

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3897-01  
Bill No.: HB 1619  
Subject: Drugs and Controlled Substances; Health Department  
Type: Original  
Date: January 28, 2008

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Bill Summary: This legislation requires the Department of Health and Senior Services to maintain a realtime electronic logbook on all pseudoephedrine purchases in this state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$896,115)	(\$559,936)	(\$566,342)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$896,115)</b>	<b>(\$559,936)</b>	<b>(\$566,342)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Public Defender, Office of the State Courts Administrator, Missouri State Highway Patrol, Department of Insurance, Financial Institutions & Professional Registration, Department of Mental Health, Department of Social Services** and the **Department of Public Safety** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of the Attorney General (AGO)** assume that any costs associated with implementing the provisions of this proposal can be absorbed with existing resources. To the extent the implementation of the prescription monitoring program results in a significant number of new referrals to the AGO in the areas of Medicaid fraud or other possible criminal activity, AGO may seek necessary appropriations to handle the increase in workload.

ASSUMPTION (continued)

Officials from the **Office of Prosecution Services (OPS)** assume any increase in the number of cases referred for criminal prosecution will have an additional fiscal impact on County Prosecutors. However, officials from the OPS are not aware of any estimates of the number of additional criminal cases that would be referred to County Prosecutors for charges because of this proposed legislation. Additionally, the OPS is not otherwise able to establish a workable estimate of the number of additional criminal cases that would be referred to County Prosecutors for charges. It is therefore, not possible to determine if this proposal would have a significant direct fiscal impact on county prosecutors or the OPS.

**Oversight** assumes the OPS could absorb the additional caseload that may result from this proposal within existing resources. Oversight assumes any significant increase in the workload of the OPS would be reflected in future budget request.

Officials from the **Department of Health and Senior Services** assume costs associated with the proposed bill relate to implementation of Sections 195.017.2(2) and 338.400 through 338.405, which requires the implementation of an electronic log of transactions involving the sale of ephedrine, phenylpropanolamine, or pseudoephedrine products.

*Bureau of Narcotics and Dangerous Drugs (BNDD) Costs:*

One Health and Senior Services Manager (1) will be needed to perform the following duties:

- On an on-going basis monitor the program, maintain ongoing communication with the ITSD staff responsible for maintenance of the program applications, communicate with professional organizations regarding compliance with reporting requirements, and communicate with other state and local agencies and the public regarding the program;
- Coordinate with investigative management of the BNDD for enforcement activities and with law enforcement and regulatory agencies of this and other states for sharing data and tracking outcomes;
- Develop regulations, training materials and policies and procedures related to reporting by dispensers, access to data by authorized parties; provide technical assistance to program participants on matters relating to the program;
- Supervise subordinate staff involved in program implementation and administration; and
- Work with ITSD staff to design and prepare reports of program data; review data reports and report to administration trends identified.

ASSUMPTION (continued)

One Office Support Assistant (keyboarding), would be necessary to provide clerical support to the program and to respond to inquiries and requests for database reports received. This individual will perform coordination of communication with other agencies and the public and maintenance of memoranda of understanding for data sharing; assist practitioners in obtaining access to the reporting subsystem of the program and assist in the generation and distribution of reports as requested by authorized individuals and agencies that cannot access this information via the internet. This individual will also be responsible for responding to routine telephone inquiries regarding the program.

Standard expense and equipment costs are included for the two BNDD positions identified above.

*Office of Administration, Information Technology Services Division (ITSD) Costs:*

Support from ITSD will be needed to assist DHSS in purchasing and customizing a data system to provide pharmacies in Missouri access to a realtime electronic logbook for the purposes of entering into the realtime logbook any transaction required to be reported under Section 195.017,

It is assumed that the application(s) will reside on servers at DHSS-ITSD and due to the large amount of data that will be collected and stored, a Storage Area Network (SAN) will need to be purchased. The hardware costs included in this response assumed the ongoing leasing of all hardware.

ITSD estimates that the following costs will apply:

Consultant cost for purchase and implementation of application. \$673,500 in FY 09, \$250,000 in FY10 and FY11.

The total amount for hardware and leasing requirements is \$96,391 annually.

ITSD Staffing:

1 FTE - Computer Information Technology Specialist II will be required to provide project management, development support and administration/maintenance of application.

1 FTE - Computer Information Technologist II will be required to provide on-going support of the application.

ASSUMPTION (continued)

.50 FTE - Computer Information Technology Specialist I will be required to provide hardware server support installation and maintenance.

Standard expense and equipment costs related to each position are also included.

**Oversight** assumes the DHSS/BNDD could absorb one Office Support Assistant FTE and the DHSS/ITSD could absorb a one-half Computer Information Technology Specialist I FTE.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight also adjusted the cost of the additional FTE to reflect six months in FY09.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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**GENERAL REVENUE FUND**

Costs - Department of Health and Senior Services

Personal Services	(\$65,897)	(\$135,749)	(\$139,821)
Fringe Benefits	(\$29,140)	(\$60,028)	(\$61,829)
Equipment and Expense	(\$31,187)	(\$17,768)	(\$18,301)
Consultant & Purchase of Application	(\$673,500)	(\$250,000)	(\$250,000)
Specialized Computer Equipment	<u>(\$96,391)</u>	<u>(\$96,391)</u>	<u>(\$96,391)</u>
<u>Total Costs - DHSS</u>	<u>(\$896,115)</u>	<u>(\$559,936)</u>	<u>(\$566,342)</u>
FTE Change - DHSS	3 FTE	3 FTE	3 FTE

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$896,115)</u></b>	<b><u>(\$559,936)</u></b>	<b><u>(\$566,342)</u></b>
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Estimated Net FTE Change for General Revenue Fund	3 FTE	3 FTE	3 FTE
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FISCAL IMPACT - Local Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Licensed pharmacies and dispensing practitioners may incur an indeterminate fiscal impact for purchasing electronic equipment, software and related man-hours required in entering and transmitting data to the electronic log for methamphetamine purchases. Tracking this information is already required, but allowed to be kept in a paper log. Any cost incurred may be offset somewhat by the benefits provided by being able to maintain this purchase information electronically and by having purchases denied as exceeding that individual's purchase threshold.

FISCAL DESCRIPTION

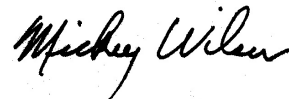
This legislation requires the Department of Health and Senior Services to maintain a realtime electronic logbook to record pseudoephedrine purchases in the state. Any transaction record will be deleted two years from the date of entry, unless the record is being used in a criminal investigation or proceeding.

The legislation specifies who is allowed access to the electronic logbook and that the information contained in the electronic logbook will remain confidential. Any person who commits the crime of unauthorized disclosure relating to confidential information collected by these provisions will be guilty of a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General  
Office of the State Courts Administrator  
Department of Public Safety  
Office of the Secretary of State  
Office of the State Public Defender  
Department of Insurance, Financial Institutions & Professional Registration  
Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services  
Missouri State Highway Patrol  
Office of Prosecution Services



Mickey Wilson, CPA  
Director  
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