

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0834-01
Bill No.: HB 357
Subject: Drugs and Controlled Substances; Highway Patrol; Pharmacy
Type: Original
Date: January 29, 2007

Bill Summary: This proposal authorizes the State Highway Patrol to develop and implement a real-time

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 or (\$2,809,063 to \$5,202,107)	\$0 or (\$603,525 to \$2,432,139)	\$0 or (\$621,630 to \$2,505,104)
Total Estimated Net Effect on General Revenue Fund	\$0 or (\$2,809,063 to \$5,202,107)	\$0 or (\$603,525 to \$2,432,139)	\$0 or (\$621,630 to \$2,505,104)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of the Secretary of State (SOS)** state that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the proposed legislation would authorize the State Highway Patrol to develop and implement a real-time electronic logbook for certain schedule v substances and requires pharmacists and pharmacy technicians to report sales.

MHP DIVISION OF DRUG AND CRIME CONTROL

The Division of Drug and Crime Control anticipate that it would require one additional FTE (Crime Information Analyst) to handle the daily duties of the administration of a "real-time" electronic logbook. The job duties would include the collection of purchase information from approximately 1,225 pharmacies in Missouri, analysis of those purchases to determine if any are of a suspicious nature related to methamphetamine production and the dissemination of any discoveries to the appropriate law enforcement agency for follow-up investigation.

1 FTE (Recurring)

Criminal Intelligence Analyst @ 1,161.50
Analyst Training

\$27,876.00 (1,161.50 x 24)
2,500.00 (One Time)

Total

\$30,376.00 (Total without fringes)

ASSUMPTION (continued)

Equipment

Dell GX260 P4/2.2ghz, 256 mb,	
Smartsuite, Hostclient Access,	
McAfee, Notes license, Office XP,	\$
Keyboard, Mouse	1,553.46 (One Time)
NEC AS70 17 inch color monitor	140.24 (One Time)
Desk	389.00 (One Time)
Chair	295.00 (One Time)
Side Chair	187.50 (One Time)
File Cabinet	463.00 (One Time)
Telephone Unit	165.00 (One Time)
Calculator	68.45 (One Time)
Total Equipment	\$3,261.65 (One Time)

Expenses

Office Supplies	300.00 (Recurring)
Phone Charges	350.00 (Recurring)
Total Expenses	\$650.00

MHP INFORMATION SYSTEMS DIVISION

The Information Systems Division anticipates that this proposed legislation would require the system to be developed and implemented by a company with this sector expertise. The system would be hosted at the vendor's place of business, not at the Missouri State Highway Patrol and it would have to be available 7 days a week, 24 hours a day, 365 days a year.

This response is based upon the understanding of the intent of the proposed legislation and estimates from a company that provides the system required (SIGNRX). This system will be a Missouri only system that will provide connectivity to approximately 1,225 pharmacies. The requirements would involve secure authorization processes, employee turnover validation processes, high availability WEB application software and hardware, "signature pad stations" at each of the 1,225 pharmacies, user authentication processes, disk storage for each person procuring subject substances.

It would require one additional FTE (Computer Information Technician Specialist) to assist with procurement, the management of ongoing contract performance and the communication of system needs. The FTE would be hired at Range 30, step R (\$2,273 per pay period) instead of

ASSUMPTION (continued)

Range 30, step H (\$1,853 per pay period - entry-level). The reason for this is because the person hired for this position would have to have experience with procurement and contract performance management.

It is estimated that the required SignRX Software Management System would cost approximately \$250,000 (one time), the signing pads for pharmacy connectivity (1,225 pharmacies) for use with the SignRX SMS, at \$750 each, approximately \$918,750 (one time), SignRX In-house Hosting on Standalone Hardware (including support) \$42,000 (one time), Point of Sale (POS) Computer Browser System at \$1,650 each x 1,225 pharmacies \$2,021,250 (one time), annual recurring software license fee for SignRX from year two \$8,000, recurring monthly Internet high speed service approximately \$2,352,000 (\$160 x 1,225 pharmacies x 12 months).

1 FTE (Recurring)

Computer Information Technician Spec. @ \$2,273 \$54,552.00 (2,273.00 x 24)

Total \$54,552.00 (Total without fringes)

Equipment

Dell GX260 P4/2.2ghz, 256 mb,	
Smartsuite, Hostclient Access,	
McAfee, Notes license, Office XP,	\$
Keyboard, Mouse	1,553.46 (One Time)
NEC AS70 17 inch color monitor	140.24 (One Time)
Desk	389.00 (One Time)
Chair	295.00 (One Time)
Side Chair	187.50 (One Time)
File Cabinet	463.00 (One Time)
Telephone Unit	165.00 (One Time)
Calculator	68.45 (One Time)
SignRX Software Management System	250,000.00 (One Time)
Signing pads for pharmacy connectivity	918,750.00 (One Time)
SignRX Inhouse Hosting Hardware	42,000.00 (One Time)
Point of Sale Computer Browser System	2,021,250.00 (One Time)
Total Office Equipment	\$3,235,261.65(One Time)

ASSUMPTION (continued)

Expenses

Office Supplies	300.00 (Recurring)
Phone Charges	350.00 (Recurring)
Software License Fee (from year two)	8,000.00 (Recurring)
High Speed Internet @ \$160 per mth x 1225 pharmacies	2,352,000.00 (Recurring)
Total Expenses	\$2,360,650.00 (Recurring)

In summary, the MHP assumes a cost to the General Revenue Fund of \$5,315,146 in FY 2008, \$2,571,855 in FY 2009 and \$2,649,010 in FY 2010.

Based on MHP's response to a similar proposal from 2006 (HB 2121), in which the MHP estimated the cost of the monthly High Speed Internet at \$30 per month, **Oversight** will range the monthly cost of access from \$30 to MHP's current estimate of \$160 for each of the 1,225 pharmacies.

Since the language of the proposal states that the MHP is 'authorized' to develop and implement a real-time electronic logbook, **Oversight** assumes the proposal is permissive in nature. Therefore, Oversight will assume the fiscal impact of the proposal is \$0 (if the MHP decides not to develop and implement the electronic logbook) **or** up to \$5,202,107 of costs in FY 2008 (if the MHP decides to develop and implement the electronic logbook).

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Costs - Missouri Highway Patrol (MHP)</u>			
Personal Service	\$0 or (\$70,751)	\$0 or (\$87,448)	\$0 or (\$90,071)
Fringe Benefits	\$0 or (\$42,288)	\$0 or (\$52,268)	\$0 or (\$53,835)
Equipment	\$0 or (\$2,328,524)	\$0	\$0
Expenses	\$0 or (\$367,500 to <u>\$1,963,583</u>)	\$0 or (\$463,809 to <u>\$2,432,139</u>)	\$0 or (\$477,724 to <u>\$2,505,104</u>)
<u>Total Costs - MHP</u>	\$0 or (\$2,809,063 to <u>\$5,202,107</u>)	\$0 or (\$603,525 to <u>\$2,432,139</u>)	\$0 or (\$621,630 to <u>\$2,505,104</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (\$2,809,063 to <u>\$5,202,107</u>)	\$0 or (\$603,525 to <u>\$2,432,139</u>)	\$0 or (\$621,630 to <u>\$2,505,104</u>)
Estimated net FTE Change for General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business pharmacies could be fiscally impacted as a result of this proposal.

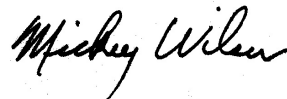
FISCAL DESCRIPTION

This proposal authorizes the State Highway Patrol to develop and implement a real-time electronic logbook to monitor the sale of Schedule V substances containing pseudoephedrine. Within 30 days of its implementation, all pharmacists will be required to report these sales electronically to the logbook according to rules promulgated by the patrol.

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 Public Safety
Department of Health and Senior Services
Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 29, 2007