

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 11, 2005

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB518 by Ellis (Relating to the licensing and regulation of Canadian pharmacies for the dispensing of prescription drugs in this state.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB518, As Introduced: 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 Revenue (Loss) from PHARMACY BD OPERATING ACC 523	Probable Revenue Gain from PHARMACY BD OPERATING ACC 523	Change in Number of State Employees from FY 2005
2006	(\$398,293)	\$398,293	2.0
2007	(\$344,989)	\$344,989	2.0
2008	(\$344,989)	\$344,989	2.0
2009	(\$344,989)	\$344,989	2.0
2010	(\$351,801)	\$351,801	2.0

Fiscal Analysis

The bill would amend the Occupations Code by requiring the Board of Pharmacy (board) to license pharmacies located and licensed in Canada to ship, mail, or deliver certain prescription drugs under a prescription drug order to a resident of Texas. The bill also requires the board to inspect all Canadian pharmacies prior to and after licensing on an annual basis to determine compliance with board rules. The bill would require the board to establish and maintain a website that provides information about the Canadian pharmacies and provides a convenient mechanism for Texas residents to order prescription drugs from those pharmacies.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to

each house, as provided by Section 39, Article III, Texas Constitution; otherwise, the bill would take effect September 1, 2005.

## **Methodology**

Based on the analysis of the Department of State Health Services, it is assumed that the provisions of the bill relating to the duties and responsibilities of the Department of State Health Services could be implemented using existing resources.

According to the Board of Pharmacy (board), it is estimated that it will take eight working days to complete six inspections and based on 260 working days in a year, 180 Canadian pharmacies can be inspected each year. The board anticipates that complaints received from these pharmacies will be within a range of 10 to 20 percent. Assuming it will take one week to investigate each complaint, the board estimates it will take 20 weeks per year to investigate these complaints. According to the board, it is assumed that board rules will require pharmacies to have a website that provides information about these Canadian pharmacies and convenient order procedures and that these websites be linked to the board's main website.

The board indicates the need for two additional full-time equivalents (FTEs). One Pharmacist III (at \$82,140 per year) would be needed to inspect and investigate the estimated 180 Canadian pharmacies. One Investigator V (at \$53,364 per year) would be needed to investigate complaints. Total costs associated with the two FTEs would be \$398,293 in fiscal year 2006, \$344,979 in fiscal years 2007 through 2009, and \$351,801 in fiscal year 2010.

It is assumed that the board would adjust fees to offset any costs associated with implementing provisions of the bill.

## **Technology**

The board estimates \$12,000 will be required to update their web server.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 515 Board of Pharmacy, 537 Department of State Health Services

**LBB Staff:** JOB, CL, MW, RR, SD