

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 24, 2005

TO: Honorable Dianne White Delisi, Chair, House Committee on Public Health

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1457 by Delisi (Relating to drug compounding by a pharmacy for a practitioner's office use and to distribution of compounded and prepackaged drugs to pharmacies under common ownership.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1457, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>PHARMACY BD</i> <i>OPERATING ACC</i> 523	Probable Revenue Gain/ (Loss) from <i>PHARMACY BD</i> <i>OPERATING ACC</i> 523	Change in Number of State Employees from FY 2005
2006	(\$228,902)	\$228,902	2.0
2007	(\$204,923)	\$204,923	2.0
2008	(\$204,923)	\$204,923	2.0
2009	(\$204,923)	\$204,923	2.0
2010	(\$204,923)	\$204,923	2.0

Fiscal Analysis

The bill would amend the Occupations Code relating to drug compounding by a pharmacy for a practitioner's office use and to distribution of compounded and repackaged drugs to pharmacies under common ownership.

The bill would take effect September 1, 2005.

Methodology

The Board of Pharmacy (board) estimates that the bill would increase the number of compounded products that may be provided or administered to a patient. Due to the increase in the compounding of drugs or devices, inspections of the pharmacies with the sampling of the product would be required to assure that these products are compounded accurately and safely. According to the board, there would be a cost of approximately \$100,000 in GR-Dedicated Pharmacy Board Operating Account No. 523 to pay for the sampling and testing of approximately 200 compounded products over the 2006-07 biennium. This is based on an approximate annual cost of \$500 per product of 100 samples for the following compounding tests: \$250 for accuracy, \$100 for sterility, and \$150 for pyrogenicity. It is also assumed that the agency would increase licensing fees as necessary to cover additional costs.

The board estimates that based on the number of inspections, one Administrative Assistant IV and one Pharmacist III would be needed to perform qualifying inspections of the current 1,800 compounding pharmacies. Salaries for one Administrative Assistant IV would be \$29,232 for fiscal years 2006 through 2010 and \$82,140 in fiscal years 2006 through 2010 for one Pharmacist III.

Technology

According to the Board, computer equipment costs for one Administrative Assistant IV and one Pharmacist III would be \$6,143 in fiscal year 2006 and \$5,865 for computer replacement costs in 2010.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 515 Board of Pharmacy

LBB Staff: JOB, CL, MW, RR