

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0300-03
Bill No.: Perfected SCS for SB 119
Subject: Pharmacy; Health, Public
Type: Original
Date: March 11, 2015

Bill Summary: This proposal modifies the law regarding the Prescription Drug Repository Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Pharmacy Fees	\$0	(Up to \$1,000,000)	(Up to \$1,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Up to \$1,000,000)	(Up to \$1,000,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Pharmacy Fees Fund	0	1	1
Total Estimated Net Effect on FTE	0	1	1

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state an exact estimate of costs cannot be provided because the scope of participants and potential donors is unknown. Significantly, the proposal would require that the program collect donations, maintain the drug supply, and provide for transportation. The proposal would allow the Board to contract with a third party to operate the program; however, it is unclear what the Board might be charged given that the scope of the program is unknown. The Board estimates costs could be upwards of \$1 million per year for the life of the statute. These costs would be related to either providing the services directly or contracting with a third party for operation and would include:

- 1) Drug storage space that is temperature controlled and has appropriate freezer/refrigerator units for those drugs subject to specific temperature requirements. It appears the proposal would estimate a full drug distributor operation;
- 2) Arranging, scheduling, or paying to transport the drugs to participants. While the program could alternatively require pick-up by recipients, this is included as a cost estimate just in case;
- 3) Enrolling participants and determining eligibility; see below;
- 4) Maintaining the website and donor listing; and,
- 5) Performing the required educational outreach.

If the program is completely delegated to a third party, the Board would likely be able to handle the registration portion of the program with an additional clerical FTE. If the program is not delegated to a third party, the Board would likely need at least 5–7 FTE to fully operate the program.

The DIFP estimates the fiscal impact of this proposal will begin in FY 2017 and could cost up to \$1,000,000 annually to the Pharmacy Fees Fund, whether contracted out or performed in house. In addition, the Board may need to increase fees to cover the cost of implementing this program.

Oversight assumes since the legislation provides that the Board of Pharmacy will contract out the operation of the program with a third party, the DIFP will not need more than 1 FTE clerical to handle the registration portion of the program. However, since the cost of the contract is unknown, Oversight will present DIFP's costs as "Up to \$1,000,000" annually to the Pharmacy Fees Fund beginning in FY 2017.

Officials from the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
PHARMACY FEES FUND (§§338.700 - 338.735)			
<u>Income - DIFP</u>			
Increase in pharmacy fees	\$0	\$0 to Unknown	\$0 to Unknown
<u>Costs - DIFP</u>			
Contract costs for implementation of a drug repository program	<u>\$0</u>	<u>(Up to \$1,000,000)</u>	<u>(Up to \$1,000,000)</u>
FTE Change - DIFP	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON PHARMACY FEES FUND			
	<u>\$0</u>	<u>(Up to \$1,000,000)</u>	<u>(Up to \$1,000,000)</u>
Estimated Net FTE Change on the Pharmacy Fees Fund	0 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal will directly impact small business pharmacies if the Board of Pharmacy raises license fees to cover the costs of the drug repository program.

FISCAL DESCRIPTION

This proposal modifies provisions of law regarding the Prescription Drug Repository Program.

The proposal transfers the regulation of the Prescription Drug Repository Program from the Department of Health and Senior Services to the State Board of Pharmacy. The Board shall contract with a third party to administer the program and shall develop and maintain a participant

FISCAL DESCRIPTION (continued)

registry for the Program. The Board may cooperate with non-governmental organizations to maintain a web-based list of prescriptions drugs, devices, or supplies that have been donated and the participants from which the donated items may be available.

Under current law, packaging must be unopened, except that prescription drugs packaged in single-unit doses may be accepted and dispensed when the outside packaging is opened if the single-unit-dose packaging is undisturbed. This proposal further specifies that such opened single-unit-dose packaged drugs may also be accepted even if one or more of the drugs have been dispensed so long as the remaining drugs are kept sealed in the single-dose packaging and have not been disturbed or tampered.

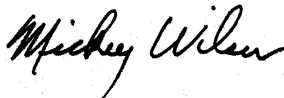
Prescription drugs that can only be dispensed to a patient registered with the drug's manufacturer in accordance with federal law shall not be accepted or dispensed through the program. Dispensers of donated items are prohibited from seeking reimbursement from a third-party payer for the cost of donated items although a handling fee of up to 250% of the Medicaid dispensing fee may be charged to recipients.

The proposal provides that participants, defined as practitioners or pharmacies that elect to participate in the program, shall retain separate records detailing the receipt, distribution, and dispensing of the donated items.

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

Department of Health and Senior Services
Department of Insurance, Financial Institutions
and Professional Registration



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