

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1249-03
Bill No.: HB 632
Subject: Drugs and Controlled Substances; Pharmacy
Type: Original
Date: March 15, 2011

Bill Summary: This proposal establishes the Prescription Drug Monitoring Program Act to monitor the prescribing and dispensing of controlled substances.

This legislation will sunset on six years after the effective date.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown but Greater than \$1,334,811)	(Unknown but Greater than \$588,514)	(Unknown but Greater than \$593,301)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$1,334,811)	(Unknown but Greater than \$588,514)	(Unknown but Greater than \$593,301)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 FTE

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 195.450 - 195.477:

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

Officials from the **Department of Public Safety** assume that any cost associated with this proposal can be absorbed with existing resources.

Officials from the **Office of 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 State Public Defender (SPD)** state for purposes of the proposal, the SPD cannot assume existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with the proposed new crime of monitoring and dispensing drugs.

While the number of new cases may be too few or uncertain to request additional funding for this specific proposal, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all of the SPD cases.

ASSUMPTION (continued)

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

Officials from the **Department of Mental Health (DMH)** assume state operated hospitals' initial set-up of records and monthly maintenance and logging of activity would be required; however this cost should be minimal. The DMH would absorb these costs; therefore, there is no fiscal impact to the Department.

Officials from the **Department of Health and Senior Services (DHSS)** state section 195.450 through Section 195.465: One Health and Senior Services Manager (Band 1) 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 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 pertaining to reporting requirements by dispensers and how data is accessed by authorized parties; provide technical assistance to program participants on matters relating to the program;
- Supervise other program staff;
- Design and prepare program data reports and review data collected to determine trends;
- Provide educational programs regarding the Prescription Drug Monitoring Program required in Section 195.468; and
- Draft the reports to the General Assembly regarding the pilot project on prescription fraud (Section 195.471).

One Senior Office Support Assistant (Keyboarding) will:

- Provide clerical support to the program;
- Respond to inquiries and requests for database reports received;
- Work with other agencies and the public to coordinate data sharing;
- Assist practitioners in obtaining access to the reporting subsystem of the program
- Generate and provide reports as requested by authorized individuals and agencies that cannot access this information via the Internet, and

ASSUMPTION (continued)

- Respond to telephone inquiries regarding the program as well as answering the toll-free number established for reporting prescription fraud.

One Investigative Manager (Band 1) will:

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

Three Investigator II positions will be needed to respond to complaints and conduct investigations.

An unknown, greater than \$1,000,000 amount of support from ITSD will be needed to assist DHSS to develop or purchase, and maintain a Prescription Drug Monitoring Program for the monitoring of prescribing and dispensing of all schedule II, III, IV, and V controlled substances, except schedule V controlled substances containing any detectable amount of pseudoephedrine, by all professionals licensed to prescribe or dispense such substances in this state. ITSD assumes a one-time unknown cost, greater than \$1,000,000 to establish the system and on-going costs for updating and maintaining the online system after the first year of unknown, greater than \$200,000.

Section 195.471: Since a database system has already been developed and implemented for the reporting of pseudoephedrine purchases, DHSS has assumed no cost in the fiscal note computations related to the requirement for an electronic logbook.

Section 195.474: The toll-free hotline will have a one-time setup fee of \$100 with a \$.07 charge per minute. There will be an estimated 1,000 calls per year at an average of 5 minutes each. (1,000 x 5 = 5,000 x .07 = \$350 per year).

Officials from the **Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Putnam County Memorial Hospital, Washington County Memorial Hospital** and the **Excelsior Springs Medical Center** each have not responded to Oversight's request for fiscal information.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Costs - Department of Health and Senior Services</u>			
Personal Services	(\$177,380)	(\$214,985)	(\$217,134)
Fringe Benefits	(\$93,018)	(\$112,738)	(\$113,865)
Equipment and Expense	(\$64,413)	(\$60,791)	(\$62,302)
Program Costs	<u>(Unknown but Greater than \$1,000,000)</u>	<u>(Unknown but Greater than \$200,000)</u>	<u>(Unknown but Greater than \$200,000)</u>
<u>Total Costs - DHSS</u>	<u>(Unknown but Greater than \$1,334,811)</u>	<u>(Unknown but Greater than \$588,514)</u>	<u>(Unknown but Greater than \$593,301)</u>
FTE Change - DHSS	6 FTE	6 FTE	6 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$1,334,811)</u>	<u>(Unknown but Greater than \$588,514)</u>	<u>(Unknown but Greater than \$593,301)</u>
Estimated Net FTE Change for General Revenue Fund	6 FTE	6 FTE	6 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Sections 195.450 - 195.477:

Licensed pharmacies and dispensing individual practitioners may incur an indeterminate fiscal impact for obtaining the computer hardware and software and related work hours required in entering their dispensing and transmitting data to the data collection location. This dispensing information is already maintained and documented by law however the proposed legislation would require the dispensing log information to be submitted periodically in an approved format. Any costs incurred may be offset somewhat by the benefits provided by being able to immediately access controlled substance dispensing data from the database.

FISCAL DESCRIPTION

Sections 195.450 - 195.477:

This legislation establishes the Prescription Drug Monitoring Program Act to monitor the prescribing and dispensing of controlled substances.

The provisions of this legislation shall be effective on January 1, 2012 and sunset in six years.

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

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

Not Responding:

**Bates County Memorial Hospital
Cedar County Memorial Hospital**

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SOURCES OF INFORMATION (continued)

Not Responding:

**Cooper County Memorial Hospital
Putnam County Memorial Hospital
Washington County Memorial Hospital
Excelsior Springs Medical Center**



Mickey Wilson, CPA
Director
March 15, 2011