITH FISCAL NOTES

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42 Fiscal notes are based on a gross estimate of the AMA staff time that would be required to
43 implement the resolution or report as written along with other cost centers such as survey expenses
44 and consultant fees or foregone revenue. A fiscal note is printed on every resolution and action
45 report (i.e., informational reports are excluded), provided the information is available when the
46 document is officially released in the handbook, addendum, or tote.* Fiscal notes can only rarely be

* The tote contains items of business submitted after the on-time deadline for a meeting. Historically, this has been the “Sunday tote,” but for A-22 was the “Saturday tote,” and for the Special Meetings was a “Friday tote.”

1 calculated precisely, so current practice characterizes the fiscal note for most items within one of
2 three ranges:

3

- 4 • Minimal – less than \$1,000
- 5 • Modest – between \$1,000 - \$5,000
- 6 • Moderate – between \$5,000 - \$10,000

7

8 Items for which the fiscal note exceeds \$10,000 are addressed in the “Summary of Fiscal Notes
9 [meeting]” document, which is included in the initial handbook and is updated and included in the
10 tote distributed for the second opening.

11

12 In fact, the fiscal notes for all items of business having a fiscal note appear in the “Summary of
13 Fiscal Notes,” including those items that did not directly incorporate the figure when initially
14 released. For those items where the note exceeds \$10,000, additional information is included for
15 most, with exceptions largely from section-sponsored resolutions transmitted for immediate
16 consideration by the House of Delegates and for which only a gross figure is available, but
17 otherwise, a breakdown of the fiscal note is provided using broad categories (e.g., consultant fees).
18 For example, the document included the following fiscal notes in June:

19

- 20 • Res 242, Public Awareness and Advocacy Campaign to Reform the Medicare Physician
21 Payment System: Est btwn \$1M - \$25M to conduct a public awareness camp (incl. paid ads,
22 social and earned media, patient and phys grassroots) to prevent/mitigate further Medicare
23 payment cuts and lay the groundwork to pass fed legislation. Incl prof. fees and promotion
- 24 • Res 615, Anti-Harassment Training: Est cost approx. \$60K-\$65K to create 3 targeted
25 eLearning modules. Incl end to end content design & devel costs to start from scratch, subj
26 matter expert honorariums and staff time

27

28 The summary document provides this additional information for all items for which the fiscal note
29 exceeds \$10,000, not only those greater than \$50,000 as called for by existing Policy G-600.061.
30 Also worth noting is that the resolution sponsor is contacted when the fiscal note exceeds \$5,000.
31 That sometimes leads to a change in the resolution.

32

33 *Limitations in the Current Fiscal Note Process*

34

35 As noted generating reliable estimates of the “estimated resource implications (expense increase,
36 expense reduction, or change in revenue),” to use the language of the current policy, of an item of
37 business, particularly resolutions, is difficult. Resolutions are most frequently submitted on or near
38 deadlines, meaning time for processing—and preparing a fiscal note is only one facet of that
39 process—must be accomplished relatively quickly and like any estimate, cannot be calculated with
40 precision. Fiscal notes for reports are generally more reliable than those for resolutions because
41 more time is available for their development, but even so, they should be considered qualified
42 estimates rather than definitive.*

43

44 Moreover, few resolutions specify parameters sufficiently to yield reliably precise figures. While
45 estimates of foregone revenue and changes in member benefits are readily calculated simply
46 because accurate figures can be used (e.g., the number of members and the revenue or cost per
47 member are available), even those figures are subject to estimates of the number of members who
48 will take advantage of the proposal. Resolutions calling for our AMA to study an issue are

* The Report of the Speakers’ Special Advisory Committee from the 2009 Annual Meeting included a chart, characterized how business is processed for a meeting. The chart would not be substantially different today.

1 particularly prone to interpretation. Does “study” simply mean that a report be prepared, or does it
2 require more extensive effort, such as fielding a survey or soliciting members’ experiences?
3

4 Finally, it should be borne in mind that the fiscal note is prepared based on the item of business as
5 written. Changes by the reference committee and amendments in the House can significantly alter
6 the item, potentially decreasing confidence and increasing error in the fiscal note. Routine
7 informational reports to the House that are attributable to existing policy (e.g., the annual tobacco
8 report, the annual demographic report, the update on the ACA at every HOD meeting) incur costs
9 that are not captured by fiscal notes at all, even though their genesis is found in resolutions adopted
10 by the House. The expense related to reports that stem from referred resolutions is similarly not
11 captured in a fiscal note. Based on observations over multiple House meetings, it seems that
12 “small” fiscal notes—small by whatever definition—concern few people, while “large” fiscal
13 notes—probably defined as in excess of \$500,000—however accurate, seemingly cause concern
14 that the dollars are used as a barrier against doing the work, rather than acceptance that the work
15 can be and often times is costly.
16

17 Lost in the discussion of fiscal notes is the fact that every item of business incurs various expenses.
18 Those expenses begin with the sponsoring organization and extend to our AMA for processing,
19 distribution, and implementation, even if implementation is little more than recording the statement
20 in PolicyFinder. Similarly, items of business indirectly add to expenses for members of the House
21 who leave their practices to attend House of Delegates meetings. To be clear, these observations
22 are not criticisms, only an acknowledgement that fiscal notes do not cover all associated costs,
23 much as various regulatory schemes or insurance practices impose costs on physicians even if
24 unintended and unacknowledged.
25

26 RESOLUTION 608-A-22 27

28 The declared intent underlying Resolution 608-A-22 is found in the whereas clause that states,
29 “Providing the rationale behind the fiscal note to the House of Delegates would promote
30 understanding, transparency, standardization and enable the House to utilize the AMA’s resources
31 more judiciously.” (The full text of the resolution, including the whereas clauses, is found in
32 Appendix B.) The fiscal note for the resolution was just over \$5800 annually, or moderate using
33 the standard terminology, assuming the submission of 280 resolutions per year.
34

35 The resolution proposes changes to three elements of the existing policy regarding fiscal notes,
36 although the need for each change is not explicitly stated:
37

- 38 • Removes proposed “policies and programs” from the requirement for a fiscal note while
39 inserting “study or directive to take” before the word “action.”
- 40 • Requires that the fiscal note be generated and published “prior to acceptance as business.”
- 41 • Calls for including a succinct justification for each fiscal note to be included in the handbook.
42

43 The rationale for the first change is unclear. If the intent is simply to propose alternative language
44 for the existing policy, the change serves no real purpose. If the intent is to use the “directive to
45 take action” terminology to cover any resolution calling for any sort of activity, the distinction with
46 and inclusion of “study” is unnecessary. Given that the authors distinguish between “study” and
47 “directive to take action,” it would be inconsistent to remove the word “program” from the policy.
48

49 More problematic is the removal of the word “policy,” which is inconsistent with the author’s
50 suggestion that the change will “enable the House to utilize the AMA’s resources more
51 judiciously,” as it ignores the fact that every resolution incurs some cost, even if minimal. And it

1 should be reiterated that processing, distribution, and other meeting-related costs are not captured
2 by fiscal notes. In addition, even purely philosophical statements of policy may carry costs
3 associated with implementation and advocacy. For example, recent policies emphasizing the role of
4 physicians on the health care team have led to considerable activity.
5
6 Finally, the “policy, program, or action” language was developed by the Council on Long Range
7 Planning and Development after careful consideration and presentation of its 1999 report
8 mentioned above. Your Board cannot support the proposed change to this part of the policy.
9
10 The second proposed change calls for preparing and publishing the fiscal note before accepting the
11 item as business. Again the intent is unclear. Whenever possible, as noted above, fiscal notes are
12 appended to the resolution before it is distributed in the handbook, addendum, or tote, and the
13 summary of fiscal notes document appears in the handbook and in updated form in the tote. Thus it
14 would seem that this is already accomplished.
15
16 The policy already calls for the fiscal note to be developed in consultation with the authors, but
17 given the usual timing of resolution submissions and the multiple processing steps, the Speakers
18 have determined that this consultation is required only for those resolutions for which the fiscal
19 note exceeds \$5000. To consult with the sponsor for every resolution would be problematic. First,
20 it would likely add significantly to the processing time for resolutions. Most resolutions are
21 submitted by medical society staff, but the person sending the resolutions to the House Office is not
22 necessarily the best contact for the resolution. Connecting with the proper individual may take
23 time, and it is not uncommon that the most knowledgeable party is the physician who initially
24 generated the idea that then came through the society. Relatedly, section-sponsored resolutions,
25 particularly those sent for immediate consideration by the House, may require governing council
26 input if questions arise about the fiscal note, a potentially time-consuming process. Second, such
27 consultations seem largely unnecessary for resolutions that have minimal costs. The value added
28 for the time invested is virtually nil, as fiscal notes under \$5,000 essentially represent staff time,
29 meaning there is little to explicate. Finally, resolutions are technically not accepted as business
30 until the House acts (usually as part of the second opening) by which time fiscal notes have been
31 prepared and published for all items of business, with only a handful of exceptions. If the authors
32 have in mind that the fiscal note should be made available before the resolution can be included in
33 the handbook, they have effectively created an impossible task or need to suggest a workable
34 mechanism that will allow timely publication of meeting materials.
35
36 Not seeing how this change benefits the House and not seeing how this proposal could be
37 implemented without disrupting or delaying HOD meeting preparations, your Board does not
38 support this change.
39
40 The last change proposed would include a “succinct description of the assumptions used to
41 estimate the resource implications” of each resolution in the handbook. As noted, most resolutions
42 with a fiscal note under \$5,000 reflect costs associated with staff time, and the same is true for
43 fiscal notes up to \$10,000. Including assumptions on staff costs would involve adding the hours
44 and salary rates for AMA employees that would be an inappropriate public disclosure of
45 compensation in many cases. Insofar as fiscal notes over \$5000 are discussed with the sponsor and
46 the summary of fiscal notes document includes elements of the costs associated with resolutions
47 having fiscal notes in excess of \$10,000, your Board believes this change is unnecessary.

1 RECOMMENDATION

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3 Your Board of Trustees recommends that Resolution 608 not be adopted and the remainder of the
4 report be filed.

Fiscal Note: None other than preparing this report

APPENDIX A - PolicyG-600.061, "Guidelines for Drafting a Resolution or Report"

Resolutions or reports with recommendations to the AMA House of Delegates shall meet the following guidelines:

1. When proposing new AMA policy or modification of existing policy, the resolution or report should meet the following criteria:
 - (a) The proposed policy should be stated as a broad guiding principle that sets forth the general philosophy of the Association on specific issues of concern to the medical profession;
 - (b) The proposed policy should be clearly identified at the end of the resolution or report;
 - (c) Recommendations for new or modified policy should include existing policy related to the subject as an appendix provided by the sponsor and supplemented as necessary by AMA staff. If a modification of existing policy is being proposed, the resolution or report should set out the pertinent text of the existing policy, citing the policy number from the AMA policy database, and clearly identify the proposed modification. Modifications should be indicated by underlining proposed new text and lining through any proposed text deletions. If adoption of the new or modified policy would render obsolete or supersede one or more existing policies, those existing policies as set out in the AMA policy database should be identified and recommended for rescission. Reminders of this requirement should be sent to all organizations represented in the House prior to the resolution submission deadline;
 - (d) A fiscal note setting forth the estimated resource implications (expense increase, expense reduction, or change in revenue) of the proposed policy, program, or action shall be generated by AMA staff in consultation with the sponsor. Estimated changes in expenses will include direct outlays by the AMA as well as the value of the time of AMA's elected leaders and staff. A succinct description of the assumptions used to estimate the resource implications must be included in each fiscal note. When the resolution or report is estimated to have a resource implication of \$50,000 or more, the AMA shall publish and distribute a document explaining the major financial components or cost centers (such as travel, consulting fees, meeting costs, or mailing). No resolution or report that proposes policies, programs, or actions that require financial support by the AMA shall be considered without a fiscal note that meets the criteria set forth in this policy.
2. When proposing to reaffirm existing policy, the resolution or report should contain a clear restatement of existing policy, citing the policy number from the AMA policy database.
3. When proposing to establish a directive, the resolution or report should include all elements required for establishing new policy as well as a clear statement of existing policy, citing the policy number from the AMA policy database, underlying the directive.
4. Reports responding to a referred resolution should include the resolves of that resolution in its original form or as last amended prior to the referral. Such reports should include a recommendation specific to the referred resolution. When a report is written in response to a directive, the report should sunset the directive calling for the report.
5. The House's action is limited to recommendations, conclusions, and policy statements at the end of report. While the supporting text of reports is filed and does not become policy, the House may correct factual errors in AMA reports, reword portions of a report that are objectionable, and rewrite portions that could be misinterpreted or misconstrued, so that the "revised" or "corrected" report can be presented for House action at the same meeting whenever possible. The supporting texts of reports are filed.
6. All resolutions and reports should be written to include both "MD and DO," unless specifically applicable to one or the other.

7. Reports or resolutions should include, whenever possible or applicable, appropriate reference citations to facilitate independent review by delegates prior to policy development.
8. Each resolution resolve clause or report recommendation must be followed by a phrase, in parentheses, that indicates the nature and purpose of the resolve. These phrases are the following:
 - (a) New HOD Policy;
 - (b) Modify Current HOD Policy;
 - (c) Consolidate Existing HOD Policy;
 - (d) Modify Bylaws;
 - (e) Rescind HOD Policy;
 - (f) Reaffirm HOD Policy; or
 - (g) Directive to Take Action.
9. Our AMA's Board of Trustees, AMA councils, House of Delegates reference committees, and sponsors of resolutions will try, whenever possible, to make adjustments, additions, or elaborations of AMA policy positions by recommending modifications to existing AMA policy statements rather than creating new policy.

Policy Timeline

CLRPD Rep. 4, A-99; Modified by BOT Rep. 15, A-00; Consolidated: CLRPD Rep. 3, I-01;
Modified: CLRPD Rep. 2, A-02; Modified: CLRPD Rep. 6, A-03; Reaffirmed: BOT Rep. 19, A-04;
Appended: Res. 606, A-05; Appended: Res. 611, A-07; Modified: CCB/CLRPD Rep. 1, A-12;
Modified: Speakers Rep., A-18

APPENDIX B – Resolution 608-A-22

Whereas, AMA resolutions include a fiscal note to share the projected cost of the resolution resolved clauses, if adopted; and

Whereas, The fiscal note is often categorized minimal, modest or moderate or sometimes, more specifically states an estimated cost in dollars; and

Whereas, Little justification or detail is provided to explain fiscal notes; and

Whereas, Providing the rationale behind the fiscal note to the House of Delegates would promote understanding, transparency, standardization and enable the House to utilize the AMA's resources more judiciously; therefore be it

RESOLVED, That our American Medical Association amend current policy G-600.061, "Guidelines for Drafting a Resolution or Report," by addition and deletion to read as follows:

(d) A fiscal note setting forth the estimated resource implications (expense increase, expense reduction, or change in revenue) of the any proposed policy, program, study or directive to take action shall be generated and published by AMA staff in consultation with the sponsor, prior to its acceptance as business of the AMA House of Delegates. Estimated changes in expenses will include direct outlays by the AMA as well as the value of the time of AMA's elected leaders and staff. A succinct description of the assumptions used to estimate the resource implications must be included in the AMA House of Delegates Handbook to justify each fiscal note. When the resolution or report is estimated to have a resource implication of \$50,000 or more, the AMA shall publish and distribute a document explaining the major financial components or cost centers (such as travel, consulting fees, meeting costs, or mailing). No resolution or report that proposes polices, programs, studies or actions that require financial support by the AMA shall be considered without a fiscal note that meets the criteria set forth in this policy.