

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1572-01
Bill No.: HB 667
Subject: Professional Registration and Licensing; Pharmacy
Type: Original
Date: February 11, 2019

Bill Summary: This proposal modifies and establishes provisions relating to pharmacies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Board of Pharmacy Fund (0637)	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☒ 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 338.222 to 338.340

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state that the fiscal impact to this bill is unknown but up to be up to \$1,000,000 ITSD cost for new licensure system, \$1,789,200 loss of revenue and unknown but greater than \$500,000 legal research and foreign language interpretation cost.

Oversight notes a request for fiscal impact was sent to the Department of Insurance, Financial Institutions and Professional Registration on January 24, 2019 and was due back to Oversight by February 7, 2019. Oversight received a response on February 11, 2019. Oversight has presented this fiscal note on the best current information. Oversight was unable to get additional/clarifying information regarding DIFP's estimates; therefore, Oversight will reflect an Unknown negative impact to the Board of Pharmacy Fund and will continue to seek additional information.

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** state that this proposal will require a new licensure system at a total cost of \$1,000,000 (13,333 hours x \$75 per hour) in FY 2020, \$205,000 (2,733 hours x \$75 per hour) in FY 2021 and \$210,125 (2,801 hours x \$75 per hour) in FY 2022.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. ITSD estimates the project would take 13,333 hours at a contract rate of \$75 per hour for a total cost to the state of \$1,000,000 in FY 2020, 2,733 hours at a contract rate of \$75 per hour for a total cost to the state \$205,000 in FY 2021 and 2,733 hours at a contract rate of \$75 per hour for a total cost to the state \$210,125 in FY 2022. 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 that 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 from this bill.

Oversight assumes this proposal requires the Board of Pharmacy to allow a pharmacy located in another country to be licensed in Missouri if the pharmacy is licensed in its local jurisdiction under legal standards comparable to those that are required of a pharmacy in Missouri. Since the number of pharmacies located in another country that could potentially be licensed in Missouri is unknown, Oversight will reflect an unknown revenue generated from licensed fees to the Board of Pharmacy Fund.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Conservation**, the **Department of Natural Resources**, the **St. Louis County Department of Justice**, the **Springfield Police Department** and the **Boone County Sheriff's Department** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have 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 on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other Sheriff and Police Departments were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
BOARD OF PHARMACY FUND			
<u>Revenue</u> - DIFP	Unknown	Unknown	Unknown
License fees from pharmacies located outside of the country			
<u>Cost</u> - DIFP	(Unknown)	(Unknown)	(Unknown)
Legal research and foreign language translation/consultation costs			
ITSD costs (ranged from contracting out programming to hiring additional FTE IT Specialist)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Total Cost</u> - DIFP	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - DIFP - Loss of Revenue	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE BOARD OF PHARMACY FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits any state official or law enforcement officer from impeding or inhibiting a patient from importing a prescription drug for personal use, as long as the patient has a valid prescription (Section 195.422, RSMo).

OUT-OF-COUNTRY LICENSURE

This bill requires the Board of Pharmacy to allow a pharmacy located in another country to be licensed in Missouri if the pharmacy is licensed in its local jurisdiction under legal standards comparable to those that are required of a pharmacy in Missouri (Section 338.222).

The bill allows a pharmacy located in another country to submit any evidence required for licensure electronically, if practicable and if it would maintain the board's ability to uphold public health or safety of a patient (Section 338.240).

The bill clarifies that in order for a pharmacy located outside of the country to be licensed in Missouri, the pharmacy must comply with the drug laws of Missouri and of the United States (Section 338.250).

The bill allows the Board to send a licensure renewal notice electronically to a pharmacy located outside of the country. This bill specifies that a nonresident pharmacy license includes any pharmacy located outside the country (Section 338.270).

The bill allows a drug distributor, pharmacy, drug outsourcer, or third-party logistics provider located outside of the country to be licensed by reciprocity without meeting current reciprocity requirements, as long as it is licensed in its local jurisdiction under legal standards comparable to those required in Missouri (Section 338.333).

DRUG IMPORTATION

This bill states that a drug distributor, drug outsourcer, thirdparty logistics provider, or pharmacy possessing a valid license granted by another country under legal standards comparable to those required in Missouri meets Missouri licensure requirements for the purpose of allowing a pharmacist or pharmacy to purchase or receive a prescription drug from the drug distributor, drug outsourcer, third-party logistics provider, or pharmacy (Section 338.315).

The bill allows a drug distributor, pharmacy, drug outsourcer, or third party logistics provider located outside of the country to do business in the state of Missouri without a Missouri license, and to sell or distribute drugs in Missouri without a Missouri license, as long as it is licensed in its local jurisdiction under legal standards comparable to those required in Missouri (Sections 338.337 and 338.340).

FISCAL DESCRIPTION (continued)

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 Insurance, Financial Institutions and Professional Registration
Department of Public Safety
 Missouri Highway Patrol
Missouri Department of Conservation
Department of Natural Resources
St. Louis County Department of Justice Services
Springfield Police Department
Boone County Sheriff's Department



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February 11, 2019

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February 11, 2019