

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 15, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1100 by Van de Putte (Relating to the licensing and inspection of certain out-of-state pharmacies by the Texas State Board of Pharmacy; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1100, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2013
2014	(\$372,398)	\$372,398	3.0
2015	(\$317,048)	\$317,048	3.0
2016	(\$317,048)	\$317,048	3.0
2017	(\$317,048)	\$317,048	3.0
2018	(\$317,048)	\$317,048	3.0

Fiscal Analysis

The bill would amend the Occupations Code to authorize the Board of Pharmacy to conduct random inspections of Class E out-of-state pharmacies that compound sterile prescription drugs

for delivery to patients in Texas. The bill would require the Board of Pharmacy to set fees in amounts reasonable and necessary to cover the costs incurred by the agency while inspecting these out-of-state pharmacies.

The bill would also prohibit the Board of Pharmacy from issuing a license to a Class E pharmacy that compounds sterile prescription drugs for delivery to patients unless the pharmacy has been inspected by the Board of Pharmacy. The bill would require the Board of Pharmacy to set fees in amounts reasonable and necessary to cover the costs incurred by the board in conducting the inspections.

The bill would take effect September 1, 2013.

Methodology

Based on information provided by the Board of Pharmacy, it is assumed that the agency would require two compliance officers and an accountant, totaling 3.0 full-time equivalents (FTEs) with total annual salary cost of \$230,000 in General Revenue, to conduct and administer the out-of-state inspections required by the bill. Additional costs for other operating expenses, payroll health insurance costs, and estimated benefit costs total \$87,048 each year. According to the Board of Pharmacy, the agency's compliance officers would rotate out-of-state inspection assignments in addition to their in-state inspection duties. This analysis assumes an additional \$39,000 cost in fiscal year 2014 for the purchase of two agency vehicles in order for the two additional compliance officers to effectively conduct their in-state responsibilities.

This analysis assumes that any increased costs to the Board of Pharmacy, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 515 Board of Pharmacy

LBB Staff: UP, CL, MW, ED