

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 10, 2017

TO: Honorable Four Price, Chair, House Committee on Public Health

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2743 by Zedler (Relating to the use of electronic prescriptions for the prescribing or dispensing of Schedule II controlled substances.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2743, As Introduced: an impact of \$0 through the biennium ending August 31, 2019 for provisions relating to the Texas State Board of Pharmacy. The impact of the bill on the Health and Human Services Commission cannot be determined at this time, but could have a significant cost if the agency would need to procure a new electronic prescription system.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$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 2017
2018	(\$60,533)	\$60,533	1.0
2019	(\$56,925)	\$56,925	1.0
2020	(\$56,925)	\$56,925	1.0
2021	(\$56,925)	\$56,925	1.0
2022	(\$56,925)	\$56,925	1.0

Fiscal Analysis

The bill would amend the Health and Safety Code relating to the use of electronic prescriptions for the prescribing or dispensing of Schedule II controlled substances. The bill would require certain individuals prescribing or dispensing a Schedule II controlled substance to use an electronic prescription record and would prohibit the individual from using a written prescription. The bill would permit the Texas State Board of Pharmacy (TSBP) to provide a pharmacist or a prescriber a waiver from the requirement under certain conditions. Under the provisions of the bill, a waiver would not be valid for more than one year and a person would be able to reapply for a waiver under certain conditions.

The bill would take effect on September 1, 2017.

Methodology

Based on information provided by TSBP, the agency anticipates 80% of current prescribers would request a waiver permitting the prescriber to use written prescriptions. TSBP anticipates that the increased workload would require an additional full-time equivalent (FTE) Administrative Assistant. TSBP estimates a total annual cost of \$56,925 in General Revenue, including \$40,008 in salaries and wages, \$600 in insurance and retirement costs, \$14,051 in other benefits cost, and \$2,266 in ongoing operating costs. One-time startup costs related to the FTE, including equipment and information technology purchases, are estimated to be \$3,608 in General Revenue in fiscal year 2019.

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

The Department of State Health Services (DSHS) indicates that the costs to upgrade or replace the current electronic prescription system at the state hospitals to allow for the electronic communication of prescriptions with other pharmacy systems cannot be determined. The state hospitals currently utilize a standalone electronic prescribing system to communicate prescriptions within and between facilities, and physicians use written prescriptions for patients as they are discharging. The state hospitals are scheduled to transfer from DSHS to the Health and Human Services Commission (HHSC) on September 1, 2017 pursuant to Senate Bill 200 (Eighty-fourth Legislature). To the extent that HHSC can obtain a waiver under the provisions of the bill, costs may be negligible and only relate to activities involved in obtaining the waiver.

The Board of Veterinary Medical Examiners anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Technology

The costs identified above include estimated \$1,153 in one-time information technology costs in fiscal year 2019 and \$2,266 in ongoing technology costs in fiscal year 2019 and beyond for TSBP.

Technology costs for the Health and Human Services Commission cannot be determined at this time.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 515 Board of Pharmacy, 529 Health and Human Services Commission,
537 State Health Services, Department of, 578 Board of Veterinary
Medical Examiners

LBB Staff: UP, KCA, EH, EK, MDI, EP