

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1369-02  
Bill No.: SB 262  
Subject: Drugs and Controlled Substances; Health Care; Health Care Professionals; Health and Senior Services Department; Nurses; Optometry; Pharmacy; Physicians  
Type: Original  
Date: March 4, 2019

Bill Summary: This proposal requires prescriptions to be issued electronically, with some exceptions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$130,234 to \$135,341)	(\$73,649 or \$154,449)	(\$74,461 or \$156,069)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$130,234 to \$135,341)</b>	<b>(\$73,649 or \$154,449)</b>	<b>(\$74,461 or \$156,069)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
General Revenue	1 or 2	1 or 2	1 or 2
<b>Total Estimated Net Effect on FTE</b>	<b>1 or 2</b>	<b>1 or 2</b>	<b>1 or 2</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

§§195.060, 195.550, 196.100, 221.111, 338.015, 338.055 and 338.056 - Prescriptions to be issued electronically

Officials from the **Department of Health and Senior Services (DHSS), Division of Regulation and Licensure (DRL)** state §195.550 of the proposed legislation requires that all prescriptions, beginning January 1, 2021, be made electronically, unless certain exceptions are met. It is assumed that the DRL's Section for Health Standards and Licensure's (HSL) Bureau of Narcotics and Dangerous Drugs (BNDD) will assume the duties set forth in the proposed section. BNDD will require additional staff to implement the legislation (hired September 1, 2019).

One Health Program Representative II with an annual salary of \$35,990 (salary is based on the average starting salary in the division with pay plan) will be needed to perform the following duties: provide education and communication regarding compliance with electronic prescriptions for controlled substances; assist in the receiving of applications for waivers, reviewing and making determinations, and issuing waivers.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by DHSS for fiscal note purposes.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DHSS** state modification of the existing MOHWORX application enabling a prescribing practitioner to request a DHSS waiver or renewal of a waiver for the requirement of electronic prescribing will be required. Assuming receipt from DHSS of documented business process for requesting a waiver or renewal of a waiver, ITSD/DHSS would utilize a project team consisting of a Project Manager, Business Analyst, Architect, and Application Developer to analyze, design, develop, and implement modifications to the MOHWORX application. Assuming a full-time project team for four (4) months, no additional maintenance costs anticipated as it is modification to an existing system.

ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. It is estimated IT consultants will be needed at a rate of \$75 per hour for 820.8 hours for a total cost of \$61,560 ( $\$75 * 820.8$ ) to the General Revenue (GR) Fund.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this proposal, ITSD assumes modifications to the existing MOHWORX application will be required. ITSD estimates the project would take 820.8 hours at

ASSUMPTION (continued)

a contract rate of \$75 per hour for a total cost to the state of \$61,560 in GR funds. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire additional IT Specialists to perform the work required by this proposal. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$61,560 in FY 2020) to hiring 1 ( $\$61,560 / \$75 / 2,080 \text{ hours} = 0.39$  rounded up) additional FTE IT Specialists ( at roughly \$80,000 each, per year) to complete the system update. Oversight assumes the additional FTE would be permanent staff will range costs for FY 2021 and 2022 from \$0 to the cost of an additional IT Specialist.

**Oversight** notes that the **Department of Insurance, Financial Institutions and Professional Registration** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

**Oversight** notes the provisions of §195.550.3 provide that individuals who violate the provisions of the section commit a civil violation for which a fine of \$250 per violation, not to exceed \$5,000 per calendar year may be assessed. It is unknown whether any fines will be issued or the total amounts of fines that may be collected. Fine revenue is distributed to the school districts where the violation occurred. Therefore, Oversight will present fine revenue as \$0 to Unknown to School Districts.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - DHSS (§§195.060, 195.550, 196.100, 221.111, 338.015, 338.055 and 338.056)			
Personal service	(\$29,992)	(\$36,350)	(\$36,713)
Fringe benefits	(\$19,649)	(\$23,688)	(\$23,798)
Equipment and expense	<u>(\$19,033)</u>	<u>(\$13,611)</u>	<u>(\$13,950)</u>
Total <u>Costs</u> - DHSS	<u>(\$68,674)</u>	<u>(\$73,649)</u>	<u>(\$74,461)</u>
FTE Change - DHSS	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
(continued)			
<u>Costs</u> - OA, ITSD (§§195.060, 195.550, 196.100, 221.111, 338.015, 338.055 and 338.056)			
System updates (ranged from contracting out the programming (\$61,560) to hiring an additional 1 FTE IT Specialist)	( <u>\$61,560 to \$66,667</u> )	<u>\$0 or (\$80,800)</u>	<u>\$0 or (\$81,608)</u>
FTE Change - OA, ITSD	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$130,234 to \$135,341)</u></b>	<b><u>(\$73,649 or \$154,449)</u></b>	<b><u>(\$74,461 or \$156,069)</u></b>
Net FTE Change on the General Revenue Fund	1 or 2 FTE	1 or 2 FTE	1 or 2 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>LOCAL GOVERNMENTS - SCHOOL DISTRICTS</b>			
<u>Income</u> - School Districts			
Distribution of fine revenue	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - SCHOOL DISTRICTS</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

FISCAL IMPACT - Small Business

This proposal could have a negative fiscal impact on small business pharmacies and individual practitioners dispensing prescriptions if they incur costs to obtain computer hardware and software. In addition, there may be additional costs related to entering and transmitting prescriptions electronically.

### FISCAL DESCRIPTION

Under this act and beginning January 1, 2021, no person shall issue any prescription unless the prescription is electronic and made to a pharmacy, excluding prescriptions issued in circumstances specified in the act. Pharmacists receiving a written, oral, or faxed prescription shall not be required to verify that the prescription falls into one of the exceptions and may continue to dispense medication from an otherwise valid non-electronic prescription. An individual who violates this provision may be subject to a fine of \$250 per violation, not to exceed \$5,000 per calendar year. The Department of Health and Senior Services shall enforce the provisions of this act.

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

### SOURCES OF INFORMATION

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



Kyle Rieman  
Director  
March 4, 2019

Ross Strobe  
Assistant Director  
March 4, 2019