

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0607-01
Bill No.: SB 63
Subject: Health Care Professionals; Health Department; Drugs and Controlled Substances;
Pharmacy
Type: Original
Date: January 27, 2015

Bill Summary: This proposal establishes a Prescription Drug Monitoring Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$1,015,882)	(\$4,604,536)	(\$4,414,316)
Total Estimated Net Effect on General Revenue	(\$1,015,882)	(\$4,604,536)	(\$4,414,316)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 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
General Revenue	6	22	22
Total Estimated Net Effect on FTE	6	22	22

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 Health and Senior Services (DHSS)** provide the following information:

§ 195.453.1 - Grants, Gifts and Donations:

This section of the proposal states, in part:

“...The funding of the prescription drug monitoring program shall be subject to appropriation. In addition to appropriations from the general assembly, the department may apply for available grants and shall be able to accept other gifts, grants, and donations to develop and maintain the program.”

The DHSS assumes the costs associated with a prescription drug monitoring system will be funded with General Revenue. Also, since the DHSS is not aware of any potential grant funding opportunities at this time, none of the prescription monitoring costs are assumed to be funded by grants. At this time, the DHSS is not aware of any potential gifts for donations or donations for this purpose. Further, the DHSS assumes costs related to a prescription monitoring program would commence in FY 2016.

§§ 195.450 through 195.465 - Drug Monitoring Program Act:

One Health and Senior Services Manager (\$39,980 annually) will be needed to perform the following duties:

- Draft a Request for Proposal to solicit bids for the required database. Once the contract is awarded, this individual will be needed on an ongoing basis to monitor the database contract and program, maintain ongoing communication with professional organizations regarding compliance with reporting requirements, and other state and local agencies and the public regarding the program;
- Coordinate with investigative management of the Bureau of Narcotics and Dangerous Drugs (BNDD) for enforcement activities and with law enforcement and regulatory agencies of Missouri and other states for sharing data and tracking outcomes;
- Develop rules, policies, and procedures for reporting by dispensers and 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;
- Design and prepare reports of program data and review data collected to determine trends;
- Provide required educational programs regarding the Prescription Drug Monitoring Program required in Section 195.468; and
- Develop reports to the General Assembly regarding the pilot project on prescription fraud (Section 195.477).

ASSUMPTION (continued)

One Health Program Representative I (\$30,672 annually) will:

- Provide support to the program;
- Respond to inquiries and requests for database reports received;
- 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;
- Generate and e-mail or generate, print, and fax reports as requested by authorized individuals and agencies that cannot access this information via the internet; and
- Respond to telephone inquiries regarding the program and answer the toll-free number established for reporting prescription fraud (Section 195.471).

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One Investigative Manager (\$39,980 annually) will:

- Review database information;
- Assign and supervise investigations;
- Assist the manager in operating the database and supervise investigative staff; and
- Assist the manager in providing the required educational courses (Section 195.468).

The above three positions will be hired as of September 1, 2015.

Three Investigator II positions will be needed to respond to complaints and conduct investigations. These positions are assumed to be telecommuters. These positions will be hired as of January 1, 2016.

Support from the Office of Administration (OA), Information Technology Services Division (ITSD) will be needed for DHSS to establish and maintain an application to monitor the prescribing and dispensing of schedule II, III and IV controlled substances by all professionals licensed to prescribe or dispense such substances in this state. Each dispenser will submit to DHSS, in electronic format, the required information in accordance with transmission standards established by the American Society for Automation in Pharmacy, or any successor organization, and shall report data within every seven days. A paper form alternative must be available for those provided a waiver for electronic submission by DHSS.

Infrastructure costs have been calculated using the FY 2015 SDC (State Data Center) CAP (Cost Allocation Plan) document. ITSD costs assume the use of an application built for the State of Missouri and hosted in the SDC ,as well as three servers to include development, testing and production of the application, with 100gb of disk storage for each. ITSD estimates total IT consultant costs, related expenditures, and on-going expenses to be \$736,201 for FY 2016; \$424,267 for FY 2017; and \$219,307 for FY 2018.

ASSUMPTION (continued)

§195.453.5 - Dispenser reimbursements

Section 195.453.5 of the proposed legislation requires DHSS to reimburse dispensers for fees and other direct costs of transmitting the required information. For fiscal note purposes DHSS assumes that each of the 25,000 dispensers will invoice quarterly with each invoice averaging \$30. DHSS would, therefore, process 100,000 invoices annually. At \$30 each, total invoicing will equal \$750,000 each quarter.

DHSS would also be required to hire staff in both the Division of Administration (DA) and the Division of Regulation and Licensure (DRL) to process the invoices received from dispensers. DHSS estimates the number of invoices to be 100,000 for FY 2017 and FY 2018. DHSS estimates that each invoice will take 10 minutes to process in the DRL and 10 minutes to process in the DA. Three different job categories will work together as follows to pay an invoice: in DRL, an Office Support Assistant (\$22,932 annually) will take 2 ½ minutes to open the invoice, log it into the tracking system and forward it to the Account Clerk II; an Account Clerk II (\$25,572 annually) will take five minutes to enter the document into SAM II, confirm the account coding and forward to the Accountant I for approval; and the Accountant I (\$30,672 annually) will take 2 ½ minutes to verify the coding and funding availability and approve the document in SAM II. In the DA, an Office Support Assistant will take 2 ½ minutes to open the invoice, log it into the tracking system and forward it to the Account Clerk II; the Account Clerk II will verify the payment documents from DRL for coding and funding accuracy; and the Accountant I will take 2 ½ minutes to apply final approval to the payment. The additional FTE required for invoice processing is as follows:

100,000 invoices X 20 minutes per invoice = 2,000,000 minutes to process invoices. 2,000,000 minutes / 60 minutes per hour = 33,333 hours. 33,333 hours/2,080 = 16.00 FTE:

Job Title	Percent of Time	DRL FTE	DA FTE	Salary	Total Annual Salaries
Office Support Assistant	25	2.00	2.00	22,932	\$91,728
Account Clerk II	50	4.00	4.00	25,572	\$204,576
Accountant I	25	2.00	2.00	30,672	\$122,688
Totals	100	8.00	8.00		\$418,992

It is assumed these positions will be hired on July 1, 2016.

ASSUMPTION (continued)

For the purpose of this proposed legislation, officials from the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crimes relating to dispensation of pharmaceuticals monitoring.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The creation of a new crime creates additional responsibilities for county prosecutors which may, in turn, result in additional costs, which are difficult to determine.

Oversight assumes the potential responsibilities imposed on county prosecutors as a result of this proposal, will be absorbable within current funding and staffing levels.

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have potential fiscal impact for DOC, is for a class A misdemeanor. The DOC would not supervise these class A misdemeanor cases.

Officials from the **Department of Mental Health (DMH)** provide that since this bill requires the program to be funded exclusively from grants, gifts and donations, it is assumed that the DMH would have no fiscal impact.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

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

ASSUMPTION (continued)

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.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, the Department of Public Safety - Missouri State Highway Patrol, the Department of Social Services, the Joint Committee on Administrative Rules and the Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - DHSS (§§195.450 - 195.465)</u>			
Personal service	(\$147,957)	(\$647,564)	(\$654,039)
Fringe benefits	(\$76,945)	(\$336,766)	(\$340,133)
Equipment and expense	(\$54,779)	(\$195,939)	(\$200,837)
Dispenser reimbursements (§195.453.5)	\$0	(\$3,000,000)	(\$3,000,000)
Total <u>Costs</u> - DHSS	<u>(\$279,681)</u>	<u>(\$4,180,269)</u>	<u>(\$4,195,009)</u>
FTE Change - DHSS	6 FTE	22 FTE	22 FTE
 <u>Costs - OA-ITSD</u>			
IT consultant fees and on-going support	(\$731,916)	(\$418,997)	(\$213,905)
Equipment and expense	(\$4,285)	(\$5,270)	(\$5,402)
Total <u>Costs</u> - OA-ITSD	<u>(\$736,201)</u>	<u>(\$424,267)</u>	<u>(\$219,307)</u>
 ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	 <u>(\$1,015,882)</u>	 <u>(\$4,604,536)</u>	 <u>(\$4,414,316)</u>
 Estimated Net FTE Change on the General Revenue Fund	 6 FTE	 22 FTE	 22 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

Small business pharmacies and dispensing individual practitioners may have an unknown impact resulting from obtaining computer hardware and software. In addition, these small businesses may have an unknown impact resulting from the time it takes to enter their dispensing information and transmitting it to the data collection location. Although this information is currently maintained and documented by law, this proposal requires the information to be periodically submitted in an approved electronic format.

FISCAL DESCRIPTION

This proposal establishes the Prescription Drug Monitoring Act. The Department of Health and Senior Services is required to establish and maintain a program to monitor the prescribing and dispensing of all Schedule II through Schedule IV controlled substances by all licensed professionals who prescribe or dispense these substances in Missouri. The provisions of this act shall be subject to appropriations and also may be funded with federal or private moneys.

A dispenser shall electronically submit to the Department information for each prescription and specify the frequency of the submissions. The Department may issue a waiver to a dispenser who is unable to submit the required information electronically. If a waiver is obtained, a dispenser can submit the required information in paper format or by other approved means. The Department shall reimburse each dispenser for the fees of transmitting the information required by this act.

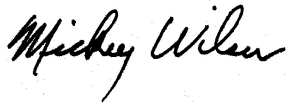
Dispensers who knowingly fail to submit the required information or who knowingly submit incorrect dispensation information shall be guilty of a Class A misdemeanor. Any persons authorized to have dispensation information who knowingly disclose such information or who use it in a manner and for a purpose in violation of the act shall be guilty of a Class A misdemeanor.

The Department shall create and implement an educational course regarding the provisions of this act and, when appropriate, shall work with associations for impaired professionals to ensure the intervention, treatment, and ongoing monitoring of patients who have been identified as being addicted to substances monitored by the act.

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

SOURCES OF INFORMATION

Office of Attorney General
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Corrections
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of State Courts Administrator
Office of Secretary of State
Office of State Public Defender



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