

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 2, 2025

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1263 by Alvarado (Relating to a pilot program for the safe disposal of prescription drugs, including controlled substance prescription drugs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1263, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2027.

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:

| <i>Fiscal Year</i> | Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i> |
|------------------------|---|
| 2026 | \$0 |
| 2027 | \$0 |
| 2028 | \$0 |
| 2029 | \$0 |
| 2030 | \$0 |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from <i>Opioid Abatement</i> 5189 | <i>Change in Number of State Employees from FY 2025</i> |
|------------------------|---|---|
| 2026 | (\$896,265) | 2.0 |
| 2027 | (\$746,180) | 2.0 |
| 2028 | (\$746,620) | 2.0 |
| 2029 | (\$746,986) | 2.0 |
| 2030 | (\$747,360) | 2.0 |

Fiscal Analysis

The bill would amend Health and Safety Code to amend the Prescription Drug Disposal Pilot Program (PDDPP) and transfer its authority from the Texas State Board of Pharmacy (TSBP) to the Department of State Health Services (DSHS).

The bill would require the Health and Human Services Commission (HHSC) to develop and implement the PDDPP to be administered by DSHS to increase the number of collection receptacles in this state in which unused, unwanted, or expired prescription drugs are collected from the public for safe disposal. The bill would expand eligible uses of General Revenue-Dedicated Account No. 5189, Opioid Abatement (Account No. 5189)

to provide DSHS access to the fund to implement the PDDPP established by the bill. DSHS may also collect gifts, grants, and donations to fund the PDDPP.

The bill would require DSHS to assist pharmacies participating in the PDDPP and to pay costs of maintaining one collection receptacle at each participating pharmacy location, destroying the drugs deposited in the receptacle, and a one-time fee to offset initial costs of program participation. The bill would permit DSHS to contract with a federal United States Drug Enforcement Agency (USDEA) reverse distributor to install collection receptacles at participating pharmacy locations and to treat the collected drugs at USDEA registered incineration facilities.

The bill would require DSHS to develop and distribute educational outreach materials for the public about the availability of safe prescription drug disposal in the state which would be required to be posted on the DSHS website. The bill would require DSHS to create education materials for voluntary use by a participating pharmacy. The bill would require DSHS to produce a report by December 1 of even-numbered years summarizing the results of the PDDPP and providing recommendations regarding the continuation of the PDDPP.

The bill would take effect on September 1, 2025.

Methodology

The bill would allow for voluntary participation by pharmacies in the PDDPP. In Senate Bill (SB) 2173, Eighty-eighth Legislature, Regular Session, 2023, the initial legislation which established the PDDPP to be administered by TSBP, the analysis assumed that 100 pharmacies were estimated to participate in the PDDPP, which DSHS now incorporated into its methodology for this bill. Therefore, this analysis also assumes that 100 pharmacies will participate in the PDDPP which was used by DSHS to determine other programmatic costs.

Based on information provided by the agency, the DSHS Pharmacy vendor provides discounted pricing for their consumer drug take-back program which includes a one-time kiosk fee of \$1,850 per kiosk, a one-time installation fee of \$250, and an annual program management fee of \$350. Supply kits are priced at \$400 per kit, including a 3-pack of supplies and shipping and destruction. DSHS anticipates the liners would be replaced once a month. With three liners per kit, a new kit must be purchased every three months. The estimated cost is \$1,600 per kiosk. DSHS estimates the first-year cost would be \$4,050 for each pharmacy participating, and the subsequent annual cost would be \$1,950. If 100 pharmacies participate in the PDDPP, the estimated total cost is \$405,000 for the first year and \$195,000 for subsequent years, all from Account No. 5189.

DSHS estimates an educational campaign to cost \$250,000 from Account No. 5189 in each fiscal year.

Based on information provided by DSHS, an additional 2.0 Full-Time Equivalent (FTE) positions would be needed to implement the bill. Program Specialist VI positions (2.0 FTEs) would ensure USDEA compliance, manage pick-ups and documentation, coordinate with the vendor, manage enrollments, and travel. Salaries, benefits, and other related FTE costs for these positions are estimated to total \$241,265 in fiscal year 2026 and \$301,180 in fiscal year 2027, all from Account No. 5189. The lower cost in fiscal year 2026 is attributable to the assumed start date for the positions later in the first fiscal year.

Based on information provided by TSBP, no significant fiscal implications are anticipated from transferring the PDDPP to DSHS because TSBP did not receive any funding to implement the PDDPP in the 2024-25 biennium.

Based on information provided by the Comptroller of Public Accounts, the fiscal impact cannot be determined because the amounts and timing of appropriations, reimbursements, or gifts, grants, and donations that would be provided is unknown.

Based on information provided by HHSC, any costs associated with adoption of rules can be absorbed within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 515 Board of Pharmacy, 529 Health and Human Services Commission, 537 State Health Services, Department of, 582 Commission on Environmental Quality

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