

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 25, 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1100, Committee Report 1st House, Substituted: 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 General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$217,516)	\$217,516	2.0
2015	(\$187,666)	\$187,666	2.0
2016	(\$187,666)	\$187,666	2.0
2017	(\$187,666)	\$187,666	2.0
2018	(\$187,666)	\$187,666	2.0

Fiscal Analysis

The bill would amend the Occupations Code relating to the licensing and inspection of certain

out-of-state pharmacies by the Board of Pharmacy. The bill would prohibit an out-of-state pharmacy from shipping, mailing, or delivering to Texas compounded or prepackaged drugs unless the pharmacy is licensed by the Board of Pharmacy. In addition to other requirements, the bill would require pharmacies that compound sterile preparations to be inspected by the Board of Pharmacy before obtaining or renewing their license; if the pharmacy is located in another state, the bill would require the pharmacy to reimburse the board for any expenses incurred in order to conduct the inspection, including travel expenses. The bill would also allow an out-of-state pharmacy to satisfy the inspection requirement with an inspection report issued by the licensing board in the state in which the pharmacy is located if the Board of Pharmacy determines the other state has comparable standards and regulations.

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 one compliance officer and one accountant to conduct and administer the out-of-state inspections and determine the inspection quality standards for pharmacy regulating authorities in other states, totaling 2.0 full-time equivalents with a total annual salary cost of \$135,000. Additional costs for other operating expenses, payroll health insurance costs, and estimated benefit costs total \$52,666 each year, with an additional \$10,350 cost in fiscal year 2014 for other operating expenses related to new employee start-up costs. 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 \$19,500 cost in fiscal year 2014 for the purchase of one agency vehicle in order for the additional compliance officer to effectively conduct his or her in-state responsibilities.

This analysis assumes costs related to out-of-state inspections and travel would be offset by reimbursements from the pharmacies being inspected, as required by the provisions of the bill. All other 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