

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 13, 2009

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: HB696 by Orr (Relating to a physician's authority to delegate prescribing acts to advanced practice nurses or physician assistants.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB696, As Introduced: a positive impact of \$3,052,560 through the biennium ending August 31, 2011.

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
2010	\$1,470,506
2011	\$1,582,054
2012	\$1,703,161
2013	\$1,834,617
2014	\$1,977,449

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from General Revenue Fund 1	Probable (Cost) from State Highway Fund 6	Change in Number of State Employees from FY 2009
2010	\$1,470,506	(\$1,600,783)	10.0
2011	\$1,582,054	(\$1,554,081)	10.0
2012	\$1,703,161	(\$1,636,863)	10.0
2013	\$1,834,617	(\$1,838,469)	12.0
2014	\$1,977,449	(\$1,904,087)	12.0

Fiscal Analysis

This bill would amend the Occupations Code relating to a physician's authority to delegate prescribing acts to advanced practice nurses or physician assistants. The bill modifies the prescribing authority for advanced practice nurses (APN) and physician assistants (PA) to prescribe Schedule II controlled substances, the requirements of the prescriptive authority agreement, and removes the limitation of an APN and PA to only practice within a health manpower shortage area or medically underserved area.

This bill would take effect September 1, 2009.

Methodology

Based on the analysis of the Texas Medical Board and the Texas Board of Nursing, duties and

responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. The bill will have a fiscal impact on the Department of Public Safety, which is included in the table above and the text below.

For the purposes of this analysis, DPS estimates there are 2,409 Physician Assistants (PA) and 3,468 Advanced Practice Nurses (APN) registered with the Texas Department of Public Safety Controlled Substances Registration Section (CSR). These registrants have the authority to prescribe only Schedules III, IV, and V. If the bills passes, as written, then the PA and APN registrations will have to be modified to include Schedule II controlled substances authority.

According to the Texas Board of Nurse Examiners, the total number of APNs licensed, in Texas, is 12,916. The percentage increase in applicants is 6 percent annually. If the current percentage increase remains constant, then in FY 2010 there will be 13,961 licensed APNs; FY 2011 there will be 14,512 licensed APNs; FY 2012 there will be 15,383 licensed APNs; FY 2013 there will be 16,306 licensed APNs; and in FY 2014 there will be 17,284 licensed APNs. Over the 5 year period, there is an increase of 4,368 licensed APNs.

According to the Texas Board of Medical Examiners, the total number of PAs licensed, in Texas, is 4,396. The percentage increase in applicants is 12 percent annually. If the current percentage increase remains constant, then in FY 2010 there will be 4,923 licensed Pas; FY 2011 there will be 5,514 licensed PAs ; FY 2012 there will be 6,176 licensed PAs ; FY 2013 there will be 6,917 licensed PAs ; and in FY 2014 there will be 7,747 licensed Pas. Over the 5 year period, there is an increase of 3,351 PAs.

Currently only licensed physicians are registered with Controlled Substance Registration (CSR) for Schedule II authority. It is anticipated that all the licensed APNs and PAs will register with CSR for Schedule II authority. There is an annual \$25 CSR fee. The anticipated registration increase for licensed APNs and PAs will be: FY 2010 there will be 18,614 (\$465,350); FY 2011 there will be 20,026 (\$500,650); FY 2012 there will be 21,559 (\$538,975) ; FY 2013 there will be 23,223 (\$580,575); and in FY 2014 there will be 25,031 (\$625,775). Over the next 5 year period, there is an anticipated increase of 108,453 licensed APNs and PAs (\$2,711,325).

Currently, only a physician has the authority to prescribe Schedule II controlled substances. If the current DPS registered APNs and PAs (for Schedule III, IV, and V) are given the authority to prescribe Schedule II controlled substances, then they will be required to order Official Prescription forms from the Texas Prescription Program (TPP). The Schedule II prescription pads are provided at cost and are currently \$9 per pad. Based on Official Prescription form current ordering averages (based on physicians who prescribe Schedule II controlled substances) (5 pads per order) and tendencies (80% of practitioners order once a year, 20% of practitioners order at least twice a year), the number of Official Prescription pads processed will increase by: 111,684 in FY 2010 (\$1,005,156) ; 120,156 in FY 2011 (\$1,081,404); 129,354 in FY 2012 (\$1,164,186); 139,338 in FY 2013 (\$1,254,042); and 150,186 in FY 2014 (\$1,351,674). Over the next 5 year period, there is an anticipated increase of 650,718 Official Prescription pads processed (\$5,856,462)

The Official Prescription pads are provided to registrants at cost, currently \$9 per pad. The current contract expires in FY 2010 and will need to be re-bid. The cost estimate for this fiscal note is based on the current cost. Since the Texas Prescription Program's (TPP) inception, the Official Prescription pads' cost has ranged from \$7.00 to \$12.50 per pad (fluctuations due to changes in shipping methods, paper quality and costs, and postage). The TPP is allocated a set amount of funds to operate, from which the program pays a vendor monthly to print and ship the Official Prescription pads. The money collected from registrants for the Official Prescription pads are deposited directly into the General Revenue Fund. If the allocated funds for the TPP are insufficient, the shortages must be obtained from other funds allocated to the Department of Public Safety. To accommodate the anticipated increase in Official Prescription pads by APNs and PAs, the following annual appropriations will need to be made to the Department for the TPP: \$1,005,156 in FY 2010 ; \$1,081,404 in FY 2011; \$1,164,186 in FY 2012; \$1,254,042 in FY 2013; and \$1,351,674 in FY 2014. Over the 5 year period, the anticipated total increase in funding needed in the program to cover the cost of the Official Prescription pads will be \$5,856,462.

The agency anticipates the increase in registration applications would require an additional 2 FTEs. In addition, the anticipated increase in Official Prescription pads would require 8 additional FTEs for FY 2010 through FY 2012 and 2 more FTEs for FY 2013 through FY 2014. Based on the analysis of the agency, the additional FTE's will require funding for salaries/benefits, office supplies, and office space.

Based upon the requirement for the requested twelve FTE's it is estimated that a building of 2,990 gross square feet would be needed. The rental costs for the building would be \$67,395 per year. This rented building would provide parking, office space and storage space for the staff. The cost of utilities for the building would be \$6,600. There will be a one-time start up cost for telephone system, paging and wiring of \$15,000, for data equipment and infrastructure \$20,000 and for the security system \$15,000.

Technology

DPS assumes a technology impact in FY 2010 for computers, printers, enterprise agreements, and data equipment. The technology impact for FY 2011, FY 2012, and FY 2014 is for enterprise agreements. In FY 2013, the technology impact includes additional computers, printers, and enterprise agreements as well as replacement computers, printers, and the enterprise agreements. Estimated costs by the agency: \$32,040 in FY 2010, \$1,490 in FY 2011 and 2012, \$30,218 in FY 2013 and \$1,788 in FY 2014.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 503 Texas Medical Board, 507 Texas Board of Nursing

LBB Staff: JOB, CL, MW, NV